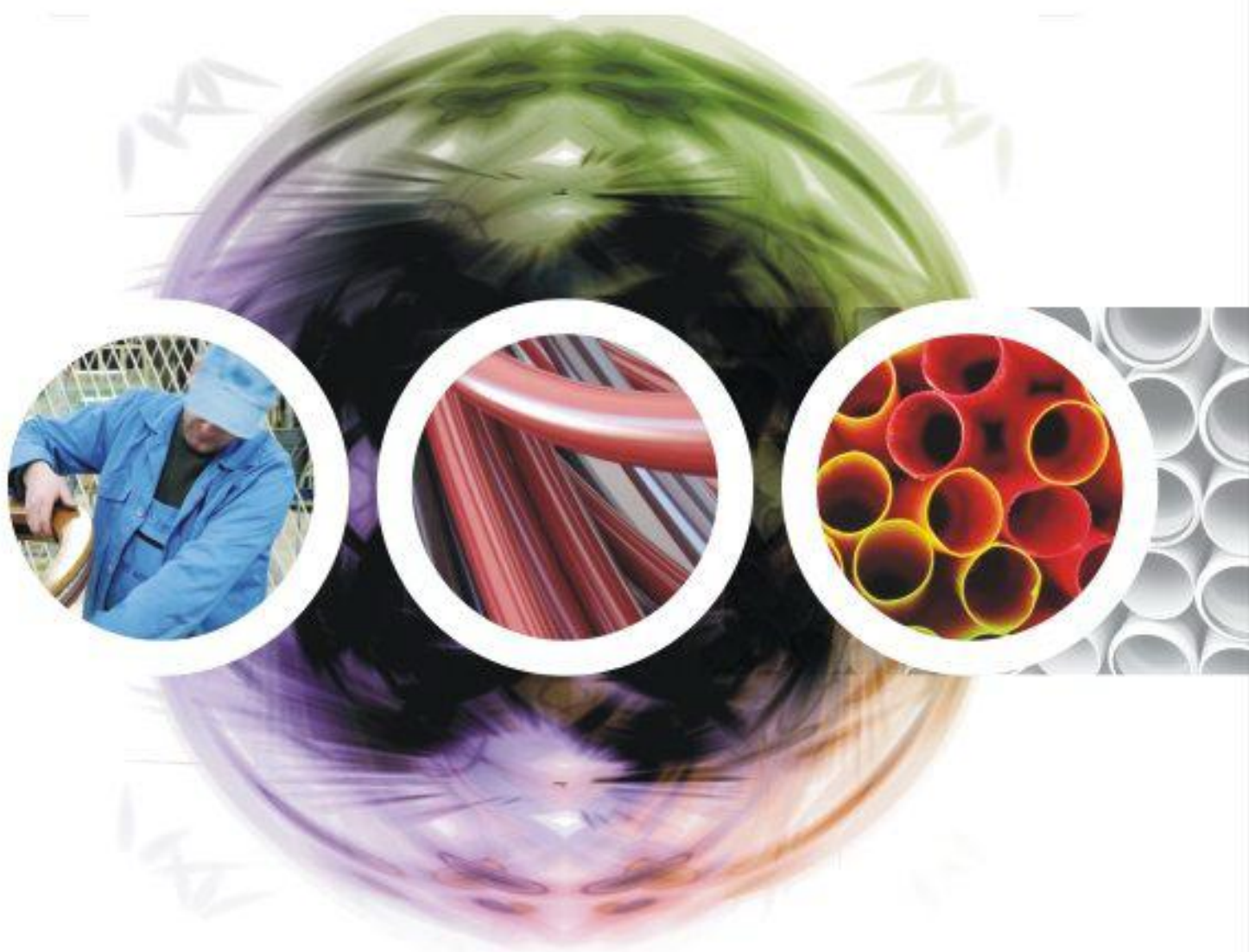


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# ANNUAL Report 2007



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## Dear Partners,

For Teraplast, 2007 was a year of consolidating its commercial success, as the continuous development was already an assumed obligation, according to our tradition and reputation.

It is my pleasure to announce that, compared to the previous year, we have obtained good results for all the company's productive entities. First of all, we have succeeded in maintaining our position as leader among PVC processors, with significant growth in other areas as well, by taking on new opportunities for the quality products of Teraplast. Last year, we confirmed our privileged relation with our clients, by offering them complete systems of water supply, interior and exterior sewerage, refurbishments and fit-out, doors and windows with thermo-insulating glass, terracotta tiles, PVC granules and electrical accessories and components.

In 2007, Teraplast relocated to Saratel, where an industrial park will be built to host the most important plastics processing center in Central-Eastern Europe.

Therefore, Teraplast Group planned an investment program for the next 5 years, with a total value of 66 million Euro, with a higher increase in 2008. This includes the construction of new plants, the acquisition of equipments and production lines in view of expanding the production capacities, as well as the diversification of the product portfolio, by introducing the production of hearths, PP corrugated pipe, and fittings. The investing effort will be concentrated in 2008, to minimize the potential dysfunctions between different activities, during the relocation period.

I believe that, starting next year, after the scheduled investments will have been achieved, we will have the capacity of financing our regional expansion, particularly in neighboring countries. We intend to implement this regional expansion plan in the most efficient manner, both through organic growth, and acquisitions. Consequently, in this very promising market context, and considering the described advantages, I believe we are the best positioned player to profit from the growth of the construction industry in Romania, thus accumulating the critical mass of a major regional player.

