

# Terapiast®



annual report | 2010





Think constructively



# contents

- Teraplast – leading supplier of integrated systems and solutions for the construction and installations field
  - | Highlights of 2010
  - | Statement of the Chief Executive Officer
  - | Members of the Managing Board
  - | Members of the Executive Board
- Business Environment
- Company Overview
  - | Achievements 2010 and strategy 2013
  - | Business units – Teraplast's Systems
- Corporate functions
  - | Human Resources
  - | IT – Information Technology
  - | Research and Development
  - | Marketing
  - | Corporate Social Responsibility (CSR) and Public Relations (PR)
- Environment Protection
- The activity of the Managing Board
- Directors Report
  - | Financial Highlights
  - | Risk management
  - | Subsequent events
- Teraplast's participations
- Teraplast shares
- Independent auditor's report and financial statements
- Balance sheet
- Profit and loss account
- Statements of cash flow
- Statements of changes in shareholder's equity



# TERAPLAST Group





## Teraplast – supplier of integrated solutions in the field of installations, constructions and decorating

The Group Teraplast, including the companies Teraplast, Politub and Plastsitem, intends to become the biggest supplier of solutions and integrated systems in the fields of installations, constructions and decorating in Romania and an important player at a regional level. The projects run in 2010 – end of the relocation process, extension of product portfolio and development of several divisions – will contribute decisively to the achievement of plans on a medium term.

### Teraplast

The company Teraplast is the biggest entity of the Group and owns currently at Saratel production capacities on a surface of over 13.000 square metres, divided in the PVC product plant (PVC pipe section, PVC profile section, PVC joinery profile section, dosing-mixing section) and the polyolefin plant (polyethylene manhole and tank section, corrugated pipe section, PVC, PP and PE fitting section and PP pipe section).



### Politub

The company Politub produces PE tubes and pipes, of medium and high density for the transport and distribution networks of water, gas, but also for telecommunication, sewage or irrigations. Teraplast owns 50% of Politub, the other shareholder being the French company Socotub. In 2010 the company Politub ended the relocation of its production capacities at Saratel, the investment reaching approximately 3,2 million euro, of which 1,73 million euro was directed to the construction of halls and platforms, and the rest of 1,47 million euro to the acquisition of new production machines.



### Plastsistem

The company Plastsistem is responsible with the production of metallic structures and sandwich panels with polyurethane foam, Teraplast's ownership in Plastsistem being 72,15%. Starting with 2007, the company runs its activity in Teraplast's Industrial Park from Saratel, the investment of the company in this location being 6,8 million euro.



### Teraglass

The company TeraGlass is a subsidiary of Teraplast founded in 2011, which has as domain activity the production and selling of joinery profiles. The company Teraplast started the production of PVC thermoinsulating joinery in 2004, and by 2011 this activity was run through a division of Teraplast. The company Teraplast is the sole partner of the company TeraGlass. The plant TeraGlass is situated in the industrial area of Bistrita and it is the only production capacity of the Group Teraplast which will not be relocated in the Industrial Park from Saratel, as it is newly built and it allows subsequent development.



### Tera Tools

The company Tera Tools is a subsidiary of Teraplast set up in 2011. The company Tera Tools runs the moulding activity and Teraplast is its main shareholder.





## important events in 2010

2010 was a year with many accomplishments in the fields of development and modernization, as a solid basis for the company's future growth. The completion of the relocation process, but also the approval of new products took a financial effort for Teraplast, but they will be an important competitive advantage after the financial crisis has passed.

### January:

- The Managing Board of Teraplast, assigned Ovidiu Avram in the Executive Board of the company, as a Sales Director.
- The General Meeting of Shareholders decided to carry out a new share buy-back program. According to this program Teraplast will purchase 4.5 million shares at no more than 0.72 lei/share. The bought shares will be paid by the company's reserves, others than the legal ones, and the buy-back period will be of maximum 18 month from the moment of the General Meeting of Shareholders decision appearance in the Romanian Official Gazette.

### March:

- The Managing Board of Teraplast elected BT Securities to carry out the new share buy-back program.

### May:

- Teraplast was accepted as a member of TEPPFA (The European Plastic Pipes and Fittings Association), being at this point the only Romanian manufacturer of plastic pipes and fittings member of this famous European association. The admission of Teraplast into TEPPFA was unanimously approved by the General Assembly of the European Plastic Pipes and Fittings Association.

### June:

- Teraplast finalized the relocation of all the production facilities from Bistrita to the industrial park from Saratel, after investments of approximately EUR 26 million.

### July:

- Politub, company member of Teraplast Group, finalized the relocation of the production facilities from Bistrita to Saratel. The total investments done by Teraplast Group to Saratel had the value of EUR 36 million.

### August:

- In the period June – August, Teraplast started the implementation of three projects co-financed from the European Social Fund, through the Sector Operational Program Development of Human Resources 2007 - 2013, "Invest in people!". The total eligible value of the three projects is over RON 1,6 million, of which the grant amount is RON 1,17 million.

### December:

- The General Meeting of Shareholders decided that the shares from the 2009 buy-back program will be given to the Executive Board freely, respecting the criterions established by the members of the Managing Board. Considering that the Executive Board members will receive the shares as an incentive, they will sign a ten years performance contract with the company.

# statement of the Chief Executive Officer



Dear shareholders,

In 2010 the financial crisis continued to affect the main markets on which Teraplast activates, but, however, we managed to make big steps in the process of the company's modernization and development and we built on solid grounds the future extension of the business Teraplast.

The results obtained last year are pretty close to what we proposed in the budget of revenues and expenses approved by the General Meeting of Shareholders for 2010, and it is far more important as they were achieved in a period when we made exceptional investment efforts.

The company's results in 2010 were influenced by the global financial crisis, by the partners' lack of cash, who have undergone projects with state financing, by the price evolution of the main raw materials as well as by a series of internal macroeconomic factors, like the depreciation of the national currency.

However, we managed to end the relocation of all production capacities from Bistrita to Saratel. Achieving the greenfield project from Saratel was one of the main commitments the company took towards its investors at the moment of its trading at Bucharest Stock Exchange, and the fact that we managed to keep our promises despite the unfavorable economic context proves once again that Teraplast is a solid company. At present, in the Industrial Park Teraplast from Saratel we have the latest fabrication technologies and we intend to continue the development of this location. The efforts related to the company's modernization and development reflected in the value of investments, which reached approximately 8 million lei.

Although the investments in relocation, the increase of expenses with the approval of new products as well as the aggressive competition influenced the company's return, we succeeded however in obtaining profit.

In 2010 we accomplished important objectives from our strategy, both regarding the company's modernization and development:

- We've been accepted inside TEPPFA (The European Plastic Pipes and Fittings Association), Teraplast being currently the only Romanian producer of plastic pipes and fittings, member of the famous European association. The company's joining inside TEPPFA was unanimously approved by the General Meeting of the Association.
- The company Teraplast ended the relocation of all production capacities from the area inside Bistrita in the industrial park from Saratel, after investments of almost 26 million euro.
- The company Politub, member of the Group Teraplast ended the relocation of its production capacities from Bistrita to Saratel. The total investments made by the Group Teraplast at Saratel reached in July over 36 million euro.
- During June-August we started to implement three projects cofinanced from the Social European Fund, through the Sectorial Operational Program Development of Human Resources 2007-2013, "Invest in people!". The total eligible value of the three projects is over 1,6 million lei, of which the grant amount will be 1,17 million lei.

We are proud of the achievements from 2010 and we hope that the success obtained is according to the trust you granted us. I assure you that within the next period we propose to achieve all of our strategic objectives, so as in the following years Teraplast become a top player in central and eastern Europe.



Florin URÎTE



# members of the Managing Board



The company Teraplast is administered in a unitary system by a Managing Board made up of seven members elected by the General Meeting of Shareholders by secret vote. The duration of mandate of the members of the Managing Board is four years and they can be re-elected.

Emanoil Ioan Viciu – president  
Initially elected inside AGA from June 20th 2008.

Laurentiu Ciocirlan – administrator  
Independent member of the Board of Administration  
Initially elected inside AGA from June 20th 2008.

Dorel Goia – administrator  
Initially elected inside AGA from June 20th 2008.

Gheorghe Grosan – administrator  
Manager SIF Banat-Crisana Bistrita branch  
Initially elected inside AGA from June 20th 2008.

Magda Eugenia Palfi – administrator  
Independent member of the Board of Administration  
Initially elected inside AGA from June 20th 2008.

Alexandru Stanean – administrator  
Initially elected inside AGA from June 20th 2008.

Emmanuel Gerard Marc Tritrent – administrator  
Managing Director SAS Franta, company member of the Aliaxis group  
Initially elected inside AGA from June 20th 2008.



# the members of the Executive Management



Teraplast's Executive Management was delegated by the Board of Administration to a number of six managers, one of them being general manager. The six managers run the company's daily activity and shall ensure a correct circuit of the corporate information. The duration of mandate of the Executive Management's members is four years.



Florin URITE

Chief Executive Officer responsible with organization, management and administration of Teraplast's activity, on the basis of objectives and performance criteria from the Budget of Revenues and Expenses and the Investment Program approved by the General Meeting of Shareholders.

He graduated the Faculty of Machine Construction Technology from the Polytechnic Institute Bucharest in 1990. He worked as an engineer at IUT Bistrita and Comelf SA Bistrita and as general manager at Tegro SA Bistrita. In 1996 he joined the team from Teraplast as Supply manager, and starting with 2005 he was Sales manager. From 2006 to September 2008 he was General Commercial second-in-command Manager, and from the 1st of October he was appointed CEO of Teraplast.



Ioan GALEA

Chief Technical Officer responsible with production, investment, maintenance directions and technical office.

He graduated the Faculty of Mechanics from the Polytechnic Institute Cluj. He worked as an engineer at the Mechanic Factory in Alba-Iulia, and in 1991 he joined the team from Teraplast as an engineer. During 2003 – April 2006 he was Investment and quality assurance Executive Manager. He was appointed CTO in April 2006.



Edit ORBAN

Chief Financial Officer responsible with financial-accounting department, legal directorate, financing & programs department and energy department.

She graduated Babes-Bolyai University from Cluj in 1995, as Economist, and since 2007 she is qualified accountant and auditor since 2009. Ms. Orban joined Teraplast team in 2008 as controlling manager. Before coming to Teraplast, Ms. Orban had various jobs inside the economic department of Iproeb. In april 2011 she was appointed CFO of Teraplast.

the members  
of the Executive  
Management



Marius ALBESCU

Chief Strategic Officer responsible with the activity of marketing, research, system managers and design office.

He graduated in 1995 the Technical University in Bucharest, Faculty of Science and Material Engineering, and in 1998 he graduated the Academy of Economic Sciences, Faculty of Accounting. He worked as sales manager Building & Instalation inside Wavin Romania, and in October 2008 he joined the team from Teraplast as sales executive manager. On the 1st of August 2009, Marius Albescu was appointed as Chief Strategic Officer, directorate newly founded in the company.



Larisa POPOVICI

Chief Export Officer responsible with export department.

She graduated the Faculty of Mechanics, specialization metallurgical processing at the Polytechnic Institute Gheorghe Asachi from Iasi. Larisa Popovici joined the team from Teraplast in 1998, and from 2006 until September 2008 was Supply Import-Export Manager. In October 2008, Mrs. Popovici was appointed Chief Export Officer.



Ovidiu AVRAM

Chief Sales Officer responsible with direct sales direction, warehouse sales directorate, infrastructure projects direction, coordinating office for orders-acquisition-production and department of acquisition for related products.

He graduated in 2001 the Technical University from Cluj-Napoca, Faculty of Machine Constructions – specialization Economic Engineering. Ovidiu Avram has an experience of over 8 years in the field of installations and constructions and joined the team from Teraplast in 2009. On the 1st of January 2010, the Managing Board appointed Ovidiu Avram in the Executive Board, the duration of his mandate is 4 years.





# Business Environment



## Business Environment

If during the last years the construction market was the main growing motor of the economy, in 2010 this industry fell by approximately 17%, to 9,7 billion euro, after in 2009 the fall was 30% up to the value of 10 billion euro. For 2011, the Romanian Association of Construction Entrepreneurs (ARACO) estimates that the construction market will fit in the best case between 9,5-10 billion euro, on condition the state should spend more efficiently the money from the budget, attract a bigger volume of European funds as well as find in due time cofinancing for the projects which already benefit from EU financing.

The producers of construction materials, who activate on a market of approximately 4,75 billion euro in 2010, are not very optimistic for 2011, as last year there were falls in sales by 20-50%, according to the field of activity. According to the Association of Producers of Construction Materials (APMCR), the consumption might fall this year, too by 1,5-2,5% as big infrastructure projects and private investments lack. The price index from constructions grew by 3,2% in 2010, according to BNR statistics.

*Romania's GDP* fell in 2010 by 1,3%, less than the authorities' official estimates, who anticipated a reduction by 1,9-2%. The fall was determined by the volume reduction of the gross added value from agriculture, hunting and forestry; fishing and fish (-0,8%), constructions (-10,7%), commerce, car repairing and home articles, hotels and restaurants, transport and telecommunication (-4,0%) and other services (-2,8%). Growths of the activity volume were registered in industry (+5,1%) and financial activities; real estate, rents and services for enterprises (+0,8%).

