

AEROSTAR S.A.



ANNUAL REPORT

2011



ANNUAL REPORT 2011

Contents

ABOUT AEROSTAR

- General Identification Data
- Key Figures
- About AEROSTAR Business
- Values
- Vision

TO OUR SHAREHOLDERS

REPORT OF THE BOARD OF DIRECTORS

FINANCIAL STATEMENTS - Excerpts

- Balance Sheet
- Profit & Loss Account
- Informative Data
- Statement of Immobilized Assets

Declaration of Company Management

Auditing Report

ABOUT AEROSTAR



General Identification Data

Company Name:	S.C. AEROSTAR S.A.
Registered Headoffice:	9 Condorilor St, Bacau 600302, Romania
VAT Registration Number:	950 531
Registration Number with Trade Register Bacau:	J04/1137/1991
Registered capital subscribed and paid:	Ron 37,483,689.60
Securities Exchange Market for transactions with AEROSTAR shares:	BUCHAREST STOCK EXCHANGE (symbol ARS)

S.C.AEROSTAR S.A. is a Romanian legal person, legal form: open shareholding company.

Main field of activity: production

Main object of activity: 3030 - Manufacturing of aircraft and spaceships



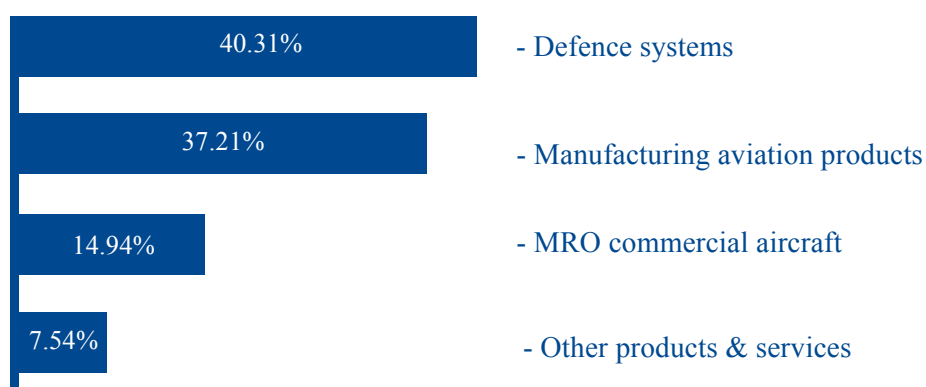
KEY FIGURES

	2011	2010	2009
Turnover (Ron)	158,402,223	158,289,213	156,808,447
Export (Ron)	105,784,543	89,599,842	95,659,972
Export in turnover (%)	66,8%	56,6%	61,0%
Result before tax (gross profit) (Ron)	17,049,140	15,406,077	13,391,222
Result after tax (net profit) (Ron)	11,618,296	11,276,413	10,209,987
Total employees, at 31 December	1501	1396	1483

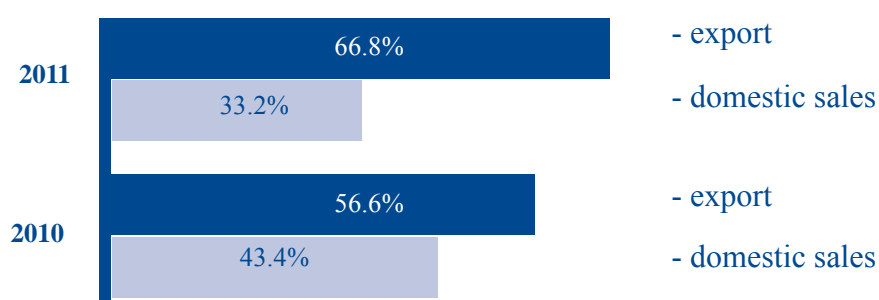
Inflation Rate	3.14%	7.96%	4.74%
----------------	-------	-------	-------

Average exchange rate, USD	3.0482	3.1767	3.0488
Average exchange rate, EURO	4.2378	4.2097	4.2363
Average exchange rate, GBP	4.8837	4.9076	4.7544

Turnover Distribution on Main Products and Services in 2011



Sales on domestic market vs export market



Indicators	2011	2010	2009
Current Liquidity (current assets/current debts)	4.70	5.17	3.68
Return of capital employed (ROE) (gross profit/ average equity)	0.19	0.19	0.18
Gross Profit Rate (gross profit / turnover*100)	10.8%	9.7%	8.5%
Added Value Rate (added value / turnover*100)	55.7%	53.1%	50.5%

Total assets (Ron)	160,559,680	115,792,973	103,701,297
Current assets (Ron)	85,100,086	69,576,597	66,508,478
Registered Capital (Ron)	37,483,690	29,284,133	29,284,133
Company Capitals (Ron)	102,543,403	78,877,353	75,566,224
Total debts (Ron)	18,119,220	13,446,523	18,096,309
Investments (Ron)	16,171,443	14,111,444	3,558,315
Research & Development (Ron)	892,268	1,203,804	2,323,347

AEROSTAR Shares			
Number of shares	117,136,530	117,136,530	117,136,530
Nominal share value (Ron)	0.32	0.25	0.25
Share price at year end (Ron)	0.99	1.01	0.595
Maximum share price (Ron)	1.145	1.37	0.66
Minimum share price (Ron)	0.875	0.575	0.442

ABOUT AEROSTAR BUSINESS

The main lines of business developed by AEROSTAR are:

- Manufacturing of aviation products
- MRO commercial aircraft
- Defence systems: aviation, ground, integrations
- Other products and services in the field of civil electronics, special processes, utilities

In the field of civil aviation

AEROSTAR is subcontractor of landing gears and hydraulic systems and acts as an approved supplier in the field of production and testing of hydraulic systems.