Last year represented a performance criterion for 2008, when we planned to list Teraplast on the Bucharest Stock Exchange, as an additional commitment to the transparency and seriousness with which we contribute together to the success of the company.

ing. Emanoil Ioan Viciu,  
General Director  
President of the Administration Board



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## Management Team



**Emanoil  
Ioan Viciu**  
General Manager



**Florin  
Urite**  
Deputy  
General Manager -  
Commercial



**Dana  
Tatar**  
Deputy  
General Manager -  
Financial



**Ioan  
Galea**  
Deputy  
General Manager -  
Technical &  
Production



## New Products

Consistent with the TeraPlast vision of continuous development and innovation, we launched a series of new products last year.

Therefore, for the system of PVC pipes, the cables' protection was improved: **PVC pipe 32\*1,6**, **PVC pipe 40\*1,8**, **PVC pipe 50\*1,8** and **PVC pipe 63\*1,8**.

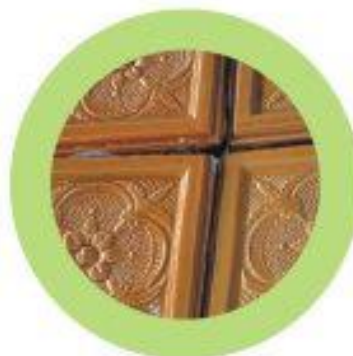
The PVC profiles were updated with: terminal profile panel 8 mm, angular profile external panel 8 mm, angular profile internal panel 8 mm, separator profile black Romind P550001YM1 2,2.

The PVC carpentry was enriched with TP 5512 cellular ledge, TP 5210 supplement rod for plain glass confections, as well as with noble profiles imitating the walnut tree and the cherry tree wood.

Terracotta branch introduced two new tiles patterns: the modified Mirror 1 and the modified Derby.

Important new features have been added to the injected products category:

- > PP 32x67
- > PP 40x40-67 branch
- > Tp5601 plan platform;
- > Tp5623 lid cellular ledge
- > Peromex 8ELM injected piece
- > Peromex 8ELE injected piece
- > Peromex 8EPE injected piece
- > Peromex 9RVG and 8 PPO injected piece





## Quality above all

According to the ISO 9001 standard, the implementation and the maintenance of a quality management system facilitates the control over the organization's processes, generating trust in its capacity to constantly offer products according to the specifications. Using this system, the organization cares about its clients in its desire to satisfy all the clients' specifications regarding the quality of the products, which are defined by contract.

The implementation of the necessary processes for the quality management system requires:

- ensuring the interactions between these processes;
- using the PDCA cycle for every process of the quality management system.

In 2007, taking into consideration the specifics of the organization and its activities, TeraPlast administrated the processes and the indicators for its objectives with a modern analysis methodology: Balanced Scorecard. This approach emphasized the importance of understanding and solving the clients' requests, as well as of obtaining the results of the process' performance; the approach also focused on the importance of continuously improving the processes based on objective measurement.

An organization works efficiently if its own interconnected activities are properly identified and run. An advantage of the process approach is the permanent control on both the processes belonging to the quality management system, and on their interaction.

The surveillance of the organization's processes required: the surveillance of the processes that interfere in the relation with providers, the surveillance of raw materials, as well as of the bought materials; the surveillance of processes through inspections of the fabrication flux, the surveillance of objectives to make sure they are met, the periodical evaluation of the processes with the applicable regulations etc.

Within the quality management system, the organization emphasized the preventive actions, so that irregularities in the processes' development are avoided as much as possible. Also, our company made sure that irregularities were eliminated, as they occurred.

A very important phase was the company's staff training. Consequently, the internal training program and Phare "e-Management – A new strategy for the SC TeraPlast human capital development in the international society" program were implemented; the purpose was to train the users in the integrated SAP program on: production, sales, accounting, administration, quality control and report management.

The necessary registrations for checking if the quality management system is working efficiently and for revealing the progress in meeting the objectives are identified and archived, so that they can be easily found, in connection with the products and processes they are related to. The organization keeps daily records on programs and procedures regarding the periodical audits of the quality management system, for properly evaluating the results of implementing and maintaining this system. Through the annual analysis of the quality management system, the company's management evaluates the efficiency of the system and checks if the policy is followed and the organization's objectives are met.



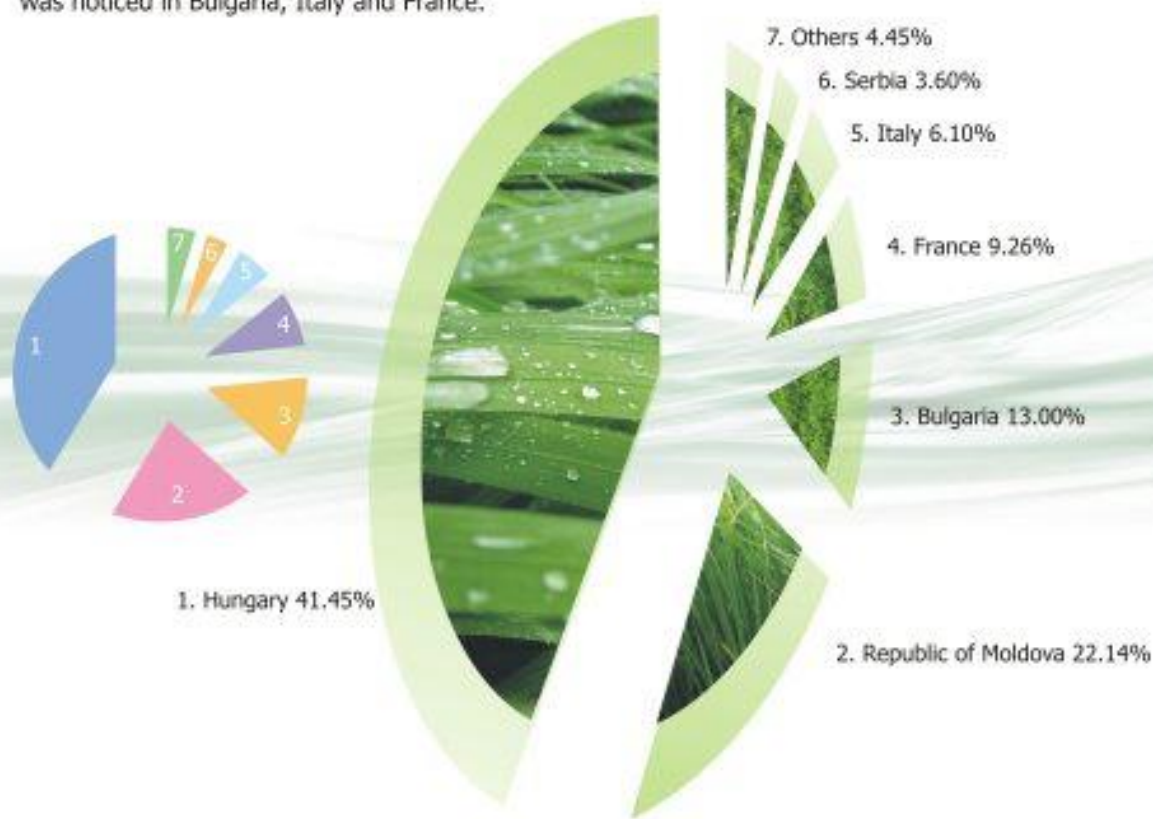
## A More Powerful Presence on the External Markets