*The direct foreign investments* fell last year by 25,6% compared to 2009, up to 4,9 billion euro, while Romania's external debt grew in 2010 up to 90 billion euro. Although some countries have already passed the recession, for Romania, coming out of the negative zone is foreseen for the second part of this year. Most analysts estimate for this year an economic growth of 1-2%, the hopes of comeback being related to industry and exports.

*The absorption of European funds* in 2010 was 1,14 billion euro ( total payments), and in 2011 it will be around 3 billion euro, and the total during 2007- 2013 will reach 4,7 billion euro, according to an absorption degree of 25%. The total degree of absorption of the allotted funds for 2007-2013 reached 11,7% on the 18th of March 2011.

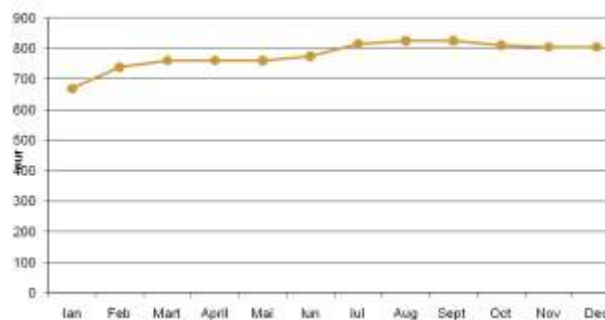
When it comes to the *price evolution of raw materials*, 2010 was a year of the extremes. Most of the raw materials used by Teraplast are based on oil, therefore its extremely volatile evolution in 2010 generated similar price oscillations in the case of raw materials, too.



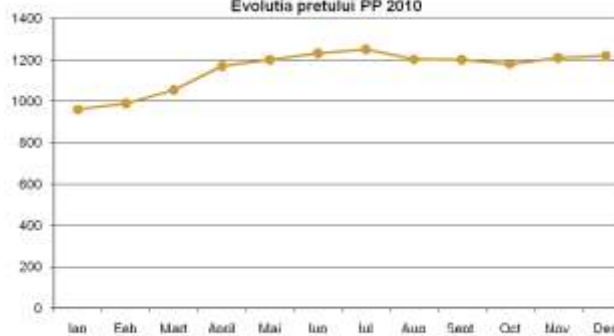


During the first months of 2010, the PVC price grew by almost 23%, and after September the price started to fall slowly. The price dynamic in the case of polypropylene (PP) was extremely fluctuant, the price growing until July and then it started to fall easily. In the case of polyethylene (PE), the selling price followed a growing trend until September, after which it stagnated until December 2010.

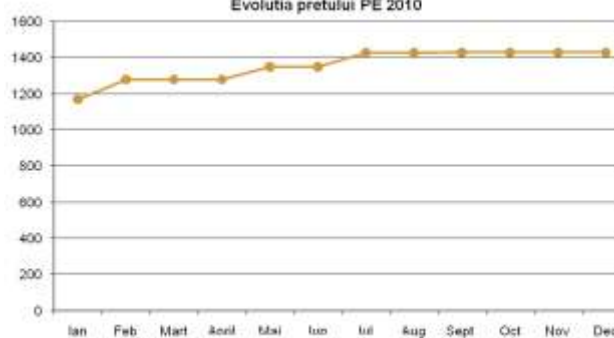
Evolutia pretului PVC 2010



Evolutia pretului PP 2010

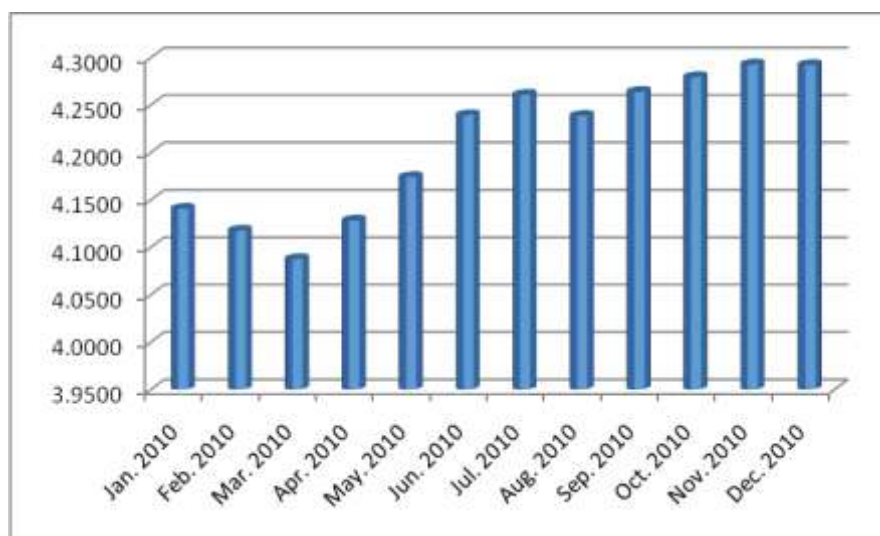


Evolutia pretului PE 2010





The exchange rate had in 2010 a fluctuating evolution, which also influenced the price of the main raw materials.



Monthly average exchange rate EURO - 2010 - BNR

## Perspectives 2011

2011 will start with price increases for raw materials. It is estimated that the growing trend will continue during the following months both for the basic raw materials (PVC, PP, PE) and for certain additives which contain oil products as basic element.

For the PVC, growths are estimated during the following months of minimum 50EUR/ton each month, which is justified by the fact that the ethylene price (the raw material for the PVC) grew from November until now by 160 EUR/ton, which should have been reflected in an increase of 80EUR/ton for the PVC. Both propylene (raw material for the polypropylene) and the polyethylene register the same growing trend, the producers estimate a constant growth during all the year 2011.





# Company Overview

## Achievements 2010 and strategy 2013

2010 didn't bring significant improvement for the Romanian economy in general and for the construction and installation markets in particular. Despite the market conditions, the company Teraplast managed to end entirely the relocation of its production capacities from Bistrita to Saratel, maintaining at the same time its market shares and obtaining positive financial results.

The first important event in 2010 was the company's joining TEPPFA (The European Plastic Pipes and Fittings Association), Teraplast being currently the only Romanian producer of plastic pipes and fittings member of the famous European association. The company's joining TEPPFA was unanimously approved by the General Meeting of the Association and it is very important as it certifies the fact that the development direction of Teraplast is the correct one and according to the European demands in the field on the quality of products and sustainability of standards.

In June 2010 the company Teraplast ended the relocation of all production capacities from the area inside Bistrita to the industrial park from Saratel, after investments of approximately 26 million euro.

The amounts invested include infrastructure works, building new plants, their technological equipment, either by relocating the production lines from Bistrita, or by buying new production lines, but also building the logistics and storing spaces.

The Industrial park from Saratel has a total surface of approximately 200.000 square meters, of which 143.500 belong to the company Teraplast, 29.000 square meters are owned by the subsidiary Plastsistem, and the rest of 27.500 square meters are owned by the company Politub, member of the Group Teraplast.

The company Teraplast owns currently at Saratel production capacities on a surface of over 13.000 square meters, divided in the PVC product plant (PVC pipe section, PVC profile section, PVC joinery profile section, dosing-mixing section) and the polyolefin plant (polyethylene manhole and tank section, corrugated pipe section, PVC, PP and PE fitting section and PP pipe section).

Most of these production capacities were relocated from Bistrita, except for the corrugated pipes, PE manholes and tanks, which are new products developed by Teraplast, after a careful analysis of the directions of global development and the needs to supplement the system of external sewage. Moreover, the relocation to Saratel has allowed and it will also allow growths of the production capacities as well as cost reductions by approximately 3%.

Apart from the production spaces, at Saratel there are over 44.000 square meters of covered and uncovered storing spaces, a logistics centre with implemented warehouse management, from where all transport activities are coordinated, but also a research and development centre. The rest of the land from Saratel, that is a surface of 85.500 square meters is used for infrastructure, administrative buildings and future developments of capacities.

## company overview



The administrative headquarters, which will need a 5,5 million lei (1,28 mil. euro) investment, will be built when the lands and buildings owned by Teraplast inside Bistrita will be sold.

The land remained free after the plant relocation from Bistrita to Saratel has a total surface of approximately 50.000 square meters and the company Teraplast intends to sell the whole surface, in the limits of the current market price.

### Relocation in brief:

- PVC pipe plant – October 2008
- PVC profile plant (joinery and constructions) – January 2009
- PVC granule plant – February 2009
- Polyolefin plant (corrugated pipes, tanks and manholes) – May 2009
- PP pipes and PP, PVC and PE fitting plant – May 2010



During June-August 2010 Teraplast started the implementation of three projects cofinanced from the European Social Fund, by the Sectorial Operational Program Development of Human Resources 2007-2013, "Invest in people!". The total eligible value of the three projects is 1,6 million lei, of which the grant will be 1,17 million lei.

Continuous training of employees is an important point in the development strategy, that is why every year the necessary amounts are allotted for the achievement of objectives on this segment. Teraplast has been having experience for several years in training programs for employees, they have been running through a specialized department, who deals with the organization of trainings on latest technologies, knowing systems or sales techniques. Inside the three projects with European financing implemented by Teraplast, over 300 of the company's employees from all over the country will receive training.

### Strategy until 2013

Teraplast intends to become the biggest supplier of solutions and integrated systems in the field of installations, constructions and decorating. The extension of the distribution area, the continuous improvement of the employees' quality and the portfolio development by launching new articles represent the main means to achieve the proposed plan.



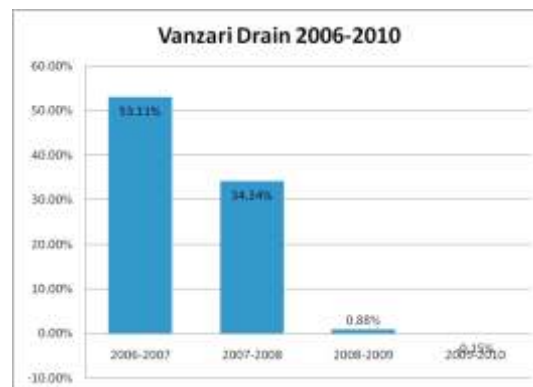
business  
units



## System of external sewage

DRAIN SYSTEM contains complete solutions for sewage systems, rain and sewage water: PVC pipes and fittings, corrugated PP pipes and fittings, manholes, iron caps, flexible tubes for drainage.

In 2010 we registered a slow reduction of sales of this system, 0,64%, mainly due to the stagnation of work volume. Although during the first part of the year we expected a growth of infrastructure works of water and sewage, following the stringent need to absorb European funds, the lack of cofinancing has blocked many of these projects. More than that, the lack of cofinancing led to little cash on the market, resulting in a growth of payment terms from contractors.



The significant reduction of the residential market generated the entering on the infrastructure segment of many companies, which traditionally activated on the residential segment, which led to the growth of number of participants in tenders. As a consequence, there was a big pressure on the price and many of the works tendered last year have been very much underrated.

As for the retail segment, the company Teraplast managed to consolidate and even to extend the partnerships with the big bricolage networks in Romania, and in neighbour countries.

## Perspectives 2011

In 2010, Teraplast will continue to develop the Drain System by introducing into its own production manholes for high depths, growth of the PVC fitting range, oil separators, mini-treatment plants.

Also, this year we will conclude new partnerships with famous European producers to supplement the system so as Teraplast can offer a complete range of solutions to customers from the external sewage segment.

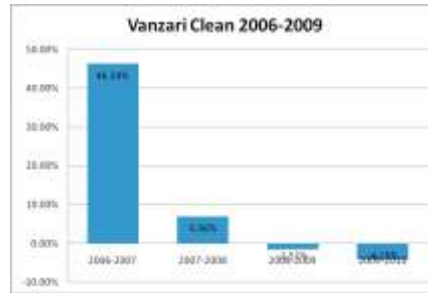
For 2011 we intend to maintain the leader position on the market of external sewage and we believe that we will start more environment infrastructure projects following the need to access European funds available for this sector. If in 2011 we won't achieve as many environment infrastructure projects as possible, we will miss the chances to modernize our water and sewage networks, with grant financing.

# business units



## System of internal sewage

Compared to 2009, there is a low reduction of sales for this system, 4,15%, mainly due to the fall of residential market. The most important sales channels are still the retail networks and the average and small distributors.

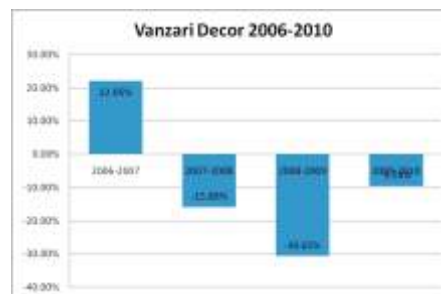


## Perspectives 2011

As a priority for 2011, Teraplast intends to supplement the system to supply solutions and complete products. From a commercial point of view, we target a more aggressive promotion of the system through our own warehouses, but also to consolidate, respectively, to develop partnerships with bricolage stores.

## System of internal/external decor

In the case of the Decor system, there is a 5,01% fall compared to 2009, mainly due to the freeze of real estate projects from lack of funding.



In 2010 Teraplast managed to consolidate its partnerships with the big retailers and new contracts have been signed with other important players from this sector. The trend from 2009 also continued in 2010, observing again a lack of cash which led to a fall of the demand for this system as well as a pressure on the price.

## Perspectives 2011

Among the projects for 2011 for the décor system is the introduction into sales of a new range of products, consolidating the current customer portfolio and concluding new collaboration contracts, all these measures are meant to increase Teraplast's market share on this system.