The company has been consolidating as a supplier of aerostructures and aviation assemblies for the global supply chains.

AEROSTAR continues to consolidate the objective to become a centre of excellence for manufacturing of aviation products by strong investments.

AEROSTAR maintenance base for commercial aircraft and components is in full development.

The company supplies base and heavy maintenance for aircraft in the family AIRBUS 320, for BOEING 737 aircraft, all series, and for BAe-146/RJ aircraft, as well as for components. AEROSTAR is also approved to supply specialized services in the area of NDT inspections.

The new hangar for aircraft maintenance and modification-conversion work at AEROSTAR facilities is a major step in the company development as a regional maintenance centre.

The IAK-52 aircraft family and the FESTIVAL airplanes, in the category of traditional products supplied by AEROSTAR, continue to be a presence on the market, for which support, repairs and life extensions, and modernizations are provided by the company.





In the field of defence

AEROSTAR is a major supplier of products and services in the category of aero and ground defence systems.

The company supplies services such as repairs, upgrades, modifications and integrations of advanced systems for various air platforms, as well as the related logistic support.



In AEROSTAR's expertise there is an extended range of variants and configurations of 122 mm MLRS, of engineering and fire extinguishing equipment; also, the company holds advanced capabilities in the field of products and equipment in the carrier vehicles industry.



AEROSTAR supplies equipment and systems, as well as integrations of identification, communications and control systems.

AEROSTAR's Values

- AEROSTAR is a market and people oriented company.
- The satisfaction of our customers is the cornerstone of our set of values.
We deliver quality, in time, at competitive prices.
- Our objective is to create VALUE, to be COMPETITIVE, and to achieve long-term SUCCESS.
- Our approach is based on high principles and practices for corporate governance and business management.
- We encourage our employees' personal development in the spirit of Integrity, Innovation and Initiative.
- We focus on the growth of our performance and continuous improvement.



Vision

- We are acting consistently for a sustainable development, at ever higher performance levels, in conditions of profitability and responsibility.
- The synergy of our competences and expertise for the civil and defence market contribute to AEROSTAR's consolidation as a company for the future.
- We act to develop the technologies which our clients need and which provide for the development of AEROSTAR's market position.
- We are honest and correct in our actions and comply with high ethical and business conduct standards.
- We perform our business in accordance with the Romanian law, the European Union legislation and the most advanced international practice.
- By our efficiency we contribute to the development of our customers, of our employees and of our business partners, of the community we are part of, we bring satisfaction to our shareholders.

TO OUR SHAREHOLDERS



I present the results of the year 2011 to AEROSTAR' shareholders with the satisfaction that we have had another year of growth and development at company level. In this purpose our actions were firm and the necessary measures were taken so that we could overcome the difficulties on the global markets, we succeeded to counterbalance successfully the hard impact of the crisis upon some of our business lines related to defence.

In the year 2011, the budget of expenses and revenues was executed according to the plan and even overfulfilled. The total revenues amounting to Ron 169,100,194, with 10 million Ron more than planned, were made with total expenses of Ron 152,051,054. The sales were of Ron 158,402,223, with 5.6% higher than the budgeted value. The net profit achieved was of Ron 11,618,296.

The growth of shareholders' wealth was significant. For the year 2011 the proposal of the Board of Directors is for a gross dividend of Ron 0.072 per share.

AEROSTAR has demonstrated to be a strong company which continues the development trend which began in the previous planning time interval, 2006-2010. In the year 2011 as well, AEROSTAR is positioned as the leader on the Romanian market for the products and services in its area of competence and expertise.

AEROSTAR has had a diversified market offer, adequate for the current demand while going through a major restructuring of its technologies and production structure.

We have made investments in the human resource, in processes and technologies in order to control and mitigate the risks generated by the turbulences on the markets where we operate.

We have achieved a balanced production structure, with good results in growing the volume of products and services in the civil area. The manufacturing of aviation products, the maintenance in the field of civil aviation, as well as other products and services intended for the civil market represented almost 60% of the sales.

In the year 2011 the investments were over 10% of the turnover. These are investments in advanced technologies planned to provide a sustainable growth on average term and to consolidate AEROSTAR's position in the new fields of business related to civil aviation. Our focus was to capitalize the market opportunities available and we will continue to develop the company along the priority directions established: manufacturing of aeronautical products, maintenance of commercial aircraft and defence systems.