In 2007, the export sales achieved by TeraPlast totals 3.521.075 EUR. The country with the most important export sales is Hungary (41,45%), followed by The Moldavian Republic (22,14%), Bulgaria (13,00%), France (9,26%), Italy (6,10%) and Serbia (3,60%).

The most successful export product is the PVC granules, followed by PVC pipes and terracotta tiles. The least sold products are the PVC panels.

The biggest growth in export sales was noticed in Bulgaria, Italy and France.

For 2008, the company's export program totals 5.000.000 EUR, taking into consideration the sale opportunities in Hungary and Moldova, and the important growths in Serbia, Bulgaria, Italy and France.



### 2007 EXPORTS

## 3.261.578 EUR



## Research

The 2007 research was mainly focused on:

**1. Developing the TERAPLAST research & development infrastructure, by buying and implementing a pilot installation for studying new formulas for polymeric pressure and sewerage pipes (as part of the Research Center).**

Part of the necessary budget for buying the installation will be obtained through the IMPACT program project: "The Development of the S.C. TERAPLAST S.A. research & development infrastructure by modernizing and equipping the existent Research Center with the pilot equipment for researching the polymeric materials used in obtaining the pressure and sewerage pipes," which was admitted for the June 2007 session.

The Launch of the first competition on the 2.3.2 component: The development of the CD infrastructure of the factories, with the opening of new work places for CD, as part of the IMPACT program, which will take place in April 2008. The project's value of more than 350.000 EUR will increase the quality of the research & development activity; it will also create jobs for people with higher education and it will increase the variety of the research-development activities.

**2. Optimizing the formula for carpentry profiles by replacing the stabilizers based on Pb with ecological stabilizers (Ca-Zn)**

The study, which is estimated to end in April 2008, focuses on obtaining and confirming two formulas with ecological stabilizers (Ca-Zn), which will lead to obtaining similar carpentry profiles with mechanical characteristics, resistant to artificial aging or even superior than the profiles with stabilizers based on Pb from the current production.

**3. Optimizing the formula for rigid PVC sewerage pipes by replacing the stabilizers based on Pb with ecological stabilizers (Ca-Zn).**

The study, which is estimated to end in June 2008, focuses on obtaining and confirming two formulas with ecological stabilizers (Ca-Zn) which will lead to obtaining similar sewerage pipes with mechanical characteristics or even superior than the sewerage pipes with stabilizers based on Pb from the current production.

**4. The costs decrease for the formula currently used in obtaining rigid PVC profiles: The CC study identified some stabilizers that will allow the formula costs to decrease by more than 0.5 % ( formula code: LAMBRIU 50).**

**5. PVC Granules for profiles made out of PVC, the terminal porcelain type with ecological stabilizers. Research study of pre-workability.**

**6. PVC Granules for PVC profiles, the pipe electrical cables protection type with ecological stabilizers. Research study of pre-workability.**

**7. Research study of formulas for PVC MS pipes with ecological stabilizers.**

**8. Research study of formulas for rigid PVC granules for injection with ecological stabilizers.**



## Perspectives

**1. Obtaining the approval for the TERAPLAST Research Center to implement research-development activities.**

According to the Governmental Decision no. 551/06.06.2007 for approving the criteria and standards, as well as to the methodology for evaluating and certifying the capacity to implement research & development activities by the institutions that deal with research & development, and to the methodology of accrediting the components of the national research & development system, the TERAPLAST Research Center can solicit the evaluation to certify the capacity of implementing research-development activities.

Obtaining the certification of the capacity of implementing research & development activities is mandatory for the research & development institutions that are willing to conduct research & development projects financed with public funds.

**2. Participating in research projects financed with national and international funds.**  
Participating in projects financed with national and international funds in order to increase the research possibilities, as well as the lab experimentation possibilities regarding plastic materials.

**3. Increasing the research & development capacity and staff training, by extending partnerships and participating in projects with prestigious partners from the research & development area.**

**4. Increasing the number of proposals for new projects/ new technologies, as part of the research & development activity of the Research Center.**

**5. Running industrial tests and tests for certifying formulas with ecological stabilizers for: Carpentry profiles;**

- Rigid PVC sewerage pipes;
- PVC granules for PVC profiles – terminal porcelain type;
- PVC MS pipes;
- Rigid PVC granules for injection



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## Investments and Development

In 2007, the total amount invested was 5.912.647 EUR, with the purpose of developing the production capacities and starting building the productive entities in the new TeraPlast Industrial Platform from Saratel, which will host all the group activities; the purpose is to obtain a synergy of the facilities in the new location (infrastructure, storage places, manipulating operators etc.)