This year, new models and shades of PVC profiles will be introduced, together with much more aggressive marketing policies than during the last years, the purpose is to increase Teraplast's market share it has right now.

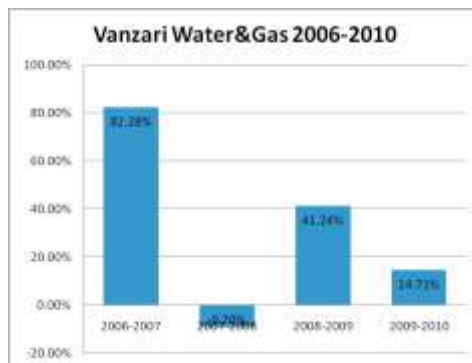
# business units



## Water & Gas system

The main products of this system are: PE pipes; fittings with mechanical clamping; PE fittings with "butt" assembly; PE fittings with electrofusion assembly, accessories; underground and exterior hydrants; gate valves and branch ; "Waga" large tolerance manholes ; manholes for watermeter; butt and electrofusion devices.

In 2010 Water& Gas System grew its sales by 13%. This evolution is due to a more aggressive promotion and in complete system of products, both in projects and in distribution.

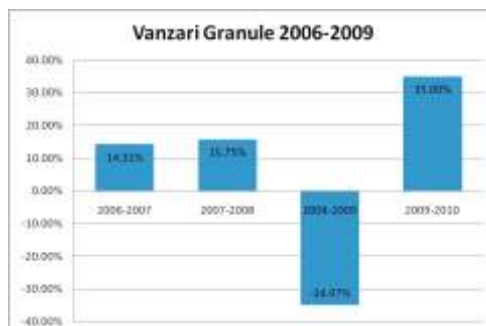


## Perspectives 2011

On the segment of products sold, in 2011 there will be new collaboration contracts concluded with famous European producers in order to extend the range of products offered to Teraplast customers, but also to face demands in peak periods.

## PVC Granules

Teraplast obtained a 35% rise on this business segment, compared to the previous year. This evolution is generated by the existing partnerships, which became stronger.



Besides the existing products series, Teraplast launched in 2010 new granules types, which can be used for electric cables.

## Outlook 2011

Teraplast wants to identify new business opportunities, especially on the external markets.





## Window PVC profile system TP 4-5-6

The system of PVC joinery profiles – includes articles to make thermo-insulating joinery as well as PVC profiles of 4, 5, 6 chambers and accessories.

The PVC profile systems for thermo-insulating joinery produced by Teraplast satisfy the highest demands of functionality and design, being attractive thanks to the high level of comfort and quality, guaranteeing thus safe investment in the long run.

In 2010, the systems of joinery profiles registered a growth of sales by 166,94%, the main customers of Teraplast are producers of thermo-insulating joinery.



In 2010, Teraplast launched on the market the system with 6 isolating chambers (70mm), in order to supplement the existing range of profiles and to satisfy the customers' needs to save energy and reduce costs.

The Joinery Profile Section activates inside the PVC Plant from Saratel, with a extrusion capacity of approximately 10.000 ton annually. For 2011, a growth of production capacities is foreseen by raising the mixing capacity and buying 3 extrusion lines as well as by supplementing the profile systems TP 4000, with 4 isolating chambers and TP6000 with 6 isolating chambers.

By extending the profile range, but also by the logistics development of this division, Teraplast will be able to access a wider market, achieving thus the objectives to grow turnover both internally and in export.



TeraGlass – includes the PVC thermo-insulating joinery, which is made with profiles of 4, 5 and 6 chambers, produced by Teraplast in the PVC profile plant from Saratel. In 2010, Teraplast's Window Division registered a sales growth of 5%, despite the stop of many residential projects due to lack of financing.



The thermo-insulating joinery plant is located in Bistrita and is not part of Teraplast's relocation plan, as the unit is newly built, in 2004, and lies in the town's industrial area.

The plant from Bistrita has a production capacity of thermo-insulating joinery products of over 100.000 square metres/year. The thermo-insulating glass is also produced in this plant, the annual production capacity is 120.000 square metres/year. Taking into consideration the fact that the relevant market for the systems of thermo-insulating joinery lies within 500-700 km around the production center, it is possible that in the following years Teraplast needn't invest in a new plant, located in another area of the country.

In 2010, due to the loss of market share and even the disappearance of several companies in the field, Teraglass managed to impose not only in the area around Bistrita, but in other areas of the country, achieving a growth of turnover and market share compared to last year. To these results also contributed the 2-3 months promotions launched by Teraglass, welcomed by the market.

The Division Teraglass was included in the company's investment program for 2010. Developed in order to grow the quality of the finished product and efficiency, the machines completely automated the fabrication processes, achieving at the same time the optimization of the material consumption.

Major investments were made at Teraglass regarding the processes and internal organization of production and storing spaces through the Kaizen programme, in which the Window Division was included, too. In 2010, the Kaizen actions undertaken reached the objectives of more efficient work, improved the working conditions and achieved ergonomics standards and internal rules.

The market approach in 2010 was concentrated on the extension of its presence on the internal market, but also on the external market both by showrooms, respectively sales area representatives and by authorized dealers. The indisputable quality of products, the wide chromatic range led to important achievements in sales on an international scale, too. The brand Teraglass also started to become known abroad, the company sold to export PVC and Al joinery in many European countries. The plans for 2011 provide the continuation of efforts to extend exports, the development of partner network and an intense collaboration with the big bricolage networks.

Starting with 2011, the thermo-insulating joinery TeraGlass was made with three types of profiles, respectively 4, 5 and 6 chambers, produced by Teraplast, in the PVC profile plant, ecologically based (Ca-Zn stabilizers). Besides, TeraGlass started to sell garage doors and introduced in the basic offer a wide range of accessories.

In 2011, Teraplast's window division became a distinct company – TeraGlass – of which the main shareholder is Teraplast.



# Corporate functions





## Human Resources

In 2010, the human resources department ran activities meant to add value to the company. As a tradition during the last years, the human resources objectives targeted the following main aspects:

- Coordination of HR policies and strategies with the company's business strategy;
- Importance of human capital in the optimization of the organization's results;
- Motivation of human resources;
- Taking over good practice models specific for the field of human resources from top companies.

### Main activities of the human resources department in 2010

#### Planification and ensuring personnel

Thanks to its contribution to the achievement of the organization's objectives, the planification of human resources is no longer approached just as an activity of the personnel function, but as an inseparable part of the organization planification, together with the other components of the planification process. The HR planification had as a starting point the organization's long term plans. The volume and nature of work tasks to be executed have been permanently correlated, ensuring a much more flexible organization structure, adapted to the current economic and financial conditions.

The main recruiting source was external and the following recruiting methods have been used: job announcement on specialized sites, press ad, head-hunting, announcing vacant jobs on our own site, the procedure « recommend a professional », announcements at AJOFM, partnerships with the school institutions in order to hire graduates and participation at job fairs. In order to integrate as fast and efficiently in the organization, in 2010 there were 27 internship programs for the TESA employees.

Training and development – extending the technical, professional and management skills of Teraplast employees was also in 2010 a key point in the human resources strategy. Training the personnel was made both internally and externally. Therefore, during 2010 over 6.600 training hours were achieved in 23 training and specialization courses.

Personnel motivation – was done both by direct and indirect material reward and professional promotion. The employees' professional motivation includes the following components: evaluation of performances, evaluation of the employees' behaviour characteristics, granting excellence awards, promotion in position and in pay scale and establishing the sequence plan. The personnel's turnover in 2010 was 1,03% inside Teraplast.



Career plan – has as main objectives the planification of sequence for the key positions in Teraplast by occupying with internal candidates. In 2010, 25 sequence plans were prepared. The nominees benefit from theoretical training for a period of several months and practice in order to develop the manager skills. In 2010, five Teraplast employees were promoted.

Stimulation of creativity – is one of the main objectives of the human resources strategy, thus all initiatives and creative ideas were rewarded by material awards and formal recognition. In 2010, 53 special awards were given for 269 ideas of activity improvement. The implementation of the Kaizen programs supported greatly the procedure of stimulation of creativity.

The survey “Investigating the personnel's satisfaction” – is a program which runs every year and aims to obtain conclusions on: the personnel's general satisfaction, how communication is made inside the company, how the personnel is evaluated, the work conditions, salary packages, training/improvement.

In 2010, the average score obtained was 2.51 points, which indicates a «good» degree of satisfaction of the personnel inside the company. The index slowly fell compared to last year, mainly due to the fall of extra-salary benefits, following the crisis period.

#### Benchmarking human resources

The benchmarking is a basic component of the audit of human resources. A first step of the audit of human resources was the benchmarking of activities run by the organization's human resources.

The benchmarking has supplied us with the necessary tools to obtain added value and to measure the gap between the human resources possibilities and the organization's strategic plans. In 2010 there have been several know-how exchanges with the HR departments of top companies in the field.

#### Perspectives 2011

In 2011, the human resources department will continue the proactive approach of all processes in order to improve its role and work instruments so as by the programs run to contribute to the organization's development and to ensure “the right person in the right place”.

We shall continuously stimulate the employees' creative potential and exploit it efficiently. The HR department will continue to offer in 2011 as well a framework of development and exploitation suitable for creative ideas in order not to lose valuable proposals.



## Information Technology (IT)

The IT department facilitates the transformation and modernization of the organization by supplying an efficient support for the new economic and production processes. Teraplast owns a series of licenses for business software in order to improve the operational processes and to administer efficiently the company's activity.

In 2010 the company Teraplast decided to extend the functionality of the SAP system. Thus, in 2010 the module SAP Warehouse Management was implemented for the warehouse of fitting and related products from the platform Saratel. The new program became functional starting with January 2011 – ensuring the necessary support for the processes from the warehouse and making possible:

- To define and administer the warehouses's complex structures;
- To optimize the material flow by using advanced techniques of putting on the shelf and picking from the storing box;
- To rapidly and easily process the receptions, deliveries and transfers and to eliminate the delivery mistakes.

The project was developed internally, and by the end of 2011 it will be extended to the other Teraplast warehouses which can be administered with this module. The project's in-house making will lead to savings of approximately 80.000 Eur.

In 2010 the module SAP Transportation was also implemented. The program was ended in January 2011 and it allows the optimization of the transport activity, both internally and externally, at a level of used means (trucks), human resources (drivers), existing orders and last but not least making them efficient. A series of advantages is obtained by implementing this module, such as:

- Comparing (according to the characteristics of the means of transport in the system) of the values admitted (weight or volume) with the ones of the goods from the deliveries selected for that transport;
- Distribution of transporters for certain groups and recording the transport's offered value;
- Establishing deadlines for transports;
- Cost estimates, taking into account the price system and data introduced into the system;
- Alloting the resulted transport costs both on cost centers and on the value of the goods (in the case of supply transports from suppliers);
- Automatic generation of supply, service, transport orders or new positions in the supply orders already open in a certain period;
- Traceability of relationships with suppliers of transport services, from the planification of transport to the introduction of invoice for transport services received from the supplier.





In 2010 the implementation of the SAP system also started for the other companies from the Group Teraplast. Thus, at Plastsistem the implementation started in 2010 and ended in February 2011. For Politub the start of the implementation is foreseen in the second half of 2011. Thus, by the end of 2011 all the companies in the group will have the same IT system.

At the beginning of 2008 the following programs were available in Teraplast: ConnAct and SAP R/3.

ConnAct represents a solution built on the platform IBM Lotus Notes/Domino Server, which facilitates the transfer of documents inside the company, centralizes them and allows direct access (according to the access level each user has) to all relevant information from Teraplast's activity. This IT program has both data base and intranet functions, allowing rapid communication and optimization of internal processes related to the data transfer.

Apart from these, in 2008 the IT department successfully implemented a new program - Klaes E-Prod – electronically assisted production. E-Prod ensures the transmission of information to and from the fabrication lines, coordinating each workstation. Therefore, the printed documents are no longer needed for the administration of the joinery execution.

By implementing this program, the IT has solved one of the business challenges of Teraplast, generating important cost reductions and improving performance. With the help of the new program "the Multitude of production files from one shift determines administration problems as-by using the classical methods-it was necessary to assign several persons to check/update information and to control the fabrication processes. With the help of E-Prod, one employee checks/updates information and controls the fabrication processes. The information is transferred online to all production lines (debiting, deburring, assembly tables of hardware, fixing installations of the thermoinsulating window etc.), therefore the responsible's displacement to which workstation in part is no longer needed.

## Perspectives 2011

In 2011 the IT department has proposed to be again an active instrument in Teraplast's development and modernization. In this context, in 2011 the extension of functionalities of the business model implemented at Teraplast is wanted also at the other companies from the Group: Plastsistem, Politub and TeraGlass.



## research and development

### Research and development

Teraplast is part of the National System of Research-Development and is registered in the Register of Potential Contractors thanks to the Research Centre it owns. The research and development programs are financed both from own funds and from national or European funds. In 2010, the Research and Development Centre ran research activities both in order to improve existing products and to obtain new products.

In 2010, the company Teraplast was accepted inside TEPPFA (The European Plastic Pipes and Fittings Association), being currently the only Romanian producer of plastic pipes and fittings, member of the famous European association. Joining Teraplast inside TEPPFA was unanimously approved by the General Meeting of the Association and it is very important as it certifies the fact that Teraplast's development direction is the correct one and it is according to the European demands in the field in terms of the quality of products and sustainability of standards.