We have good results as a civil aviation supplier. We are more competitive. We have succeeded to grow the value of our contribution in the value chain and we plan to have even better results. To achieve this goal AEROSTAR will continue to invest in advanced technologies and in people, in order to further position the company in order to provide the access on the directions with growth and market development potential. We will invest in the technologies which are needed by our customers and by which we plan to grow the company business.

We further develop our position as a major supplier of solutions for products and services for defence and our plan is to have good results even if the year 2012 will continue under the impact of the lack of resources and little opportunities available for the defence industry.

Our objectives target at reaching the growth levels that we desire by an adequate strategic positioning and execution of strong investment programmes. We will thus provide the required conditions for a sustainable growth and for our increased competitiveness.

We will continue to invest in people, in modern processes and in advanced technologies, to use the synergy of our competences and expertise for the civil and defence market and to consolidate AEROSTAR as a company for the future. We have an ambitious investment programme and we will provide the required capital to finance our strategy in the best conditions.

AEROSTAR is prepared for the planned future. We plan to have in 2012 a year of growth, even if this is not easy, to continue the investments and the development programmes and to reach the performance levels which our shareholders and our customers request, and which the market needs.

*President & General Director
Grigore FILIP*

Report of the Board of Directors for the year 2011

CHAPTER I.

REVIEW OF AEROSTAR'S OPERATIONS

1.1 General Evaluation Elements

Since its establishment in 1953 to date, AEROSTAR S.A. has operated in the aeronautical and defence industry. AEROSTAR's main field of activity is production. In accordance with the classification of the activities in the national economy the main object of activity of the company is 3030- manufacturing of aircraft and spaceships.

The economic and financial phenomena on the global market have impact on AEROSTAR's business.

The company executes its object of activity in a highly competitive environment and performs its operations in accordance with largely recognized corporate governance principles, in compliance with the Romanian law, the legislation of the European Union and the international practice, as well.

The company was registered as a shareholding company with the present name S.C."AEROSTAR" S.A. in the year 1991 and has the legal form of open shareholding company. The company shares are listed at Bucharest Stock Exchange, symbol ARS, since 1998.

AEROSTAR is the leader on the Romanian market for its products and services in the field of the aeronautical and defence industry.

In the year 2011 AEROSTAR consolidated its position as a subcontractor in civil aviation manufacturing programmes and as a supplier of maintenance services for commercial aircraft. At the same time, the company acted strongly in the area of maintenance and upgrade services for military aircraft.

The significant impact of shrinking budgets allocated for the ground defence equipment industry was counterbalanced by an adequate positioning but affected the overall planned growth potential.

The company acted along priority directions towards high technical fields where there is a significant demand and growth potential in order to compensate the lack of resources on the ground defence equipment market.

The company continued successfully the stages planned for the restructuring of its technologies and of the production structure while the programmes to support the growth objectives at company level were continued.

Global Evolutions

The business operations of the year 2011 took place in a complex environment, influenced by the turbulences on the financial markets, a year characterized by uncertainty and risks, although a positive balance sheet could be seen finally, with important geographical variations from one zone to another.

For the aviation industry, with the component aviation manufacturing but also with the component air transport- maintenance, the perception changed permanently from moderate optimism to recession. At the same time the large scale pressure upon the defence budgets caused a substantial impact.

Severe reforms were under way for healthier public funds systems and outstanding efforts to induce the protection of strategic affairs continued in various forms, in many of the countries with market economy traditions.

The consistent reductions of the defence budgets drive significant effects at geo-political level, strategic and upon the defence industries.

Inducing a market recovery psychology has been a frequent preoccupation but the uncertainty elements were and continue to be dominant.

Aeronautical and defence industry

On the fragility background of the global phenomena, the aeronautical and defence industry is an economic development driver of high-added value. Contrasts and contradictions mark the industry. The strong rivalry AIRBUS vs. BOEING continues. Both are posting strong market projections for the demand of eco-efficient aircraft for the 20 years to follow.

The air transport companies confront with a stringent need to reduce their costs as the ticket price cannot cover the 40% oil price increase in the time interval 2009- 2011. The growing demand on the air travel market segment does not provide the minimal confort of rentability and profitability.

The defence budgets stayed scarce for the capital acquisitions and for the large number of players on the military market. At large scale the big contractors in the defence industry faced with major decisions as to the redesign of their strategies and re-positioning to the civil aeronautics field and to adjacent industries of high technical level, but where there is already strong competition in place.

The recession perspective and the limited availability of resources generated new adjustment moves. The consolidation of the global supply chains continued.

The economic growth in Asia region started to get slight nuances and this happened after it was at the origin of efervescent moves for adequate positioning of the supply chains, of the local industries and of the regulating authorities in the respective countries. The latter required massive local contents in the business performance process. The initial optimism of the forecasts started the reality check by opportunities materialized at a lower rate than anticipated.

The main concern is related to the capacity of the supply chains to support the forecasted growth at the required rhythm.