The investment program for 2008 aims at finalizing the Pipes and PVC Profile Factory, the Corrugated Pipes Factory, PP Pipes Factory, the Administrative Unit of the new TeraPlast Industrial Platform – Saratel, as well as developing the production capacity and increasing the range of products, through the acquisition of new machinery. The total value of investments proposed for 2008 is 21.107.025 EUR.



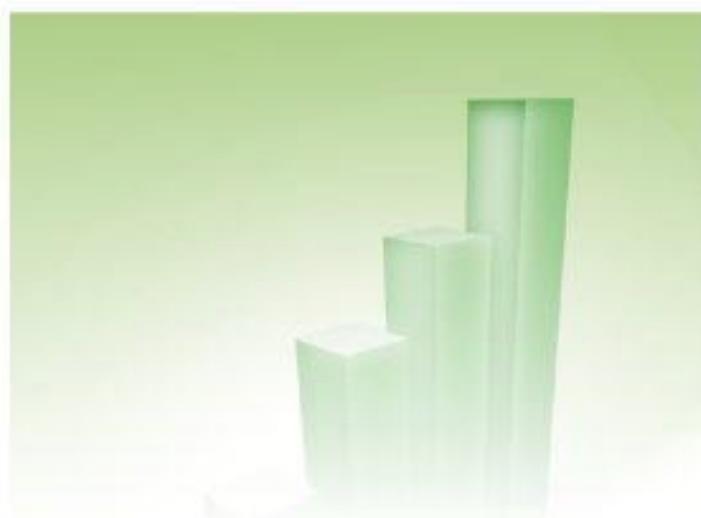
## 2008-2013 Expectations

For the next five years, TeraPlast has planned an investment program that totals 66.000.000 EUR, with the largest investments in 2008 and 2009. The program includes building new factories in Saratel industrial park, acquiring equipment and production lines with the purpose of increasing the production capacity, as well as diversifying the range of products by producing corrugated pipes and special foils.



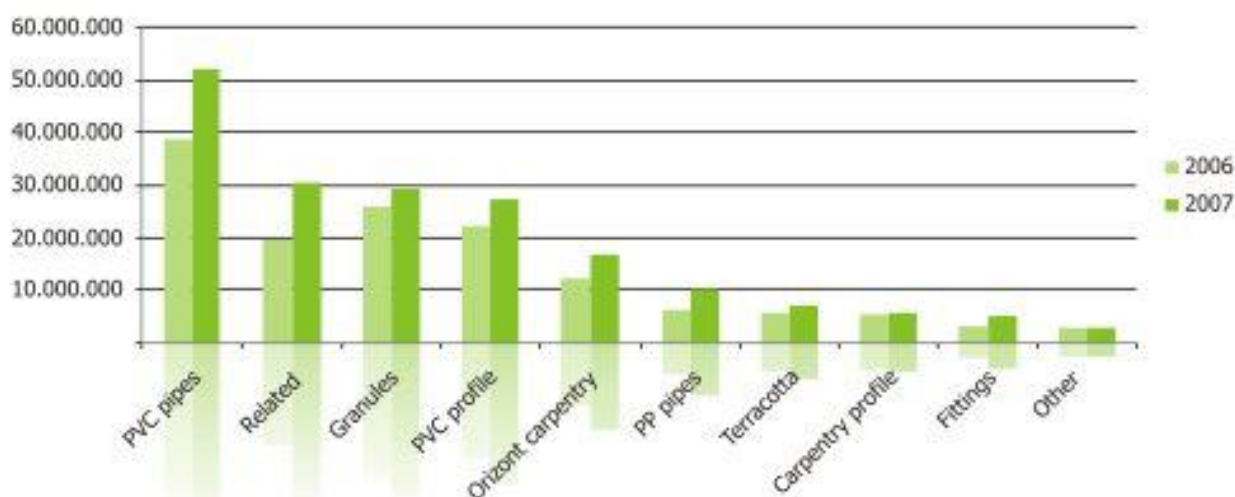
## Commercial Success

With professionalism and earnestness, TERAPLAST succeeded in maintaining its national leadership position in the plastics production, with sales of 186.830.000 RON in 2007:

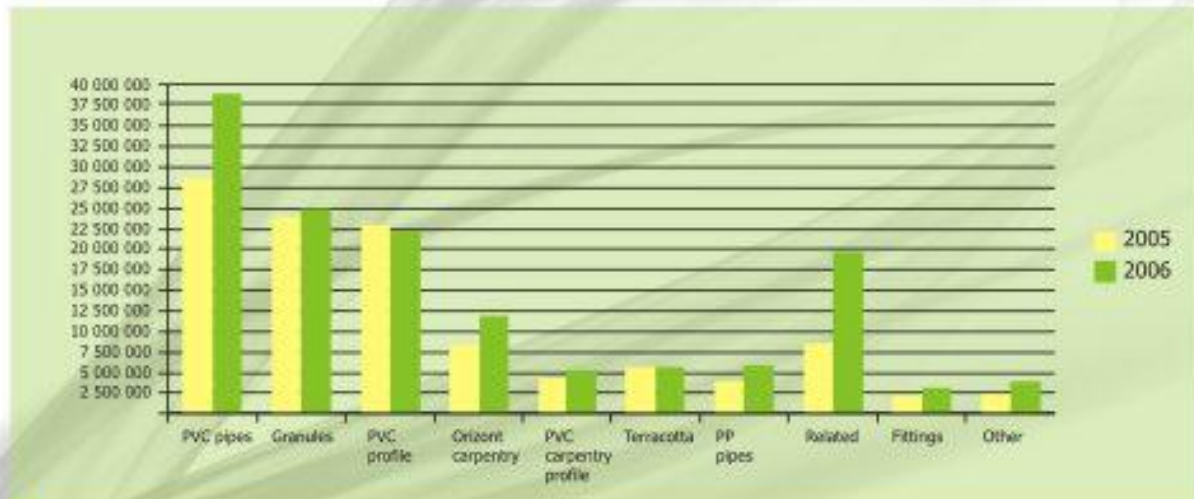


No.	Product group	Sales 2006 – RON	Sales 2007 – RON	%
1	PVC pipes	38.800.000	52.190.000	135
2	Related	19.600.000	30.500.000	156
3	Granules	25.880.000	29.340.000	113
4	PVC profile	22.300.000	27.200.000	122
5	Orizont carpentry	12.070.000	16.750.000	139
6	PP pipes	5.930.000	10.250.000	173
7	Terracotta	5.870.000	7.200.000	123
8	Carpentry profile	5.450.000	5.690.000	104
9	Fittings	3.200.000	4.890.000	153
10	Other	2.760.000	2.820.000	102
	<b>TOTAL</b>	<b>141.860.000</b>	<b>186.830.000</b>	<b>132</b>

## Sales trend 2006-2007



## Sales trend 2005 - 2006



This was possible due to the national distribution network, which is divided in three channels:

- > The route network, which meets the clients' needs in Bistrita-Nasaud, Cluj, Mures and Maramures counties;
- > Our storage network in Bucharest, Brasov, Constanta, Galati, Iasi and Oradea;
- > Our partners' distribution networks;

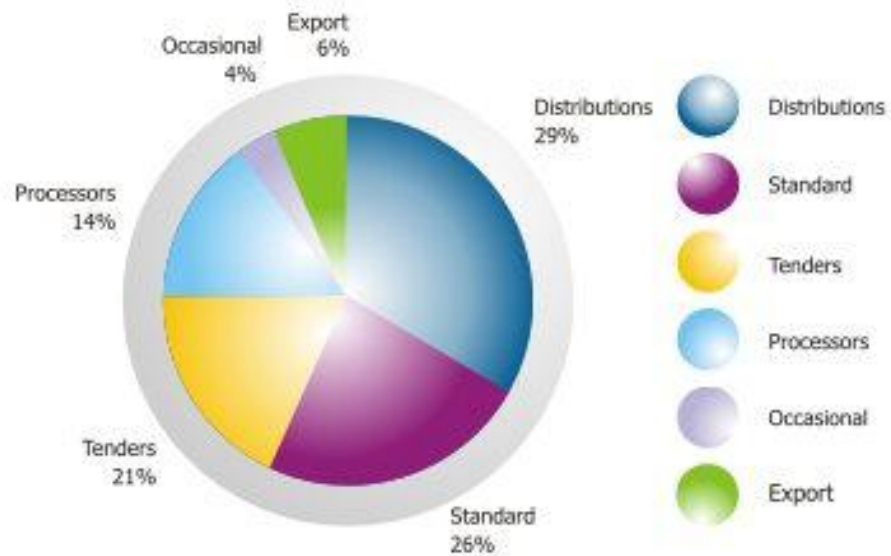
These growing trends are valid for 2008 as well.

Teraplast's national partners, who sell all the Teraplast systems, cover 90% of Romania's territory. The most important are:

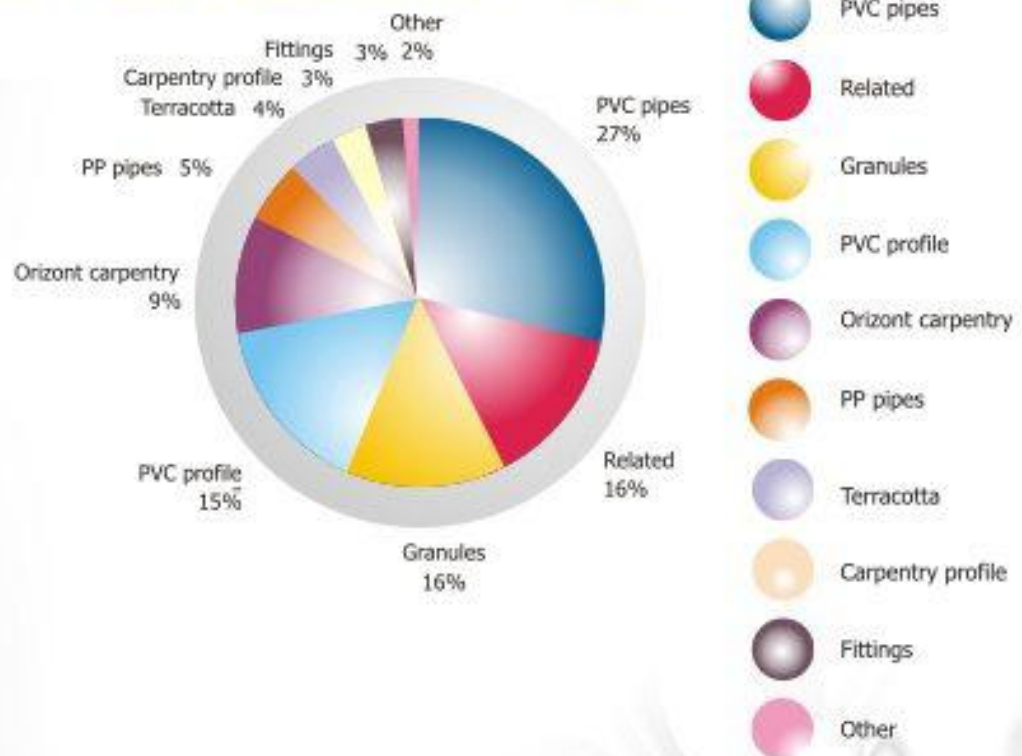
- SC DEDEMAN SRL – Moldova and Muntenia area
- SC AMBIENT SRL – Transylvania area
- SC PRAKTIKER SRL – national level
- SC BLACK SEA SRL – national level
- SC UNVER SRL – national level
- SC BAUMAX SRL – Transylvania area



## Proportion of sales as per distribution channels in 2007



## Proportion of sales as per group products in 2007



## Human Resources Management

At Teraplast, people represent the strategic resource which ensures the development and our competitive success. We consider our employees to be our most treasured asset and we believe that the company's success reflects their professionalism, involvement and responsible attitude.