TEPPFA (The European Plastic Pipes and Fittings Association) is a commercial association which represents the producers of systems of plastic pipes and fittings used in infrastructure, installations for buildings and civil projects. Teraplast is the twelfth member of TEPPFA, the other members of the Association are: Aliaxis, Alphacan, Egeplast, Geberit, Georg Fischer, KWH, Pipe Life, Rehau, Tessengerlo Grup, Uponor and Wavin. The European Plastic Pipes and Fittings Association also includes 15 national associations of producers of plastic pipes and fittings from countries like Portugal, Spain, Holland, Denmark, the Czech Republic, Germany etc.

In 2010 the activity of the research centre was focused on the following:

Preparing the basic documents to introduce into fabrication the PVC MRS25 pressure pipes for water transport

PVC MRS 25 pipes are pipes with high mechanical resistance obtained thanks to the modern technological possibilities to blend into pipes more regular polymer structures, with high molecular masses, which in the end lead to the increase of the pipes' mechanical resistance.

According to a comparative multi-criteria analysis (PVC MRS25 pipes, PP pipes, PE pipes, PVC100 pipes) one can come up to the conclusion that the PVC MRS25 represents a good alternative to apply in external networks with diameters higher than 110 mm.

Preparing the calculation of the coefficient of the profile's thermal transfer,  $U_f$  for the joinery profile system TP4000

It was at the basis of performance tests of thermal isolation of the joinery system TP4000 in order to certify it.

Changing the technology of mass colour (initial situation pigment introduced in the mixing phase) by dosing the pigment directly into the extruder, in the case of extrusion of brown joinery profiles

The theme was meant to improve the technological process to obtain coloured joinery profiles by replacing the technology of mass colour, in the mixing phase, with the technology of colouring by dosing the dye directly into the extruder.



Research study on the possibility to introduce into fabrication the PP pipes internal sewage phonic isolated and soundproofing pipes.

The study refers to the possibility to introduce into fabrication the PP multilayer sewage pipes, foam core pipe, which are a more recent alternative to PP compact sewage pipes, having a better phonic isolation and a lower price.

Preparing diagrams of sewage debit through the sewage pipes produced by TERAPLAST: compact pipes, corrugated pipes, PVC multilayer foam core pipes.

Preparing the diagrams was made according to a scaling method of the results of the values calculated with the Colebrook-White algorithm, prepared inside the Research Centre in order to document the products from the sewage projects with pipes produced by TERAPLAST.

Replacing the Pb stabilizers, from the dry-blend for PVC pipes, with ecological stabilizers

The purpose was to survey the extension of the use of ecological stabilizers to the PVC pipe products too, (multilayer and compact), to meet the European demands on the replacement of Pb stabilizers with ecological stabilizers.

Comparative study concrete manholes vs. polyethylene manholes

The study makes a comparative analysis of PE manholes compared to concrete manholes and highlights the following advantages of plastic manholes:

▣ REDUCED WEIGHT AND HANDLING

- G concrete manhole = 18 x G plastic manhole;
- Special machines for handling and installation are not needed;
- Reduced installation time compared to concrete manholes;
- Sometimes (in the case of narrow streets) an access parallel road must be made in the case of using concrete manholes;
- Reduced number of personnel to install the manholes;

▣ CHEMICAL RESISTANCE

- The chemical resistance of plastic manholes is much higher in the long run than the one of concrete manholes, which in time are attacked by HYDROGEN SULFIDE which forms in the sewerage systems;
- Taking into account the tendency of some of the UE countries to separate the sewage networks from the rain ones, the increase of concentration of chemical substances in the sewage networks is obvious;

▣ RESISTANCE TO LOW TEMPERATURES AND TO IMPACT

- Plastic materials do not present water absorption compared to concrete manholes, therefore during winter by absorbing water in the concrete manhole's body or in the spaces among elements and its freezing, cracks often appear in the manholes' body;





#### ▣ TIGHTNESS

- Plastic manholes are perfectly sealed thanks to their construction way;
- All connections among component elements or among manhole and connection pipes (be them subsequent) are made with rubber gaskets, which ensure a perfect tightness to the system, therefore water cannot contaminate the soil or infiltrate from the soil to the manhole either so as to overload the wastewater treatment plant.

#### ▣ INSTALLATION OF MANHOLES

- The installation of plastic manholes is much more economic thanks to the weight and excellent handling of plastic manholes;
- There are a lot of prefabricated elements especially conceived to ensure a high flexibility in the assembly and to reduce the assembly time.

#### ▣ ADJUSTABLE HEIGHT OF MANHOLES

- Telescopic cover of plastic manholes = the most precise and rapid solution of a manhole's adjustable height;
- In the case of concrete manholes many times it is necessary to find "ingenious" solutions of adjustable height.

#### ▣ RESISTANCE TO TRAFFIC OF PLASTIC MANHOLES

- Plastic manholes – traffic loads are taken over by the soil due to the fact that covering the manhole is done with a telescope tube on which you put the iron cap, so as the tensions are not taken over by the manhole body;
- Concrete manholes – the iron cap is set directly on the manhole body so as the traffic loads are taken over entirely by the manhole, which accumulates "stress" in its structure and it can crack when the tensions exceed certain limits.

#### ▣ POSSIBILITIES TO INTERVENE AND SUBSEQUENT CONNECTIONS

- In most cases, the need to make certain connections in the manhole body appears, therefore it is important that these connections should be made easily and without high additional costs;
- In the case of plastic manholes, the existence of prefabricated elements ensures an excellent flexibility and a reduced cost from this point of view;
- In the case of concrete manholes, making subsequent connections in the manhole body is very difficult as you need additional equipment and labor.

#### ▣ MAINTENANCE OF SEWAGE MANHOLES

- Plastic manholes – do not need maintenance if they have been chosen and installed accordingly;
- Concrete manholes – they need many maintenance actions for re-tightness, check of interior ladders, readjusting cap to the road's share.

#### Perspectives 2011

Teraplast intends to continue the development of infrastructure of Research and Development, which will contribute to the extension of experimental activity of the Research Centre. As it happened in 2010, in 2011 the Centre Teraplast shall have both research activities in order to improve the existing products and to obtain new products.

marketing

**Teraplast**

Gândește constructiv



## Marketing

Our strategy is to supply complete solutions for our customers' applications, offering them better products. In this context, the marketing activities had a special importance, being concentrated in 2010 on the following main directions:

### 1. Advertising

• **promotion of Teraplast's general image** – there were actions and advertising programs to sustain the image and grow Teraplast's notoriety, as a strong national and regional brand; the main actions in this direction:

- Advertising on rotative and fixed panels from the soccer stadiums of some important teams from the 1st League – Romania's soccer championship (FC Rapid, FC Timisoara, FC Vaslui, Farul Constanta, Gloria Bistrita);
- Supporting the team Gloria Bistrita, as main sponsor; this collaboration included a massive presence of the logo Teraplast on advertising materials from inside the stadium (panels, meshes) and on other supports – players' T-shirts, panels from press conferences, club's printed materials etc.;
- Display on its outdoor panels from national/European roads (Bistrita - Cluj-Napoca, Oradea - Cluj-Napoca);
- Insertions of graphic models in the main national construction catalogs - Infoconstruct and Mediaconstruct;
- Sponsorships of major cultural events – the New Year's Eve Concert.

• **promotion of Teraplast's systems and products** - there were actions and advertising programs to sustain Teraplast's systems and products; the main actions in this regard were:

- insertion of graphic models and advertising articles in specialized magazines: the magazine "Instalatorul" to promote the new products from the Drain system (PP TERAPIPE corrugated pipes, PE manholes) and from the Clean system (PE tanks); the magazine "Termopanul" to promote the joinery profile system TP456;
- insertion of advertising models in the partners' promotion magazines- retail networks Dedeman, Ambient or Praktiker to promote the Drain system (external sewage), Clean (internal sewage) and Decor (decorating PVC profiles);
- a program to replace the technical presentation catalogs was initiated, for all existing systems; during 2009 new presentation catalogs were edited and printed for the joinery profile systems TP (4 and 6 chambers), Drain – PP corrugated pipes, Decor - PVC profiles for decoration and Terracotta – stoves and chimney;
- editing and other printed materials: brochures, flyers, posters, special labels, instructions to assembly products, etc.;
- TeraGlass: display on outdoor panels and rented meshes in towns with showrooms; printed materials: presentation maps, brochures, flyers, posters, special labels, instructions to maintain products etc.;



## 2. Promotional campaigns

- in the case of TeraGlass window and door system, in order to support and stimulate sales, a program of promotional campaigns by seasons was implemented (spring, summer, autumn and winter);



- **communicating the promotions** was done by:

- editing and printed materials: posters for our own and dealers' showrooms; flyers for street and mailbox distribution;
  - media advertising campaigns: radio - national and local networks, press – local publications;
- in the case of Decor System there were two advertising campaigns for the PVC panels;

## 3. Merchandising and Partners' support

- The program to customize the shelves in the store network Praktiker was continued and finalized - TeraPlast products from the Drain, Clean and Décor systems;
- A system to customize the shelves in the store network Ambient was proposed, agreed on and implemented- TeraPlast products from the Drain, Clean and Décor systems;
- A program to customize was also implemented in the newtork Dedeman - partner with a very aggressive extension plan – promotion on the Drain, Clean and Décor systems;
- A series of customized advertising materials for important partners were achieved - banners, light boxes etc.

## 4. Participations to fairs and exhibitions

- In 2010 TeraPlast promoted the systems and solutions by participating to the following fairs and exhibitions: Expo Construct Bucuresti, which took place in May, in June the company participated to Water Expo ARA Bucuresti si Bistrita Construct, in October to the National Conferance of Installations in Sinaia, and in November To the Eco Environment Fair of Arad.
- In 2010 TeraPlast also participated to the following conferances: PSC Bacau, PSC Suceava, PSC Iasi, PSC Galati, PSC Constanta, PSC Sibiu, PSC Cluj-Napoca, PSC Timisoara, PSC Pitesti, PSC Bucuresti.
- In 2010 we organized 23 trainings for our partners;

## 5. Market monitoring, studies and analyses

- Monitoring the competition is a continuous activity which materialized by updating the competition's files on each system of products; market surveys were also initiated in order to identify the trends and opportunities on all market segments interested to TeraPlast, inside each system of products.





## Communication/Public relations

Within the context of listing at Bucharest Stock Exchange, the constant communication with the mass-media and the investors is extremely important to Teraplast, therefore in 2008 it was decided to introduce in the company's organization chart the Department of Communication and Relationship with the Investors.

The necessity to outline a coherent image, which should emphasize the company's reputation and the importance Teraplast gives to the communication process determined the Board of Administration to introduce this function in the organization chart.

The main responsibilities of the department of Communication and Relationship with the Investors are the development of the communication function inside the group Teraplast and the establishment of the communication and image strategies on all business lines.

In this context, in 2010 Teraplast sent over 11 press releases, by which it announced the new development projects or the evolution of financial results. The company also organized, in partnership with the Romanian Water Association, a workshop called "Environment Infrastructure – opportunities and challenges".

The event from Cluj had a regional character, as it joined participants from Cluj, Bistrita-Nasaud, Mures, Salaj and Alba counties. More than that, the workshop was one of the few occasions when all persons involved in making an environment infrastructure project were present in the same place, that is regional operators of water services, town halls, design companies, consulting companies, execution companies and suppliers of technical solutions.



At the debate, the persons present had the possibility to find out from specialists in the field what are the most important problems they could face in a sewage infrastructure project, what are the most important projects which will run in the next period in the NV region, as well as details on the latest systems and technical solutions agreed at a European level.

The company's management also had many meetings with analysts and investors, the latter having the opportunity to visit the new industrial platform Teraplast from Saratel, but also to discuss in detail the company's evolution and the projects announced.

The company Teraplast (TRP) was listed at BVB on the 2nd of July 2008 and, from the beginning, it proposed to ensure the investors' equal and constant access to all the company's relevant information.

## Perspectives 2011

The projects for 2011 state the development of the communication component on all segments. In this context, Teraplast will continue to transmit coherently, completely and transparently to mass-media and investors all information regarding the events which take place inside the company.



## Corporate social responsibility (CSR)

Teraplast pays a special attention to the community where it runs its activity and supports the initiatives which aim to the active involvement in community life. The amount allotted by the company last year to CSR programs and sponsorships was 120.000 euro.

Social responsibility is an important part of Teraplast's business strategy, permanently identifying the social problems the community deals with.

### Main CSR programs developed in 2010:

The main CSR programs were based both on the company's internal culture and on external activities. Taking into consideration the importance of Teraplast in local community, being responsible means running activities which in the long run generate the shareholders' and company employees' welfare. In 2010, the main directions of Teraplast's involvement were:

- Teraplast's employees
- Sport
- Local communities
- Health
- Education

**“Teraplast's Day”** – a program destined to the company's employees and their families. The event took place in December as a party at a restaurant, at which approximately 400 people participated.

Inside the company there is also a non-profit association AdCaritatis which financially helps employees with health problems. In 2010, eleven Teraplast employees benefited from financial help from the association.

The company Teraplast also got involved in several social projects to financially aid disadvantaged persons or local communities. Therefore, in 2010, in partnership with the Impact Association Bistrita, the project “Educational alternatives in the rural environment” took place.

The project “Educational alternatives in the rural environment “ targeted children and young people from the rural environment, more exactly young people from the village Sieu – Magherus, Bistrita-Nasaud county. Pupils from the sixth and seventh grade took part in this project.