The year 2011 was a difficult year to achieve profitability and sustainable growth. To capitalize the opportunities in the field of production is based on the capacity to improve the cost base, the focus on the areas of excellence and investments in modern processes, from manufacturing to organization, optimization and innovation efforts.

These trends were confirmed in the activities related to the main events, fairs and exhibitions for aeronautics and defence:

- AERO INDIA, Bangalore, 9-13 February
- ASIAN AEROSPACE, Hong Kong, 8-10 March
- LAAD Aerospace & Defence, Rio de Janeiro, 12-15 April
- Airline Purchasing & Maintenance Expo, London, 4-5 May
- PARIS AIRSHOW, 20-26 June
- EXPOMIL, Bucharest, 22-25 September
- Dubai Airshow, 13-17 November
- Gulf Defense & Aerospace, Kuwait, 12-14 December

AEROSTAR Business

In the year 2011 the company maintained and developed a solid business base although some of our defence related business lines confronted with unfavourable conditions. The core and basic capabilities were maintained, firm actions were made to map the route of the priority directions for the future and the planned investment programme continued.

AEROSTAR could respond to the challenges of the aeronautical and defence market in 2011 due to a diversified and sustainable offer. It could capture a larger portion of the demand coming from the aviation supply chains where it acts as a subcontractor in several programmes. It could thus compensate the lack of resources on the defence market but without giving up to the services and work supplied in this business area.

The total revenues in the year 2011 were in amount of Ron 169,100,194 of which the turnover is Ron 158,402,223.

The total expenses to achieve the products and services in the year 2011 were in amount of Ron 152,051,054. AEROSTAR ended the year 2011 with a net profit (after tax) of Ron 11,618,296.

The liquidity of the company was situated in the year 2011 at a level which is considered very good of 4.70.

Under these circumstances AEROSTAR was evaluated as a strong company based on its results which followed a consistent positive trend during the recent years of high difficulty.

1.2 Products and Services supplied by AEROSTAR, technical level and position on the market

The strength of AEROSTAR's offer of products and services in the year 2011 was given by the large diversity of the areas of expertise and capabilities held by the company.

The main lines of business in the year 2011 were:

In the field of civil aviation,

- manufacturing of aerostructure assemblies and parts;
- manufacturing of landing gears, hydraulic systems and components;
- maintenance of commercial aircraft.

In the field of military aviation,

AEROSTAR supplied repairs and upgrades, support and engineering services for platforms in its expertise.

During the recent years, AEROSTAR has consolidated a coherent manufacturing and services offer in the field of aviation, including integration and support, assisted by a modern base, industrial, technological and engineering. In the value chain AEROSTAR's offer features a high degree of integration and holds a strong capacity to take new programmes as required on the market.

AEROSTAR holds a leading position for its areas of competence.

The company made progress in the consolidation as a centre of excellence in the production of aerostructures and hydraulic systems and landing gears.

By the programmes for development in the field of aviation, AEROSTAR has become stronger, increased its added value level, developed the degree of implementation of the high standards requested by the customers.



At the same time, constant actions were undertaken to grow the capability to perform and to participate in international defence-related programmes.

AEROSTAR continued the policy to bring value at very competitive costs, for the Romanian market and for customers in other countries as well. By its positioning for this business area AEROSTAR developed capabilities planned to provide a high value content for its major customer- the Romanian army, inclusively in the set of integrated solutions which get a profile under the present economic, geo-political and security conditions.

In the precarious conditions of the defence market evolutions, AEROSTAR maintained its capabilities but achieved an adequate positioning in order to compensate the lack of demand and orders in the field of ground defence equipment. Actions were undertaken to approach new directions in the area of ground support equipment, for which the company holds good competence and capabilities, and for which there is demand on the market.

The products and services supplied by AEROSTAR:

AEROSTAR's positioning as a supplier for several groups of civil aviation products and services is very good and our customers place us in leading place for compliance with quality, delivery terms and competitiveness.

A major group of products offered by AEROSTAR is in the field of ***manufacturing of aerostructures, parts and assemblies as subcontractor to upper tier suppliers in the global civil aviation supply chains.***

AEROSTAR has consolidated by strong investments its objective to become a centre of excellence for manufacturing of aerostructure parts and assemblies.



During the continued supply chains restructuring for the global aviation programmes, AEROSTAR has maintained its competitive edge and achieved a higher business volume in this field.