### The employees' profile:

In 2007, the occupational profiles for all the company's positions were elaborated, together with the employees' handbook. Besides the experience and professional skills, here are some of the abilities we search for in our employees:

- > the desire and motivation to meet their goals;
- > the desire to learn new things;
- > career oriented;
- > teamwork oriented;
- > proactivity and the ability to find solutions;
- > creative, with initiative and energy, dynamic,

At the end of 2007, the company had 564 employees with an average age of 38,1.

### Career opportunities:

At Teraplast, we pay attention to our employees' progress in their attempt to reach the proposed objectives and bring their individual contribution to the company's success. The purpose is to identify the employees' key skills and requested behavior, as well as their motivational and career needs, so that they can qualify for a better position in the company. At Teraplast, learning new things is very important as it is seen as a part of the individual development of the company's culture.

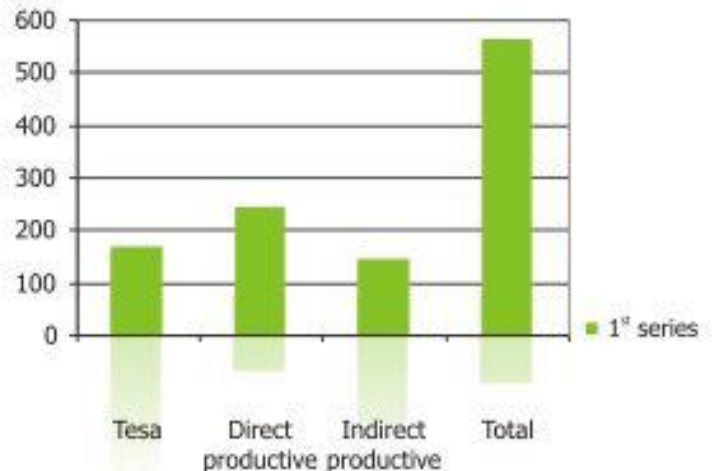
We constantly develop staff training activities to improve our employees' skills, not only on a technical, but also on a "behavioral" level.

All these are done through training at the work place, participation in local seminars and workshops and visits to other countries. In 2007, for human resource development (which includes the Phare programs) 250.270 RON were invested.

### Teraplast's efficient career management system:

- a) the predictions concerning the need for staff on different hierarchical levels are known;
- b) the evaluation process of the employees' performance is held periodically;
- c) the evaluation process of the employees' potential are held periodically with the aim to identify the level the employees can handle ascending in the organizational pyramid. In this respect, we use evaluation tests of behavioral characteristics and the "360 check point" evaluation questionnaire.

### Personnel structure as per occupied functions





**The employees who are up for promotion go through the following steps:**

- > changes in tasks structure/responsibilities;
- > the positions' rotation;
- > increasing the level of responsibilities with the new position ;
- > changing the structure of the responsibilities and adding new levels of responsibilities ;
- > training for increasing the employee's management abilities;

The professional development process that an efficient career management system implies can take up to 2 years for every hierarchical level.

In the majority of the activity area, in middle and top management positions were promoted the employees who were willing to take, on a personal and professional level, the responsibilities which came with the new position.



### Personnel structure as per education

#### Internal Communication:

The TeraPlast organizational culture is one of success. We wish to increase transparency, open communication, dialogue and flexibility. An important premise for getting the employees from all levels involved in coming up with improvement ideas is for them to openly communicate and freely express their opinions. In the organization, the managers from different levels hold meetings with the employees to give them the opportunity to present their activity report and the progress they have made in meeting their objectives. Every year, the Human Resources Department publishes the InfoTeraPlast magazine, where the company's general objectives are promoted together with the relevant decisions for different personnel categories. Starting with 2008, we plan publishing a weekly informational bulletin, entitled "The News Market."

#### Benefits:

The company ensures an attractive salary, a stable work place and safe working conditions for the employees. The company's policy is to offer benefits packages to attract and keep professionals. In 2007, the average gross income per employee was bigger than the average gross income on economy by 71.5%.

## Teraplast – A model of corporate social responsibility

On a national level, the website [www.responsabilitatesociale.ro](http://www.responsabilitatesociale.ro) is the main information source regarding the actions of a community level of the companies' responsible towards the community. Together with other important companies, such as Vodafone, Nestlé, BRD or Coca-Cola, Teraplast presented a case study entitled "Horizon for Hospital," which describes the efforts to



modernize the District Hospital with thermo-insulating carpentry for the Cardiology and Pediatrics sections. Also, in 2006, "Inocenți"/"Romanian Children Relief" Foundation awarded the Teraplast General Director, Mr. Emanoil Viciu, with the "The Friend of Children" distinction, recognizing the company's involvement in modernizing the Pediatrics section. Last year, the "Horizon for Hospital" project was

successfully finalized, with the entire hospital benefiting from modern thermo-insulating carpentry.