The purpose of the three month project was to develop communication and relation skills of pupils from the rural environment by a series of weekly courses. Also, the pupils learnt, with the help of the Impact Association Bistrita's psychologist how to avoid or/and to solve a conflict and they were guided how to discover their skills for a future career.



Also, in 2010, the company Teraplast in partnership with the Little People Association set up a support center for the children with cancer from the Oncology Hospital "Luis Turcanu" from Timisoara. The activities dedicated to the children with cancer are run through the Temerarii Club, and until this year the Club's events were available only in three hospitals – the Oncology Institute "Prof. Dr. Ion Chiricuta" Cluj-Napoca, the Clinic Pediatric Hospital 2 from Cluj-Napoca (Onco-pediatric Section) and the Oncology Institute "Prof. Dr. Al. Trestioreanu" from Bucharest.

Thanks to the company Teraplast's financial effort, the psychosocial support provided by specialized people is now available also in Timisoara. The project started in March by recruiting 18 volunteers from the University of Psychology from Timisoara, of whom the Little People Association chose 11 persons who will actually work with the children with cancer.

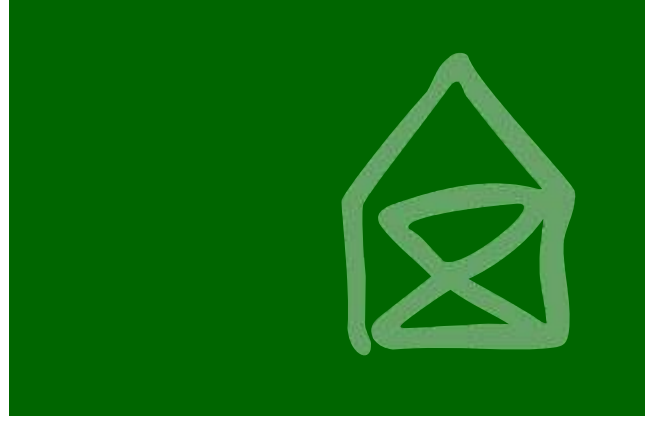
In April the 11 volunteers' training from Timisoara ended, and right now they work at the Oncology Hospital "Luis Turcanu", children's pavilion. The purpose of activities run by the 11 volunteers in partnership with Teraplast is to ensure a specialized sustainability and personalized to each young person's needs in Romania, in terms of successful reintegration into society and support in coming back in school.



## Perspectives 2011

The CSR plan in 2011 states the running of new programs of social involvement, which will target especially employees, children and local communities. All these CSR programs will be done under the platform "We think constructively the present, for the future" and therefore we want Teraplast to become a model in terms of corporate social responsibility.





# Environment Protection



## Environment Protection

The main activity of the company Teraplast has inherent effects on the environment. These effects are monitored carefully by the local authorities and by Teraplast's management.

The preventive approach and the orientation to reduce the impact on the environment are elements which guide the company's activity, therefore in order to run its production processes, Teraplast obtained:

- Environment authorization to produce plastic panels, foils, tubes, plastic profiles and plastic articles for constructions in the production unit from the industrial platform Saratel;
- Environment authorization to produce PVC joinery elements with thermoinsulating glass at its production unit from Bistrita, 27/A Tarpiului street;
- Integrated environment authorization (no.94-NV 6/30.10.2007) for the production activity of teracotta tiles and bricks, in Bistrita, 17A Romana street. The authorization was extended on October 30th 2007 for a period of 10 years. For the other locations, the company doesn't need integrated environment authorization. The company meets the demands regarding the protection of atmosphere in all locations where it runs its activities.
- Teraplast obtained the authorization no. 17 from December 29th 2007 regarding the emissions of greenhouse gases for the activity of burning teracotta tiles and bricks in Bistrita, 17A Romana street. The authorization has no valid term, being in effect as long as the data at its basis don't modify.
- The company obtained authorization for water management (np.492/23.10.2007) for the teracotta section from Bistrita, 17A Romana street, which is valid until October 22nd 2017.

Also, the companies Teraplast involve actively in saving resources, by the efficient use of energy, encouraging recycling programmes, reducing emissions from industrial processes, reducing the quantities of waste and improvements on their evacuation facilities.

The relocation of the production facilities from Bistrita to Saratel generated, apart from the operational advantages an important component of environment protection, in the conditions where all production facilities were built taking into consideration the environment standards.



# The activity of the Managing Board





## the activity of the Managing Board

### **The Report of the Board of Administration**

#### **Main activities**

Teraplast SA is a company which supplies complete solutions and systems in installations, decorating and constructions, which runs its activity mainly in Romania.

#### **Corporate Governance**

Teraplast implemented voluntarily the recommendations from the Code of Corporate Governance of Bucharest Stock Exchange, which establishes the governance principles and structures, aiming mainly at respecting the shareholders' rights as well as ensuring them a fair treatment. In this regard, the Board of Administration elaborated the Rules of Organization and Functioning, which are according to CCG principles, ensuring thus transparency as well as the company's sustainable development. The Rules of Organization and Functioning establish at the same time the functions corresponding to the Managing Board, its competence and responsibilities so as to ensure the respect of interests of all company's shareholders and, last but not least, their equal access, but also of the potential investors, to the company's relevant information.

#### **Structures of Governance**

In order to continue the process of principle implementation of the Code of Corporate Governance, the General Assembly of Shareholders from the 20th of June 2008, approved to choose a new Managing Board made up of 7 administrators, of whom one is independent from the significant shareholders. In this regard, a sufficient number of members were ensured to guarantee the Board's efficiency to survey, analyze and evaluate the activity of Teraplast's executive management. The Board's main objective, as a collective body, is to promote and respect the interests of the company's shareholders.

The next step of the implementation process is the substantial modification of the company's Constitutive Act, approved by the General Meeting of Shareholders from the 16th of September 2008, occasion when the provisions of the constitutive document were harmonized with the normative documents specific to the capital market in Romania, but also to the recommendations and principles from the Code of Corporate Governance of Bucharest Stock Exchange. One of the most important updating of the company's statute is the modification of chapter VI – Managers – according to which the premises of a fundamental change in the company's management structure are created, allowing thus the Board of Administration the possibility to delegate its management competence not only to a unique manager, but to a greater number of managers, appointing one of them general manager.

Also, in accordance with the recommendations from the CCG, strict rules were established regarding the internal circuit and the disclosure to third parties of classified documents and privileged information, giving thus a special importance to the data and/or information which can influence the evolution of the market price of the securities issued by Teraplast. In this regard, in 2008 specific confidentiality contracts were concluded, both with the administration, the company's executive management and the employees who, according to their positions and/or competence have access to such classified/privileged information.



## the activity of the Managing Board

### **The members of the Managing Board**

The members of the Managing Board were elected on the 20th of June 2008, at the proposal of Teraplast's most significant shareholders.

Therefore, the Managing Board of Teraplast is made up of seven members: Emanoil Viciu (President), Dorel Goia (Administrator), Gheorghe Grosan (Administrator), Emmanuel Gerard Marc Tritrent (Administrator), Alexandru Stanean (Administrator), Magda Eugenia Palfi (independent administrator) and Laurentiu Ciocirlan (Administrator).

### **The members of the Executive Board**

The current configuration of the Executive Board is the result of changes approved by the Managing Board and the General Assembly of Shareholders during 2008, 2009 and 2011, with the aim to consolidate the structures of corporate governance. As a consequence, on the basis of the modifications made to the Constitutive Act on the 16th of September 2008, the Board of Administration delegates management competence to a number of 5 managers, and at the beginning of January 2010, a new manager was included in the company's executive management.

Therefore, Teraplast's executive management is made up of six managers: Florin Urite (Chief Executive Officer), Ioan Galea (Chief Technical Officer), Edit Orban (Chief Financial Officer), Marius Albescu (Chief Strategic Officer), Ovidiu Avram (Chief Sales Officer) si Larisa Popovici (Chief Export Officer). Their biographies can be seen in the section dedicated to the Members of the Executive Board.

### **The activity of the Managing Board**

In 2010, the Managing Board met monthly, all administrators participated at its meetings, on the agenda being points related to the rules of functioning of the Managing Board and the Executive Board and points on Teraplast's extension and development.

The Managing Board of Teraplast was permanently informed on the current important activities of the company. As an oversight body, the Managing Board registered the investments made and their effects and approved the new investment projects.

In 2010 the Managing Board took decisions regarding important aspects for the company, like:

- Modification of the company's constitutive act by introducing a new secondary object of activity, respectively 2511 – production of metallic constructions and parts of the metallic parts.
- Dissolution of some of the PVC windows & doors showrooms in the country;
- Supplementing the constitutive act by introducing 4 new CAEN codes, respectively, 3511 – production of electrical energy, 3512 – transport of electrical energy, 3513 – distribution of electrical energy and 3514 – commercialization of electrical energy;
- Transfer of ownership on the 4,5 million shares repurchased from Bucharest Stock Exchange during 2009, from the company to its applicant executive managers, be made with free title, within maximum 15 days from the approval of the simplified Prospect by CNVM. Taking into account that the transmission of shares to the executive managers is made in order to make them loyal, it is approved that the company conclude with the latter a 10 year performance contract.



## the activity of the Managing Board

- The participation in the competition launched on the OPERATIONAL PROGRAM GROWTH OF ECONOMIC COMPETITIVENESS, Priority axis 1 – An innovative and eco-efficient production system « Major field of intervention 1.1. – « Production investments and preparation for the competition on the market of companies «Operation 1.1.1. „Support for the consolidation and modernization of the production sector by tangible and intangible investments for big companies, with the project called „Diversification of production in S.C. TERAPLAST S.A. Bistrita by buying modern technological equipment for plastic processing”. In this context, the Board of Administration approved the Budget of Project in total value of 39.086.308,00 lei of which 33.246.662 lei is eligible expenses and 5.839.646,00 lei not eligible expenses.
- Sales to tenants of the apartments and studios “job apartments”, from the building situated in Bistrita, 5, Zefirului str., Bistrita-Nasaud county, owned by Teraplast.
- Supplementing the constitutive act by introducing 4 CAEN codes, respectively, 7112 – engineering activities and technical consultancy related to them, 7120 – test activities and technical analyses, 7219 – research development in other natural sciences and technology and 4730 -retail trade of fuels for cars in specialized stores.
- Set up and registration in the records of the Commerce Registry from Bistrita-Nasaud Law-Court of a new workstation"Central and research laboratory" in Sarata, DN 15A Km45+500, Bistrita-Nasaud county.
- Participation of the company TERAPLAST to the set up of the company TERA-TOOLS S.R.L. with headquarters in Bistrita, 17A, Romana str, 420060, Bistrita-Nasaud county, “Mechanical and maintenance workshop”.

### **Annual financial situations and dividends**

After the discussions with the auditors, the Board of Administration checked the administrators' report and the company's financial situations for 2010, made according to the Law of the commercial companies no. 31/1990 (with subsequent modifications) and the Law of the capital market no. 297/2004. The Board of Administration will propose to the General Meeting of Shareholders not to distribute dividends. The profit of 2010 will be reinvested.

### **The external audit**

In order to protect the company's interests regarding financial reports, internal control and risk administration, the General Meeting of Shareholders, upon the proposal of the Board of Administration, approved that the company be submitted both to financial and internal audit. Therefore, on the 9th of September 2010, GAS approved the financial auditor for 2010-2011 to be PricewaterhouseCoopers Audit. Also beginning with the 2010 financial year the internal audit will be done by the Controlling Department of Teraplast.





# Directors Report



**The financial results obtained individually by Teraplast in 2010**

<b>Key performance indicators</b>	<b>2009</b>	<b>2010</b>	<b>▲%</b>
<i>EBIT, RON thousand</i>	10.807	10.082	(7)
<i>EBITDA, RON thousand</i>	20.940	22.418	7
<i>Net profit, RON thousand</i>	7.749	6.496	(16)
<i>Net turnover, RON thousand</i>	188.255	212.747	13
<i>Net cash generated by operating activities, RON thousand</i>	7.153	13.339	178
<i>Cash and correspondents in cash at the end of the financial year</i>	2.760	2.897	5
<i>Investments, RON thousand</i>	37.445	18.991	(49)
<i>Average number of employees</i>	541	527	(3)

In 2010, the expansion and modernization process of Teraplast continued according to the established plan. The result of the financial year was good, in spite of the negative impact generated by the instable business environment, by the pronounced gap of liquidity, by the price wave for the raw materials and by the instability of the inland currency (under the conditions of an important rise in imports volume, to assure the raw materials necessary for the company).

Teraplast's **investments** in 2010 had the value of approximately RON 18,9 million and they were focused towards the relocation and the technological development from the Industrial Park of Saratel. Teraplast finalized, in the first six month of 2010, the relocation of all the production facilities from Bistrita to the industrial park from Saratel, the total investments made by the company, from the moment the production plants construction began (2007), until the moment the relocation was finalised, having a value of over EUR 26 million.

The investments include the infrastructure works, the new production plants construction, the technological equipment of the factories, either by moving the production lines from Bistrita, or by new production line purchasing, and also the construction of the logistics and warehousing spaces.

The Industrial Park from Saratel has an area of approximately 200.000 square meters, of which 143.500 square meters belong to Teraplast, approximately 29.000 square meters are owned by Plastsistem, and the rest of 27.500 square meters belong to Politub, company member of Teraplast Group.