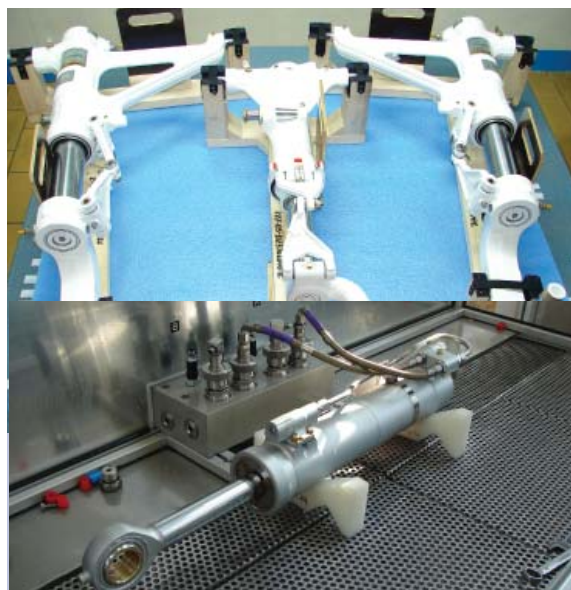


AEROSTAR is prepared to cope with the increasing rates of supply required by the growing demand in Airbus programmes. The company pursues to grow the value which it brings in these programmes and to increase the portfolio of complex aerostructure work.

The contribution of this business line into the turnover has grown significantly.

As for the ***manufacturing of landing gears and hydraulic systems*** AEROSTAR is well positioned for the forecasted growth in this sector and developed a solid offer in the area of hydraulic actuators in new programmes, with a future potential.

This is an area with high potential for business development both by the investments in the production structure and by the know-how held in the development of support equipment and hydraulic systems, test benches respectively.



AEROSTAR supplies *base and heavy maintenance services for commercial aircraft*.

In the year 2011 the range of maintenance services was extended to aircraft in the AIRBUS 320 family, further to aircraft types Boeing 737 all series and BAe-146/ RJ, as well as to aircraft components.

For the base maintenance work, AEROSTAR holds the Part-145 approval issued by the Romanian Civil Aviation Authority (RoCAA) recognized by the European Aviation Safety Authority (EASA).

The company performs current maintenance and complex checks, including structural modifications to these aircraft types. Further, the company holds a wide inventory of specialized working and inspection equipment. The number of approved and licensed personnel for maintenance work is growing. Strong investments were made inclusively for a wider offer of services for the customers, and an extended range of NDT services, used on site in the internal processes or at customer site.

The contribution of this business line, and the number of customers as well, have grown gradually into the company turnover and the consolidation of the company as a regional maintenance centre for commercial airplanes is a major development objective.

The growth objectives on this business line are supported also by the investment programme for the year 2011, while the construction of the new hangar is in an advanced stage of completion.

In the field of military aviation, the company is specialized in repair and modernization services. By a large flexibility and market adaptation the company maintained its competitiveness and leading position for the platforms in its expertise. The expertise portfolio covers the overhaul of the structure and systems but also advanced solutions



for installation and integrations of communication, navigation and identification systems.

Also, AEROSTAR specialists supply advanced engineering services, adaptations and developments based on the customers' specifications.

As a major industrial, technological and logistic base for defence related programmes, AEROSTAR has developed programmes and solutions which can successfully meet the requirements on a market with outstanding constraints.

The company is an approved supplier of the Romanian Ministry of National Defence and is present on a wide market geographically for equipment and services in the field of defence.



The business in the field of ground defence equipment was under the impact of lacking available resources from our traditional customers. While measures were undertaken to maintain the capabilities and capacities for this business line, new directions of activity were approached, for which there is a market demand.

In the field of defence AEROSTAR is further preoccupied by its positioning on the market while, at global scale, the types of conflicts are changing, and implicitly, the type of missions for the defensive forces, by the impact of the present budgetary restructuring and by the successful integration capacity on the defence equipment market, as its contour gets a shape now, in the context of the regulations at European and North-Atlantic level.

The takeover of new advanced state-of-the-art technologies and competences is a priority and what is prevailing in this pursuit is the adjustment to the equipment demand on today's market, as well as in Romania's perspective to acquire new systems.

The Mission and objectives set-up for the company are based on maintaining the status of first rank supplier of services and equipment for the Romanian Army at the same time with marking Aerostar's footprint on the international market for defence services and equipment.

AEROSTAR is prepared for Romania's future programmes with proposals of solutions which develop a competitive national contribution, solutions of high added value.

The set-up of strategic partnerships with outstanding suppliers for the armies of NATO countries, for technological transfer and industrialization in Romania of state-of-the-art equipment necessary for the Romanian Army is a constant direction of action.

The group of traditional products in the field of defence feature a decreasing trend as reflected in the turnover and the company is acting to occupy gradually a position on the market of new generation equipment and systems, from new programmes.

There have been results already in this respect and these approaches are based on the synergy with AEROSTAR's activities in the field of civil aviation.

Technical Capability

AEROSTAR's capabilities meet the performance criteria for the integration on the highly competitive market in the field of aviation and defence.

The industrial, technological and engineering capacity is under a steady modernization process correlated with generating the resources for new programmes and getting the contracts which are the basis for business development.

The competences and know-how held by AEROSTAR permitted to approach successfully new business. The CHANGE of the technological and production structure is in an advanced stage, supported by investments in modern processes, in machinery, technologies and in the human resource. The sustainability of these processes is the main preoccupation at management level.



The technical capability continues to comprise a mix of conventional, and a growing set of advanced technologies, computerized, which provide the efficiency of the approach on new markets and the compatibility of the business processes of our customers and partners.