There are many other examples of last year's Teraplast's CSR actions. In 2007, the actions for helping the community were funded with 542.000 RON, considerably more than the previous year's budget (340.000 RON). For example, "Bucurie" (Joy) and "Inocenți" (Innocents) foundations were helped with funds or thermo-insulating carpentry. The Bistrita Amazons Club, which represents women with breast cancer, was also funded. Furthermore, 2% of the annual income was given to the



*Mulțumim frumos oamenilor cu suflet de la SC TERAPLAST S.A. care ajută centrul de zi "Bucurie"*

"Ad-Caritatis" Association, for supporting some special cases regarding the company's employees families.

On the cultural-educational level, Teraplast is a well-known supporter of daring projects, such as "Bistrita-Folk" Festival (with performances by Mircea Vintilă, Nicu Alifantis, Ducu Bertzi) and the New Year' Symphonic Concert (Johann Strauss, Puccini, Bizet etc.), which were highly appreciated by the public.

In addition, in 2007 "Romania from My Heart" Association ("România din Inima Mea") was supported when the Annual Medieval Bistrita Celebrations were organized.

Teraplast also offers private scholarships to the youth with exceptional skills to help them afford educational costs, many of whom will become the company's future professionals. Finally, Teraplast has always been concerned with sports in their social responsibility efforts; in 2007, the company was one of the main sponsors of the Gloria Bistrita football team and of "Floris" Sportive Dance Club.



**"For the last year alone 542.000 RON were allocated for our social actions, which represents a significant increase of our local community involvement."**

## The Independent Auditor's Report

### The report on the unconsolidated financial situations.

1. We have audited the attached financial situations of the S.C Teraplast SA (Societatea), which includes the unconsolidated account until December 31<sup>st</sup>, 2007 and the unconsolidated profit and loss account; the unconsolidated situation of the equity capital's changes and the unconsolidated cash flow for the accounting period that ended at that date as well as a summary of the significant financial policies and other explanatory notes. The unconsolidated financial situations include:

- > Activ net/Capitals' total: 72.840.071 lei
- > Net result of the accounting period: 16.318.603 lei profit

The financial situations for the year that ended on December 31<sup>st</sup>, 2006, have been audited by another auditor who expressed an opinion without reservations.

### The management's responsibility on the financial situations

2. The Company's management is responsible for drawing up and accurately presenting these unconsolidated financial situations, according to the 1752/2005. Order issued by the Ministry of Public Finance, modified by the 2374/2007 Order issued by the Ministry of Public Finance, and to the financial policies described in the Financial Situations notes. This responsibility includes projection; implementing and maintaining a relevant internal control for drawing up and adequately projecting the financial situations – this means without significant misrepresentations, due to error or fraud; selecting and following adequate financial policies, elaborating reasonable financial estimates in the given circumstances.

### The auditor's responsibility

3. Our responsibility is to express an opinion on the unconsolidated financial situations after the auditing process is finalized. We have audited the company, according to the

Auditing Standards issued by the Chamber of Financial Auditors and to the International Auditing Standards. These standards require that we meet the ethical prerequisites, plan and finalize the audit for ensuring a reasonable financial analysis to avoid significant misrepresentations of the financial situations.

4. An audit implies certain procedures for obtaining audit records concerning the amounts and the explicative notes from the financial situations. The selected procedures depend on the professional judgment of the auditor; the procedures include the risk evaluation of seeing significant errors in the financial situations, due to error or fraud. In this type of evaluations, the auditor analyzes the relevant internal control for adequately drawing up and presenting the financial situations, with the purpose of defining relevant audit procedures for the given circumstances; the purpose is not to express an opinion on the efficiency of the company's internal control. In addition, an audit analyzes the financial policies as well as if the financial estimates done by the management are reasonable; the audit also evaluates the presentation of the overall financial situations.

5. We consider the audit records that we have obtained to be sufficient and adequate for us to express an opinion.

### The reason for expressing the opinion with reservations

The auditor's sphere of activity was limited

6. We have not assisted to the actual inventory dated December 31<sup>st</sup>, 2006, considering that we were not hired as the company's auditors at that date; we were not satisfied regarding that date's supplies through the use of other audit procedures. Because the December 31<sup>st</sup>, 2006 supplies are significantly considered in taking into account the results of the company's activity for the year ending on December 31<sup>st</sup>, 2007, adjustments could be necessary to the profit and loss account and to the consolidated situation of the cash flow for the year ending at that date.

### The opinion with reservations

7. In our opinion, excepting the possible adjustments that could have been necessary for us to declare ourselves satisfied with the aspects mentioned in paragraph 6, the consolidated financial situations accurately presents all the significant aspects of the financial position of Teraplast S.A. on December 31<sup>st</sup>, 2007, as well as the company's financial performance and cash flows for the year ending at that date, consistent with the International Standards of Financial Reporting.

### Other aspects

8. This report is exclusively addressed to the company's stockholders. Our audit was done to report to the company's stockholders those aspects that we must report in a financial audit report, and not to serve other purposes. According to the law, we do not accept or assume responsibility except towards the company and its stockholders, overall, for our audit, for this report and for our expressed opinion.



## The situation of the profit and loss account for the time period that ended on December 31<sup>st</sup>, 2007

	<u>Notes</u>	<u>Time Period that ended on 31/12/07 RON</u>	<u>Time Period that ended on 31/12/06 RON</u>
Incomes	3	219.117.126	156.821.170
Sales Costs	4	<u>(167.342.103)</u>	<u>(118.101.818)</u>
<b>Gross Profit</b>		<b><u>51.775.023</u></b>	<b><u>38.719.352</u></b>
Investments Incomes	5	161.308	146.334
Other Earnings and losses	7	(4.682.894)	1.236.535
Other Incomes	6	5.087.871	1.187.698
Distribution Expenses	4	(15.029.176)	(5.962.054)
Administrative Expenses	4	(14.089.205)	(19.657.064)
Financial Expenses	8	(2.614.364)	(1.668.385)
Other Expenses	9	<u>(2.224.115)</u>	<u>(2.758.913)</u>
<b>Profit before taxes</b>		<b><u>18.384.448</u></b>	<b><u>11.243.521</u></b>
Expenses with profits tax	10	(2.334.539)	(2.055.530)
Year's profit from ongoing operations		16.049.909	9.187.991
<b>Year's Profit</b>		<b><u>16.049.909</u></b>	<b><u>9.187.991</u></b>
Assignable:			
Mother company's partners equity		16.335.451	9.187.991
Minority Interests		(285.542)	-
<b>Earnings per share</b>			
RON per share		0,065	76