At Saratel Teraplast has production capacities in total surface of over 13.000 square meters, divided between the **PVC products factory** (PVC pipes production plant, PVC profiles production plant, window PVC profiles production plant, mixing plant) and the **polyolefins factory** (PE manholes and tanks production plant, corrugated pipes production plant, PVC, PP and PE fittings production plant and PP pipes production plant).



## Profit and loss account

Profit and loss account, in RON thousand	2009	2010	▲%
<b>Net turnover</b>	<b>188.255</b>	<b>212.747</b>	<b>13</b>
<i>Movements in inventories</i>	2.681	4.879	82
<i>Own work capitalized</i>	4.602	2.616	(43)
<i>Other operating revenues</i>	783	1.229	57
<b>TOTAL operating revenues</b>	<b>196.321</b>	<b>221.471</b>	<b>13</b>
<i>Raw materials and consumables expenses</i>	97.026	115.183	19
<i>Other materials expenses</i>	1.266	802	(37)
<i>Utilities expenses</i>	5.639	6.348	13
<i>Expenses with goods</i>	29.753	33.822	14
<i>Received commercial discounts</i>	0	391	-
<i>Personnel expenses</i>	24.704	25.877	5
<i>Adjusting the value of assets</i>	11.310	10.296	(9)
<i>Other operating expenses</i>	15.816	19.453	23
<b>TOTAL operating expenses</b>	<b>185.514</b>	<b>211.390</b>	<b>14</b>
<i>Operating profit</i>	10.807	10.082	(7)
<i>Financial result</i>	(2.758)	(3.522)	(28)
<i>Gross profit</i>	8.048	6.560	(18)
<b>Net profit</b>	<b>7.749</b>	<b>6.496</b>	<b>(16)</b>
<b>EBITDA</b>	<b>20.940</b>	<b>22.418</b>	<b>7</b>

The company's **net turnover** increased in 2010 by 13%, compared to the previous year, as a result of the increase in the sold volumes, on one hand, and on the other hand, as a result of the sales price increment.

**The net profit** of Teraplast has dropped by 16% in 2010, being influenced by the rise of expenses with depreciation afferent to the investments put into function, by the relocation costs (the relocation of the factories was realized in 2010), by the rise of the expenses with homologation for the new products, by the rise of expenses with goods and external supply expenses. The aggressive competition was another factor that has strongly affected the company's profitability. The explanation for this situation is given by the fact that in 2010 the demand was smaller, and within this context there was applied a stronger pressure over the sale prices on the market.





## Balance sheet

Balance sheet, in RON thousand	2009	2010
<b>ASSETS</b>		
<b>A. TOTAL noncurrent assets</b>	<b>150.533</b>	<b>166.771</b>
I. Intangible assets	1.826	1.300
II. Tangible assets	139.326	153.722
III. Financial assets	9.381	11.749
<b>B. TOTAL current assets - TOTAL</b>	<b>84.302</b>	<b>100.165</b>
I. Inventories	28.565	29.404
II. Receivable	52.597	67.420
III. Short term investments	380	445
IV. Cash and bank accounts	2.760	2.897
C. Prepayments	<b>577</b>	<b>207</b>
<b>TOTAL ASSETS</b>	<b>235.412</b>	<b>267.144</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>		
Shareholders' equity	144.264	156.251
Payables in more than one year	17.752	11.619
Provisions	2.783	764
<b>TOTAL current liabilities - of which:</b>	<b>70.613</b>	<b>98.510</b>
Interests bearing liabilities	37.197	45.872
Trading liabilities	30.071	43.298
Other liabilities	3.345	9.340
<b>TOTAL SHARE CAPITALS AND LIABILITIES</b>	<b>235.412</b>	<b>267.144</b>

The **noncurrent assets** for 2010 registered a rise of 11% compared to the level registered in 2009, as a result of the investments made during this period.

The **inventories** registered an increase of 3% in 2010 on year to year bases, up to the value of RON 29,4 million, as a result of the advance in raw materials prices, but also as a necessity of having an adequate inventory for sustaining the turnover.

The **company's receivables** have grown by 28%, as a consequence of the contract term of payments expansion, but also as a consequence of the lack of liquidities on the market, in the context of a difficult allocation from the state budget of the financing for the public projects.

In the context of a continuous development, based on investments which generated massive exits of resources, the company's liquid assets registered a decrease compared to the previous year, the financing of the investments and of the working capital also generating an increase in the current liabilities.

The **company's long-term debts** decreased by 35% compared to the year 2009.



## **Risk factors**

### **Risk management**

#### **Credit risk**

Credit risk refers to the risk that a third party will not respect the contractual obligations, causing financial loss to the company. The company adopted a policy to make transactions just with trustworthy partners and to obtain adequate warranties, when necessary, as a mean to reduce financial loss risk caused by a failure to comply with the contracts. The management board monitors the company's exposure and the partners' credit rating.

Commercial account receivables consist in a large number of clients, from various industries and geographical regions. The company makes a continuous evaluation of the credit, considering the financial condition of the clients, and credit insurance is done when necessary.

The company has no significant credit risk exposure towards a counterpart or a group with similar characteristics. The company considers that a counterpart has similar characteristics when it is an affiliated entity.

#### **Liquidity risk**

The final responsibility for liquidity risk management belongs to the executive board, which built a suitable framework for liquidity risk management, in order to ensure the company's necessary funds for short, medium and long term and also to comply with the requirements concerning liquidity management.

The company manages the liquidity risks by maintaining adequate reserves, bank facilities and reserve loan facilities, by a continuous track of the real cash flows and by a correspondence between the maturity profile of the financial assets and debts.

#### **Interest rate, exchange rate and inflation risk**

The company benefits of a variable interest rate for both long and short term credits. The board continuously tracks the interest rate risk.

The company makes transactions in various currencies, including euro or US dollars. The activity and results are exposed to the exchange rate variations for these currencies. The exchange rate in 31 December 2010 was 3,2045 RON for 1 USD (31.12.2009: 2,9361 RON), and 4,2848 RON for 1 Euro (31.12.2009: 4,2282 RON).

# Teraplast's participations

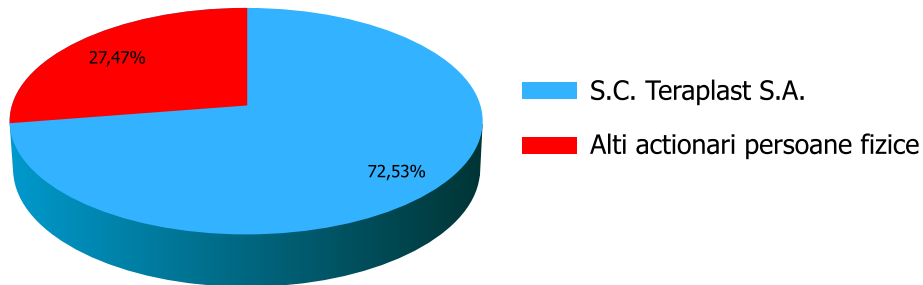


## Teraplast's participations

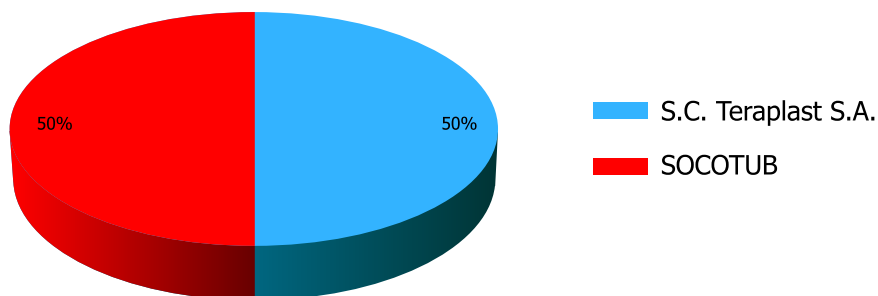
Teraplast detains participations in the Politub and Plastsistem businesses. The three firms compose Teraplast Group. The company Teraplast detains a participation of 72,53% in Plastsistem, obtained in 2008 by share acquisition and by two capital increases. In Politub, Teraplast's participation is 50%, the rest of the shares being detained by French company Socotub.

At December 31st 2010 Teraplast's participations were the following:

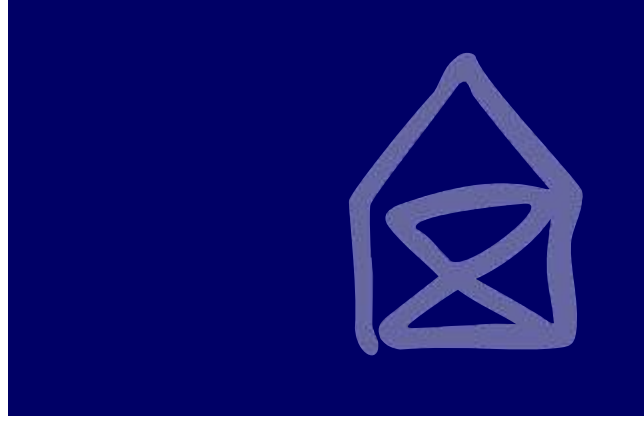
### Plastsistem



### Politub







# Teraplast shares

# Teraplast shares

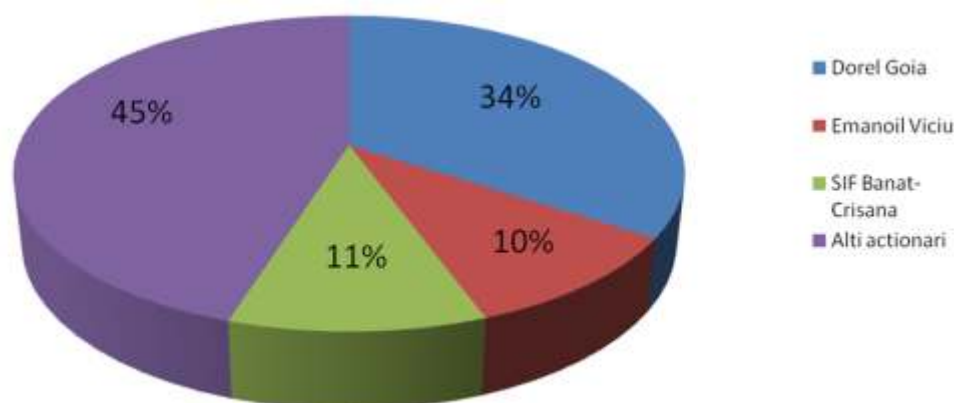


## Shareholding

The company Teraplast ran during the 7th-17th of April 2008 a primary initial public offer of shares, with allocation rights attached, in order to be listed at Bucharest Stock Exchange. The number of shares offered was 49.645.980 titles, the selling price of one share being 1 leu.

After having successfully completed the primary initial public offer of shares, the capital of Teraplast grew from 24.822.990 lei, divided in a number of 248.229.900 nominal shares, to 29.787.588 lei, divided in a number of 297.875.880 nominal shares, with a nominal value of 0,1 lei/share. Teraplast's issue bonus was 44.681.382 lei.

## Shareholding structure on the 31st of December 2010



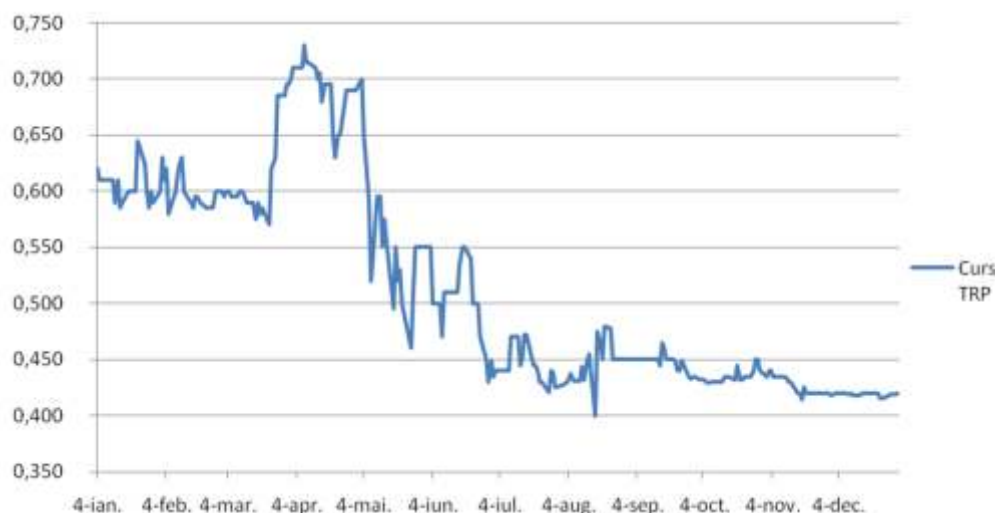
## Shares

In 2010, the BET- C (BET Composite) index which includes the shares of all companies traded at BVB, except for the Financial Investment Companies (SIF), grew by 10%. In 2009, the BET-C index grew by 37%, when in March 2009 it had reached the lowest level in the last five years and a half, that is 17% from the maximum value reached in July 2007.

# Teraplast shares



## The evolution of Teraplast's share course



Since April 2008, Teraplast's capital is 29.787.588 lei, divided in a number of 297.875.880 nominal shares, with a nominal value of 0,1 lei/share.

Symbols for Teraplast shares	
Bucharest Stock Exchange	TRP
Reuters	TRPS.BX

Teraplast shares – in numbers	2009	2010
Number of shares	297.875.880	297.875.880
Stock capitalization, lei	184.683.046	125.107.870
Stock capitalization, euro	43.923.002	29.153.160
Maximum price, lei	0,64	0,73
Minimum price, lei	0,208	0,40
Price at the end of the year, lei	0,62	0,42
Gain/share, lei/share	0,0260	0,0245

### Relation with investors

Teraplast organized in 2010 several meetings, where analysts and investors had the opportunity to discuss directly with the company's management.