In order to fulfil successfully its contractual obligations, AEROSTAR has in its inventory buildings, equipment, plants, installations, machine-tools and accessories as required for the execution of the production and services operations in compliance with the quality requirements.

AEROSTAR holds industrial constructions (hangars for mechanical processing operations, for special processes and other types of technological processes, hangars for maintenance of aircraft types Boeing 737, Airbus 320 and for military aircraft). In the year 2011 substantial allocations were made for the refurbishment and rehabilitation of certain production areas, for optimized production flows, which can accommodate thus better to the growing production volumes in the field of civil aviation.



Also, the company has an inventory of equipment and machinery specific for the execution of the current contractual obligations: CNC machine-tools with 3, 4 and 5 axes for machining of aviation parts and for other fields of activity, as well as equipment for aviation sheet metal parts and subassemblies.

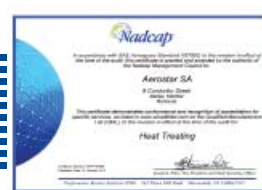
AEROSTAR has an important inventory of equipment required for the maintenance of civil aircraft, including equipment for work on the ground and at height level.

The capability to supply complete aviation components is based on a significant sector of installations and machinery for special processes (electro-chemical coatings, painting, non-destructive testings, thermo-chemical treatments, surface coatings).

The production activities are supported by an inventory which is adapted to the present execution needs, specialized and universal tooling, jigs and verifiers.

The portfolio of technologies used by the employees for the execution of the operations comprises an extensive range of machining technologies on CNC and conventional machine-tools as well as maintenance technologies for commercial aircraft, for repair and upgrades of civil and military aircraft.

The special processes having relatively optimal locations with reference to the technological flows, namely surface coatings, painting, welding, non-destructive testings, thermo-chemical treatments, rubber-curing, contribute to an improved capability to provide good efficiency production lines.



AEROSTAR also holds a complex range of technologies for production and integration, including testing of electronic equipment and assemblies.

Among AEROSTAR's capabilities there is also the manufacturing of liquified petroleum gas recipients.

The laboratories for physical and mechanical tests, for chemical and climatic tests, the capabilities for metrological repairs and verifications, the capacity to use constructive and engineering design software and software for CNC programming are completing the technical and technological & engineering capabilities.

The operations are executed by employees having high value know-how and also featuring an industrial culture in full change and adjustment to the present market requirements. The direction towards a growing portfolio of complex engineering, development and integration work is planned to increase the value which AEROSTAR can bring in the value chain of the industries where it operates.

The quality management is the basic factor in AEROSTAR's approach to achieve Value for our customers.

The correlation with the requirements of the standards applicable for the company's fields of business is the priority as it must provide for the technical capabilities required to increase the sales.

The evolution of the contribution made by the main products and services in the company turnover during the last three years reflects the impact upon the industry business under the circumstances of the global economic and financial phenomena, and looks as follows:

PRODUCTS/SERVICES	Year 2009	Year 2010	Year 2011
	Contribution in turnover (%)		
Defence systems (aviation, ground, integrations)	50.62	46.04	40.31
Manufacturing of aviation products	29.59	29.03	37.21
MRO civil aviation	13.15	12.32	14.94
Products and services in the fields: civil electronics, special processes, utilities	6.64	12.61	7.54

1.3 Evaluation of the Purchasing Activity

During the year 2011, the company purchased goods and services for the production activity in amount of Ron 104,903,472.

The markets where the purchasing of goods was made are:

- Romania 54,90 %
- European Union 26,38 %
- Other foreign markets 18,72 %

The required supplies to purchase are defined in the annual purchasing plan and the purchasing activities are made based on:

- annual and multiannual framework agreements
- based on purchase orders issued by AEROSTAR.

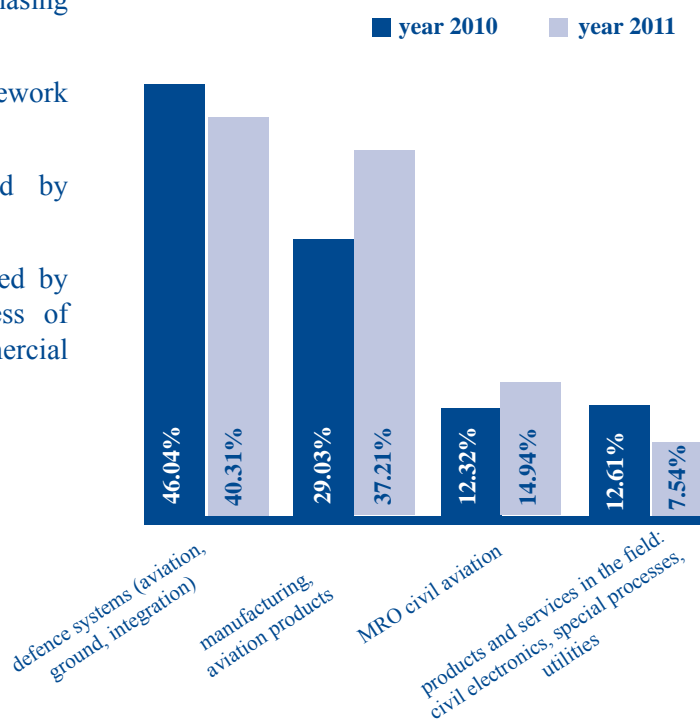
Granting the status of "supplier accepted by AEROSTAR" is the result of a process of selection and evaluation, subject to commercial criteria.