# 2007

# 500



## Balance sheet consolidated on December 31<sup>st</sup>, 2007

	Notes	31/12/07 RON	31/12/06 RON
<b>ASSETS</b>			
Long-lived assets			
Tangible assets	11	94.445.147	65.339.468
Other intangible assets	13	1.626.413	1.403.971
Other financial assets	15	11.976	102.336
Total long-lived assets		<b>96.083.536</b>	<b>66.905.775</b>
Current assets			
Supplies	16	22.940.583	16.406.198
Trade receivables and other receivables	17	48.639.381	29.983.747
Other current assets	18	161.797	70.758
Cash and bank accounts	31	4.505.073	4.328.163
Total current assets		<b>76.246.834</b>	<b>50.788.866</b>
Total assets		<b>172.330.370</b>	<b>117.694.641</b>
<b>EQUITY CAPITAL AND DEBTS</b>			
Capital and reserves			
Issued capital	19	55.853.000	34.675.430
Reserves	20	3.666.578	3.666.578
Reported result	21	14.133.229	17.369.647
Mother company's assignable equity capital		73.652.807	55.711.655
Minority Interests		2.786.641	
Total equity capital		<b>76.439.348</b>	<b>55.711.655</b>
Long-term debts			
Long-term loans	23	21.207.422	10.616.142
Liabilities regarding retirement benefits	24	2.593.824	4.099.773
Deferred income debts	10	-	264.623
Total long-term debts		<b>23.801.246</b>	<b>14.980.538</b>
Current debts			
Trade creditors and other debts	26	35.406.201	22.381.621
Long-term loans	23	29.579.300	18.525.420
Current income debts	10	170.664	605.362
Current commissions	24	165.077	161.293
Other current debts	25	6.768.535	5.328.752
Total current debts		<b>72.089.777</b>	<b>47.002.448</b>
Total debts		<b>95.891.023</b>	<b>61.982.986</b>
Total equity capital and debts		<b>172.330.370</b>	<b>117.694.641</b>

## The consolidated situation of the cash flow for the time period ending on December 31<sup>st</sup>, 2007

	Note	Anul incheliat la 31/12/07 RON	Anul incheliat la 31/12/06 RON
<b>Cash flow from operational</b>			
Year's gross profit		<u>18.384.448</u>	<u>11.243.521</u>
Financial expenses that are recognized in profit		2.437.396	1.476.854
Incomes from investments that are recognized in profit		(161.308)	(146.334)
Earning/(loss) from selling or ceding fixed assets		40.287	9.346
Loss/ depreciation of trade receivables		644.178	160.998
Growth of supplies' commissions		46.661	197.419
Depreciation of long-term assets	11, 12	5.034.965	7.188.460
(Income)/ Expense from the profit account and loss concerning the liabilities regarding retirement benefits		(1.505.949)	1.130.501
Commissions growth		3.784	161.293
Net (earnings) from the currency exchange		444.864	(1.190.579)
Negative goodwill		(1.901.954)	-
Growth of the subsidiary registered capital		294.700	-
<b>Changes of the circulating capital</b>			
Growth of the trade receivables and other receivables		(12.803.118)	(9.279.320)
Growth of supplies		(3.901.312)	(2.593.030)
(Growth)/ Decrease of other assets		88.590	38.147
Growth of trade creditors and other debts		8.670.067	7.343.683
Growth other debts		<u>974.648</u>	<u>751.550</u>
<b>Cash flow from operational activities</b>		<b><u>16.613.766</u></b>	<b><u>16.492.509</u></b>
Interests payable		(2.419.219)	(1.460.257)
Income tax payable		<u>(3.293.237)</u>	<u>(2.898.863)</u>
<b>Net cash flow from operational activities</b>		<b><u>10.901.310</u></b>	<b><u>12.133.389</u></b>
<b>Cash flow from investments activities</b>			
Real estate investments		-	(1.000)
Interest receivable		119.260	140.041
Dues and other incomes from investments		1.399	14
Other received dividends		40.649	6.279
Accrued payments on tangible assets		(21.736.758)	(14.888.961)
Earnings gained from selling tangible assets		42.415	98.309
Accrued payments on intangible assets		<u>(471.566)</u>	<u>594.934</u>
Subsidiary acquisition		<u>(2.255.635)</u>	-
<b>Net cash used in investment activities</b>		<b><u>(24.260.236)</u></b>	<b><u>(15.240.252)</u></b>
<b>Cash flow coming from funding activities</b>			
Earnings from loans		29.383.289	14.226.830
Loan reimbursement		(15.426.311)	(7.337.832)
Leasing payments		(421.142)	(336.344)
Paid dividends towards:			
- Mother company's equity capital holders		-	(3.545.604)
<b>Net cash from funding activities</b>		<b><u>13.535.836</u></b>	<b><u>3.007.050</u></b>
<b>Net growth of cash and cash equivalents</b>		<b><u>(176.910)</u></b>	<b><u>(99.813)</u></b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	28	<b><u>4.328.163</u></b>	<b><u>4.466.271</u></b>
The effect of the exchange rate over the cash assets which are in a different currency		-	(38.295)
<b>Cash and cash equivalents at the end of the financial year</b>	28	<b><u>4.505.073</u></b>	<b><u>4.328.163</u></b>





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