Besides these meetings, Teraplast offered all investors and analysts interested, the possibility to visit the industrial platform from Saratel, where they could discuss directly with the company's management and see the investments made by the company.

### Dividends

The Board of Administration decided to propose the General Meeting of Shareholders from the 29th of April 2011, not to distribute dividends from the profit for 2010.





## The General Meeting of Shareholders

- Teraplast's General Meeting of Shareholders from the 29th of April 2010 approved the financial situations for 2009, statutory and consolidated, but also the investment program for 2010, the value of which is 17.183.273 lei.
- Teraplast's General Meeting of Shareholders from the 29th of April 2010 approved the main indices of the budget of revenues and expenses for 2010 and the distribution of the net profit for 2009.
- The General Meeting of Shareholders from the 9th of September 2010 approved that the financial audit for 2010-2011 be made by PricewaterhouseCoopers Audit.
- The General Meeting of Shareholders from the 9th of September 2010 also approved that the internal audit be made, starting with 2010, by the Controlling Direction of Teraplast.
- The General Meeting of Shareholders from the 16th of December 2010 approved the Project of Budget of Revenues and Expenses for 2011.
- The General Meeting of Shareholders from the 10th of December 2010 approved that the shares repurchased from Bucharest Stock Exchange in 2009 be used in order to be distributed with free title to the company's executive, in the percentage and according to the criteria established by the Board of Administration. Taking into consideration that the transmission of shares to the executive directors will be made in order to make them loyal and to motivate them, it was approved that the company conclude a performance contract with the latter for a period of 10 years.

## Own shares

During 2010, Teraplast bought 4.099.155 of its own shares. The total gross value paid by the company to buy 4.099.155 shares was 1.976.280 lei, which corresponds to a gross price per share of 0,4821 lei. The ransom shares from the market will be sold to the company's directors at the average acquisition price.

All important and necessary information for shareholders and analysts regarding the company's activity are posted on the site [www.teraplast.ro](http://www.teraplast.ro), section Relation with Investors.

## Financial calendar 2011

Event	Date
Presentation of preliminary annual results	14th of February 2011
Publishing the Annual Report 2010	29th of April 2011
General Meeting of Shareholders	29th of April 2011
Presentation of results for I quarter	12th of May 2011
General Meeting of Shareholders - Approval of consol. results	30th of June 2011
Presentation of results for I semester	11th of August 2011
Presentation of results for Jan-Sept 2010	10th of November 2011



# Independent auditor's report



**RAPORTUL AUDITORULUI INDEPENDENT  
CĂTRE ACȚIONARIII SOCIETĂȚII TERAPLAST S.A.**

**Raport asupra situațiilor financiare**

- 1 Am auditat situațiile financiare anexate ale societății TERAPLAST S.A. ("Societatea") care cuprind bilanțul la data de 31 decembrie 2010, contul de profit și pierdere, situația fluxurilor de numerar și situația modificărilor capitalului propriu pentru exercițiul financiar încheiat la această dată și un sumar al politicilor contabile semnificative precum și alte note explicative, numerotate de la pagina 1 la pagina 45. Situațiile financiare menționate se referă la:

• Total capitaluri proprii:	156.251 mii lei
• Profitul net al exercițiului financiar:	6.496 mii lei.

**Responsabilitatea conducerii pentru situațiile financiare**

- 2 Conducerea Societății răspunde pentru întocmirea și prezentarea fidelă a acestor situații financiare în conformitate cu Ordinul Ministrului Finanțelor Publice al României nr. 3055/2009 cu modificările ulterioare și cu politicile contabile descrise în notele la situațiile financiare, și pentru controalele interne pe care conducerea le consideră necesare pentru a întocmi situații financiare fără denaturări semnificative datorate fraudei sau erorii.

**Responsabilitatea auditorului**

- 3 Responsabilitatea noastră este ca, pe baza auditului efectuat, să exprimăm o opinie asupra acestor situații financiare. Noi am efectuat auditul conform Standardelor Internaționale de Audit. Aceste standarde cer ca noi să respectăm cerințele etice, să planificăm și să efectuăm auditul în vederea obținerii unei asigurări rezonabile că situațiile financiare nu cuprind denaturări semnificative.
- 4 Un audit constă în efectuarea de proceduri pentru obținerea probelor de audit cu privire la sumele și informațiile prezentate în situațiile financiare.





Procedurile selectate depind de raționamentul profesional al auditorului, incluzând evaluarea riscurilor de denaturare semnificativă a situațiilor financiare, datorate fraudei sau erorii. În evaluarea acestor riscuri, auditorul ia în considerare controlul intern relevant pentru întocmirea și prezentarea fidelă a situațiilor financiare ale Societății pentru a stabili procedurile de audit relevante în circumstanțele date, dar nu și în scopul exprimării unei opinii asupra eficienței controlului intern al Societății. Un audit include, de asemenea, evaluarea gradului de adecvare a politicilor contabile folosite și rezonabilitatea estimărilor contabile elaborate de către conducere, precum și evaluarea prezentării situațiilor financiare luate în ansamblul lor.

- 5 Considerăm că probele de audit pe care le-am obținut sunt suficiente și adecvate pentru a constitui baza opiniei noastre de audit.

#### **Bazele opiniei cu rezerve**

- 6 În procesul de confirmare a creanțelor comerciale la 31 decembrie 2010, selectate pe baza unui eșantion reprezentativ, am constatat diferențe în valoare de 694 mii lei. Totodată, am constatat că Societatea nu a descărcat stocurile aferente din gestiune pentru vânzările ce au generat acele creanțe neconfirmate. Mai mult decât atât, Societatea a stornat în 2011 venituri în valoare de 282 mii lei aferente creanțelor neconfirmate. În opinia noastră, această practică nu este în conformitate cu Ordinul Ministrului Finanțelor Publice al României nr. 3055/2009 care prevede că veniturile din vânzări de bunuri se înregistrează în momentul în care se efectuează transferul dreptului de proprietate asupra bunurilor respective și entitatea nu mai gestionează bunurile vândute la nivelul la care ar fi făcut-o, în mod normal, în cazul deținerii în proprietate a acestora. Valoarea extrapolată a diferențelor constatate în procesul de confirmare a creanțelor comerciale este de 1,422 mii lei. Prin urmare la 31 decembrie 2010 valoarea vânzărilor de mărfuri și produse finite, precum și valoarea creanțelor comerciale sunt supraevaluate cu 1,422 mii lei.

#### **Opinia cu rezerve**

- 7 În opinia noastră, cu excepția efectelor aspectului menționat în paragraful paragraful 6, situațiile financiare anexate oferă o imagine fidelă, în toate aspectele semnificative, a poziției financiare a Societății la data de 31 decembrie 2010, precum și a performanței financiare și a fluxurilor de numerar ale acesteia pentru exercițiul financiar încheiat la această dată în conformitate cu Ordinul Ministrului Finanțelor Publice al României nr. 3055/2009 cu modificările ulterioare și cu politicile contabile prezentate în Nota 6 a acestor situații financiare.

#### **Alte aspecte**

- 8 Situațiile financiare individuale ale Societății pentru exercițiul financiar încheiat la 31 decembrie 2009 au fost auditate de către un alt auditor, al cărui raport datat 23 martie 2010 exprimă o opinie fără rezerve.
- 9 Acest raport este adresat exclusiv acționarilor Societății în ansamblu. Auditul nostru a fost efectuat pentru a putea raporta acționarilor Societății acele aspecte pe care trebuie să le raportăm într-un



raport de audit financiar, și nu în alte scopuri. În măsura permisă de lege, nu acceptăm și nu ne asumăm responsabilitatea decât față de Societate și de acționarii acesteia, în ansamblu, pentru auditul nostru, pentru acest raport sau pentru opinia formată.

#### **Raport asupra conformității raportului administratorilor cu situațiile financiare**

- 10 În concordanță cu Ordinul Ministrului Finanțelor Publice nr. 3055/2009 cu modificările ulterioare, articolul 318, punctul 2, noi am citit raportul administratorilor atașat situațiilor financiare. Raportul administratorilor nu face parte din situațiile financiare. În raportul administratorilor, noi nu am identificat informații financiare care să fie în mod semnificativ neconcordante cu informațiile prezentate în situațiile financiare alăturate.

  
Jörg Wiederhold



Auditor statutar înregistrat la Camera Auditorilor Financiar din România  
cu nr. 1827/24 ianuarie 2007

În numele

PricewaterhouseCoopers Audit SRL  
Firmă de audit înregistrată la  
Camera Auditorilor Financiar din România cu nr. 6/25 iunie 2001



București, 29 aprilie 2011

*Situațiile financiare anexate nu sunt menite să prezinte poziția financiară, rezultatul operațiunilor și un set complet de note la situațiile financiare în conformitate cu reglementări și principii contabile acceptate în țări și jurisdicții altele decât România. De aceea, situațiile financiare anexate nu sunt întocmite pentru uzul persoanelor care nu cunosc reglementările contabile și legale din România inclusiv Ordinul Ministrului Finanțelor Publice nr. 3055/2009 cu modificările ulterioare.*





	<b>Rând</b>	<b>Nota</b>	<b>31 decembrie 2009</b>	<b>31 decembrie 2010</b>
			<b>(lei)</b>	<b>(lei)</b>
<b>A. ACTIVE IMOBILIZATE</b>				
<b>I. IMOBILIZĂRI NECORPORALE</b>				
3. Concesiuni, brevete, licențe, mărci comerciale, drepturi și active similare și alte imobilizări necorporale	03		1.800.920	1.197.330
5. Avansuri și imobilizări necorporale în curs de execuție	05		<u>25.338</u>	<u>102.829</u>
<b>TOTAL</b>	<b>06</b>	<b>1(a)</b>	<b>1.826.258</b>	<b>1.300.159</b>
<b>II. IMOBILIZĂRI CORPORALE</b>				
1. Terenuri și construcții	07		65.293.883	77.747.255
2. Instalații tehnice și mașini	08		62.433.978	65.727.246
3. Alte instalații, utilaje și mobilier	09		319.937	619.387
4. Avansuri și imobilizări corporale în curs de execuție	10		<u>11.277.712</u>	<u>9.627.917</u>
<b>TOTAL</b>	<b>11</b>	<b>1(b)</b>	<b>139.325.510</b>	<b>153.721.805</b>
<b>III. IMOBILIZĂRI FINANCIARE</b>				
1. Acțiuni deținute la entitățile afiliate	12		9.298.808	11.614.808
6. Alte împrumuturi	17		<u>82.242</u>	<u>134.484</u>
<b>TOTAL</b>	<b>18</b>	<b>1(c)</b>	<b>9.381.050</b>	<b>11.749.292</b>
<b>ACTIVE IMOBILIZATE - TOTAL</b>	<b>19</b>		<b>150.532.818</b>	<b>166.771.256</b>
<b>B. ACTIVE CIRCULANTE</b>				
<b>I. STOCURI</b>				
1. Materii prime și materiale consumabile	20		6.795.685	8.932.758
2. Producția în curs de execuție	21		256.744	337.064
3. Produse finite și mărfuri	22		21.389.621	19.910.100
4. Avansuri pentru cumpărări de stocuri	23		<u>123.093</u>	<u>223.922</u>
<b>TOTAL</b>	<b>24</b>	<b>10e)</b>	<b>28.565.143</b>	<b>29.403.844</b>
<b>II. CREANȚE</b>				
1. Creanțe comerciale	25	5	50.940.581	64.605.063
2. Sume de încasat de la entitățile afiliate	26	10b)	424.170	830.879
4. Alte creanțe	28	5	<u>1.232.237</u>	<u>1.984.248</u>
<b>TOTAL</b>	<b>30</b>	<b>5</b>	<b>52.596.988</b>	<b>67.420.190</b>





	<b>Rând</b>	<b>Nota</b>	<b>31 decembrie 2009</b>	<b>31 decembrie 2010</b>
			<b>(lei)</b>	<b>(lei)</b>
<b>III. INVESTIȚII PE TERMEN SCURT</b>				
2. Alte investiții pe termen scurt	32		380.115	444.562
<b>TOTAL</b>	<b>33</b>		<b>380.115</b>	<b>444.562</b>
<b>IV. CASA ȘI CONTURI LA BĂNCI</b>				
	34	10d)	2.759.995	2.896.875
<b>ACTIVE CIRCULANTE - TOTAL</b>	<b>35</b>		<b>84.302.241</b>	<b>100.165.471</b>
<b>C. CHELTUIELI ÎN AVANS</b>				
	36		577.327	207.211
<b>D. DATORII: SUMELE CARE TREBUIE PLĂTITE ÎNTR-O PERIOADĂ DE PÂNĂ LA UN AN</b>				
2. Sume datorate instituțiilor de credit	38	5	37.197.221	45.871.894
3. Avansuri încasate în contul comenzilor	39	5	203.680	238.889
4. Datorii comerciale - furnizori	40	5	26.649.341	38.214.156
6. Sume datorate entităților afiliate	42	10b)	3.218.080	4.844.331
8. Alte datorii, inclusiv datoriile fiscale și datoriile privind asigurările sociale	44	5	3.344.674	9.340.476
<b>TOTAL</b>	<b>45</b>	<b>5</b>	<b>70.612.996</b>	<b>98.509.746</b>
<b>E. ACTIVE CIRCULANTE NETE/ DATORII CURENTE NETE</b>				
	46		14.266.572	1.862.936
<b>F. TOTAL ACTIVE MINUS DATORII CURENTE</b>				
	47		164.799.390	168.634.192
<b>G. DATORII: SUMELE CARE TREBUIE PLĂTITE ÎNTR-O PERIOADĂ MAI MARE DE UN AN</b>				
2. Sume datorate instituțiilor de credit	49	5	16.514.588	10.870.571
8. Alte datorii, inclusiv datoriile fiscale și datoriile privind asigurările sociale	55	5	1.237.592	748.921
<b>TOTAL</b>	<b>56</b>	<b>5</b>	<b>17.752.180</b>	<b>11.619.492</b>
<b>H. PROVIZIOANE</b>				
1. Provizioane pentru pensii și obligații similare	57		625.344	346.854
3. Alte provizioane	59		2.157.914	417.322
<b>TOTAL</b>	<b>60</b>	<b>2</b>	<b>2.783.258</b>	<b>764.176</b>