1.4 Evaluation of the Sales Activity

The sales volume achieved by the company in 2011 was in amount of Ron 158,402,223.

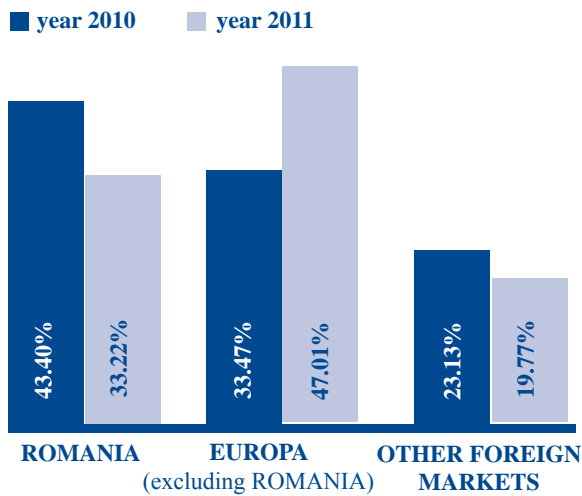
From the turnover obtained, the company sold on the domestic market products and services in amount of Ron 52,617,680 while for export-the equivalent of Ron 105,784,543, representing 66.8% of total sales.

The distribution of the turnover achieved in the year 2011, on the main products and services, compared to the year 2010, is the following:

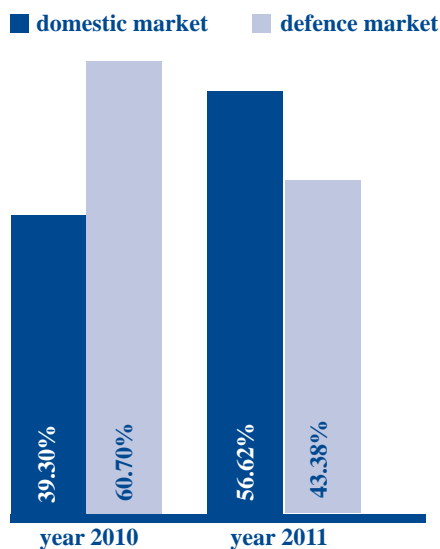


Sales Market

Domestic and foreign market



Civil and defence market



AEROSTAR operations during the year 2011 were carried out along the main directions established in AEROSTAR's development strategy for the years 2011-2015.

The sales are based on annual and multiannual contracts executed with various customers.

As a rule, the company does not produce on stock except the products for which it was agreed as such in the contracts with the partners.

AEROSTAR's business as a supplier for the civil aviation has a significant contribution in the turnover while the company performed the continued modernization of the products,

technologies and of the organization in order to capitalize to a maximum the company's potential and to improve the resource management system in a very competitive market.

AEROSTAR's competitive advantage compared to the competition is related to quality and strict compliance of the delivery terms.

AEROSTAR does not have a major dependence on a sole client or group of clients whose loss may have a negative impact upon company's revenues.

1.5 The Human Resource - Permanent Preoccupation for Performance

Although during the year 2011 there were unfavourable conditions for some of our lines of business in the field of defence, the company did not have lay-off of personnel.

In the year 2011 the number of employees increased with 15 people, the effective number of employees at 31.12.2011 being 1,286. While there was a major change of the company's production and technological structure, the main preoccupation was to provide for the proper workforce, adapted to the requirements of the contracts under way.

A cumulative number of 1,330 employees attended qualification and approval training programmes for various activities (maintenance work on Boeing 737, special processes for the civil aviation programmes, physical and mechanical tests, conductivity, etc), as well as diverse courses of professional improvement.

The expenses with the employees made by the company until the date of 31 December 2011 were in amount of Ron 50,812,707, of which the expenses with the salaries amounted to Ron 37,467,082 while the expenses with social security and protection were in amount of Ron 10,906,941.



Also, the company made other expenses related to personnel for:

- meal tickets for the employees in amount of Ron 2,438,684
- bonus payments in accordance with the collective labour contract in amount of Ron 2,651,642
- professional reconversion programmes, internal qualification and professional improvement courses in amount of Ron 462,299.

The social dialogue is provided under the collective labour agreement and consists of frequent meetings between the company management and the representatives of the unions and/or of the employees, as well as by a parity commission such as the joint social commission, labour safety and health committee, and commissions of the administration and employees for the negotiation and monitoring of the collective labour agreement implementation. With reference to the education background and specialization of the personnel, the situation is as follows:

- 407 employees with university degree, of which:
 - doctor's degree 4
 - doctorands 4
 - master degree 37
- 8 employees with college degree
- 385 employees are high school graduates
- 414 employees with vocational background education
- 59 employees with on job qualification
- 13 employees with secondary school background

The degree of sindicalization of the company is 89.96 %.