	<b>Rând</b>	<b>Nota</b>	<b>31 decembrie 2009</b>	<b>31 decembrie 2010</b>
			<b>(lei)</b>	<b>(lei)</b>
<b>J. CAPITAL ȘI REZERVE</b>				
<b>I. CAPITAL</b>				
- Capital subscris vărsat	64		<u>29.787.588</u>	<u>29.787.588</u>
<b>TOTAL</b>	<b>67</b>		<b>29.787.588</b>	<b>29.787.588</b>
<b>II. PRIME DE CAPITAL</b>	<b>68</b>		<b>42.245.118</b>	<b>42.245.118</b>
<b>III. REZERVE DIN REEVALUARE</b>	<b>69</b>	<b>1b)</b>	<b>20.045.988</b>	<b>32.229.106</b>
<b>IV. REZERVE</b>				
1. Rezerve legale	70	3	3.002.459	3.330.468
3. Rezerve reprezentând surplusul realizat din rezerve din reevaluare	72	1b)	-	1.367.900
4. Alte rezerve	73		<u>38.962.459</u>	<u>39.986.232</u>
<b>TOTAL</b>	<b>74</b>		<b>41.964.918</b>	<b>44.684.600</b>
Acțiuni proprii	75	10r)	1.682.159	3.629.136
<b>V. PROFITUL SAU PIERDEREA REPORTAT(Ă)</b>				
<b>REPORTAT(Ă)</b>	<b>78</b>	<b>10 q)</b>	<b>4.556.323</b>	<b>4.765.037</b>
<b>VI. PROFITUL SAU PIERDEREA EXERCITIULUI FINANCIAR</b>				
<b>EXERCITIULUI FINANCIAR</b>	<b>80</b>		<b>7.748.596</b>	<b>6.496.220</b>
Repartizarea profitului	82	3	<u>402.420</u>	<u>328.009</u>
<b>CAPITALURI PROPRII - TOTAL</b>	<b>83</b>		<b>144.263.952</b>	<b>156.250.524</b>
<b>CAPITALURI-TOTAL</b>	<b>85</b>		<b>144.263.952</b>	<b>156.250.524</b>

Autorizate și semnate în numele Consiliului de Administrație la data de 29 Aprilie 2011 de către:

Director General  
Urîte Florin

Director Economic  
Eniko Edith Orban

Semnătura \_\_\_\_\_  
Ștampila unității

Semnătura \_\_\_\_\_

Dana Tătar

Semnătura \_\_\_\_\_



Rând	Nota	Exercițiul financiar	
		încheiat la 31 decembrie 2009 (lei)	Exercițiul financiar încheiat la 31 decembrie 2010 (lei)
1. Cifra de afaceri netă	01 10f)	<u>188.255.296</u>	<u>212.747.210</u>
Producția vândută	02	151.797.454	173.349.327
Reduceri comerciale acordate Comerciale acordate	03	-	(1.097.000)
Venituri din vânzarea mărfurilor	04	36.274.816	40.494.883
Venituri din subvenții de exploatare aferente cifrei de afaceri nete	06	183.026	-
2. Variația stocurilor de produse finite și a producției în curs de execuție	<u>Sold C</u> 07	2.680.916	4.878.942
3. Producția realizată de entitate pentru scopurile sale proprii și capitalizată	09	4.601.676	2.616.373
4. Alte venituri din exploatare	10	<u>783.183</u>	<u>1.228.830</u>
<b>VENITURI DIN EXPLOATARE - TOTAL</b>	11	<b>196.321.071</b>	<b>221.471.355</b>
5. a) Cheltuieli cu materiile prime și materialele consumabile si	12	97.026.147	115.182.952
Alte cheltuieli materiale	13	1.265.603	801.758
b) Alte cheltuieli externe (cu energie și apă)	14	5.638.874	6.348.061
c) Cheltuieli privind mărfurile	15	29.752.640	33.821.709
Reduceri comerciale primite	16	-	391.134
6. Cheltuieli cu personalul, din care:	17	<u>24.704.048</u>	<u>25.877.183</u>
a) Salarii și indemnizații	18	19.509.650	20.522.730
b) Cheltuieli cu asigurările și protecția socială	19	5.194.398	5.354.453
7. a) Ajustări de valoare privind imobilizările corporale și necorporale	20 1 a), b)	<u>10.186.449</u>	<u>12.135.854</u>
a.1) Cheltuieli	21	10.186.449	12.640.109
a.2) Venituri	22	-	504.255
b) Ajustări de valoare privind activele circulante	23	<u>783.972</u>	<u>1.164.155</u>
b.1) Cheltuieli	24	783.972	1.379.158
b.2) Venituri	25	-	215.003





Rând	Nota	Exercițiul financiar	Exercițiul financiar
		încheiat la 31 decembrie 2009 (lei)	încheiat la 31 decembrie 2010 (lei)
8. Alte cheltuieli de exploatare	24	<u>15.816.913</u>	<u>19.452.536</u>
8.1 Cheltuieli privind prestațiile externe	25	13.897.708	16.436.986
8.2 Cheltuieli cu alte impozite, taxe și vărsăminte asimilate	26	819.976	1.044.730
8.3 Cheltuieli cu despăgubiri, donații și activele cedate	27	1.099.229	1.970.820
Ajustări privind provizioanele	29	<u>339.806</u>	<u>(3.003.530)</u>
Cheltuieli	30	1.031.403	-
Venituri	31	691.597	3.003.530
<b>CHELTUIELI DE EXPLOATARE – TOTAL</b>	<b>32</b>	<b>185.514.452</b>	<b>211.389.544</b>
<b>PROFITUL SAU PIERDEREA DIN EXPLOATARE</b>			
- Profit	33	10.806.619	10.081.811
9. Venituri din interese de participare	35	177.547	115.242
- din care, veniturile obținute de la entitățile afiliate	36	177.547	115.242
11. Venituri din dobânzi	39	591.166	13.125
Alte venituri financiare	41	<u>1.229.794</u>	<u>4.514.285</u>
<b>VENITURI FINANCIARE – TOTAL</b>	<b>42</b>	<b>1.998.507</b>	<b>4.642.652</b>
13. Cheltuieli privind dobânzile	46	1.526.856	1.725.210
Alte cheltuieli financiare	48	<u>3.229.862</u>	<u>6.439.077</u>
<b>CHELTUIELI FINANCIARE – TOTAL</b>	<b>49</b>	<b>4.756.718</b>	<b>8.164.287</b>
<b>PROFITUL SAU PIERDEREA FINANCIAR(Ă)</b>			
- Pierdere	51	2.758.211	3.521.635
<b>14. PROFITUL SAU PIERDEREA CURENT(Ă)</b>			
- Profit	52	8.048.408	6.560.176

auditor's report  
profit and loss account



		<b>Exercițiul financiar încheiat la Rând Nota</b>	<b>Exercițiul financiar încheiat la 31 decembrie 2009</b>	<b>31 decembrie 2010</b>
			<b>(lei)</b>	<b>(lei)</b>
VENITURI TOTALE	58		198.319.578	226.114.007
CHELTUIELI TOTALE	59		190.271.170	219.553.831
PROFIT SAU PIERDEREA BRUT(Ă)				
- Profit	60		8.048.408	6.560.176
18. Impozitul pe profit	62	10d)	299.812	63.956
20. PROFITUL SAU PIERDEREA NET(Ă) EXERCITIULUI FINANCIAR				
- Profit	64		7.748.596	6.496.220

Autorizate și semnate în numele Consiliului de Administrație la data de 29 Aprilie 2011 de către:

Director General  
Urîte Florin

Director Economic  
Eniko Edith Orban

Semnătura \_\_\_\_\_  
Ștampila unității

Semnătura \_\_\_\_\_

Dana Tătar  
Semnătura \_\_\_\_\_



		<b>Exercițiul financiar încheiat la</b>	<b>Exercițiul financiar încheiat la</b>
		<b>Rând Nota</b>	<b>31 decembrie 2010</b>
		<b>31 decembrie 2009</b>	<b>31 decembrie 2010</b>
		<b>(lei)</b>	<b>(lei)</b>
<b>Fluxuri de numerar din activități de exploatare:</b>			
Flux de numerar net generate din			
activități operaționale	<b>11</b>	8.113.136	15.110.881
Dobânzi plătite		(1.526.856)	(1.748.403)
Dobanzi incasate		591.166	13.125
Impozit pe profit plătit		<u>(1.414.068)</u>	<u>(37.028)</u>
<b>Numerar net din activități de exploatare</b>		<b>5.763.378</b>	<b>13.338.573</b>
<b>Fluxuri de numerar din activități de investiții:</b>			
Plata în numerar pentru achiziționare de terenuri și mijloace fixe, imobilizări necorporale și alte active pe termen lung		(33.905.448)	(14.439.319)
Încasări de numerar din vânzarea de terenuri și clădiri, instalații și echipamente, active necorporale și alte active pe termen lung		134.360	733.430
<b>Numerar net din activități de investiții</b>		<b>(33.771.088)</b>	<b>(13.705.889)</b>
<b>Fluxuri de numerar din activități de finanțare:</b>			
Încasări în numerar din credite		28.117.867	8.540.442
Rambursări în numerar ale sumelor împrumutate		(4.516.409)	(5.534.705)
Plăți în numerar ale locatarului pentru reducerea obligațiilor legate de operațiunile de leasing financiar		(157.846)	(554.564)
Efectul variațiilor cursului de schimb valutar asupra creditelor și datoriilor			
Rascumparare acțiuni proprii		<u>(1.682.159)</u>	<u>(1.946.977)</u>
<b>Numerar net din activități de finanțare</b>		<b>21.761.453</b>	<b>504.196</b>
<b>Creșterea netă a numerarului și echivalentelor de numerar</b>			
		<b>(6.246.257)</b>	<b>136.880</b>
Numerar și echivalente de numerar la începutul exercițiului financiar	10d)	9.006.252	2.759.995
Numerar și echivalente de numerar la sfârșitul exercițiului financiar	10d)	2.759.995	2.896.875
Director General Urte Florin			Director Economic Eniko Edith Orban
Semnătura _____ Stampila unității		Semnătura _____	
			Dana Tătar
		Semnătura _____	





TERAPLAST SA

SITUAȚIA MODIFICĂRILOR CAPITALULUI PROPRIU

Element al capitalului propriu	Sold la 1 ianuarie 2009 (lei)		Sold la 31 decembrie 2009 (lei)		Sold la 31 decembrie 2010 (lei)		
	1	2	3	4	6	7	8
Capital subscris (nota 0)	29.787.588	-	-	29.787.588	-	-	29.787.588
Prime de capital	42.245.118	-	-	42.245.118	-	-	42.245.118
Rezerve din reevaluare (Nota 1b)	20.675.346	-	629.358	20.045.988	15.978.663	3.795.545	32.229.106
Rezerve legale (Nota 3)	2.600.039	402.420	-	3.002.459	328.009	-	3.330.468
Rezerve reprezentând surplusul realizat din rezerve de reevaluare (Nota 1b)	-	-	-	-	1.367.900	-	1.367.900
Alte rezerve (Nota 1c)	38.962.459	-	-	38.962.459	1.023.773	-	39.986.232
Acțiuni proprii (Nota 10r)	-	(1.682.159)	-	(1.682.159)	(1.946.977)	-	(3.629.136)
Rezultat reportat reprezentând profitul nerepartizat sau pierderea neacoperită	-	-	-	-	-	-	-
Sold creditor (Nota 3)	-	6.391.426	1.835.104	4.556.322	7.346.174	984.450	10.918.046
Rezultatul reportat provenit din corectare erori contabile	-	-	-	-	-	-	-
Sold debitor (Nota 10q)	(11.743.927)	11.743.927	-	-	-	6.153.009	(6.153.009)
Profitul sau pierderea exercițiului financiar	-	-	-	-	-	-	-
Sold creditor	19.322.138	7.748.596	19.322.138	7.748.596	6.496.220	7.748.596	6.496.220
Repartizarea profitului	(1.094.571)	(402.420)	(1.094.571)	(402.420)	(328.009)	(402.420)	(328.009)
Total capitaluri proprii	140.754.190	24.201.790	20.692.029	144.263.952	30.265.753	18.279.180	156.250.524

Director General

Urite Florin

Semnătura

Ștampila unității

Director Economic

Emiko Edith Orban

Semnătura

Dana Tătar

Semnătura



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