Other HR indicators are:

- average employment duration in AEROSTAR is 23 years
- average age of AEROSTAR employees is 47.5 years
- number of temporary employees is 178
- number of retired personnel employed in AEROSTAR in 2011 is 35
- number of employees on the point of retirement is 139

1.6 Evaluation of Aspects related to Quality and Environment

The improvement of the Quality Management System is a requirement generated by the market where AEROSTAR operates, by all the customers of the company irrespective of the market area (civil, military).

The approach of the environment related aspects by AEROSTAR is primarily a matter of social responsibility, treated in strict correlation with the priorities related to economic development, health and training, but it is a legal obligation as well.

The Quality & Environment programme approved for the year 2011 established objectives in the field of reduction of rejects with 30% compared to the year 2010, the extension of the certification range under NADCAP (National Aerospace and Defence Contractors Accreditation Programme) for special processes, getting the approval as an airworthiness continuity management organization in accordance with Part M.

Other objectives were getting the certifications and authorizations required to maintain and extend the domestic and external markets, mainly for the implementation of the requirements in the OHSAS 18001 specification, getting the Part 147 approval for the training organization, getting the approval for the prevention of air and water pollution, prevention of noise pollution, for the management and selective elimination of residues and waste, for monitoring the environment factors, as well as objectives to maintain and improve the Quality Management System.

CATEGORIA	DENUMIREA	SCURT	DATA	STATUT
1	SCURT	SCURT	14.06.2011	...
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

The certification and authorization activities established in the Quality programme are under way.

During the year 2011 several external audits were made in AEROSTAR for the production organization and for the maintenance organization. Also, in the year 2011 AEROSTAR extended the Part 145 approval for the maintenance of aircraft in AIRBUS 320 family, complying with the integrated set of objectives to put in place in AEROSTAR a powerful regional centre for MRO commercial aircraft.

In the year 2011 no environment incidents were registered and no pollutions of waste waters or air over the maximal values admitted by applicable laws.

In the field of air pollution reduction and prevention, the verifications of the level of greenhouse effect gas emissions indicated that AEROSTAR complied with the national allocation plan and the National Environment Protection Agency validated a number of certificates corresponding to the quantity of carbon dioxide released during the year 2010.

AEROSTAR obtained from the relevant national agency the review of the water management approval and the extension of its validity until the year 2017.

1.7 Evaluation of the investment, research & development Activity

Investments

The investment expenses made in the year 2011 amounted a total of Ron 16,171,443, representing 10.2% of company's turnover.

77% of these expenses were allocated for the investment "Extension of the capacities for manufacturing and assembly of aerostructures for civil aviation" and were made for:

- acquisition of machine-tools and equipment:
 - CNC sheet metal brake press
 - CNC routing machine, 3 axes
 - Ink jet marking equipment LEIBINGER Jet3
 - CNC pipe bending/ rolling machine
 - CNC Milling machine, 4 axes
 - Welding equipment type PRESTOTIG G350W AC/DC
 - CNC sheet metal brake press, 4 axes
- the design and execution of the hangar for manufacturing and assembly of civil aircraft, completed 90%.

21% of the total investment expenses was allocated to support the civil aircraft maintenance/modernization programme, for the consolidation and modernization of the production capacities, for the modernization of the surface coating lines. The investments in IT represented 2% of the investment expenses made during 2011.

The sustainability of the complex investment programme under way is supported with organizational and management measures to increase the added value which AEROSTAR brings on the specific market, including by the approach of increased complexity products and services.

An adequate degree of resources utilization, the long term access to market programmes, the growing value of the products and services supplied are the basis to secure the sustainability of the investments.



The qualification of a wide range of special processes was the object of several development tasks meant to grow the capacity of the company to cope with the requirements for a certain range of aviation assemblies and products, extend the range of capabilities and increase the sales on the aeronautical market.

In 2011, the expenses made for the research programme amounted to Ron 146,962, fully financed from AEROSTAR funds while for the development programme the expenses made amounted to Ron 745,306, AEROSTAR funds being 81% of the expenses while the balance for co-finance was provided by other state institutions.

1.8 Evaluation of the Risk Management Activities

Through the nature of the activities performed, the company is exposed to various risks which include: the market risk, the price risk, the credit risk, the liquidity and cash-flow risk, etc.

The sustainable development of the company on a strongly competition market takes into account further on the market evolutions in all aspects which have an impact upon our business and is based on an organic growth, along the main directions established by the company mission, as well as on an anticipating and prudent reaction.

The risk management processes performed in various areas provide for the risk identification, analysis, mitigation, as well as the monitoring, administration and control of various categories of risk.

AEROSTAR has adopted a quality and environment management system in compliance with the requirements of the standards SR EN ISO 9001: 2008, SR EN ISO 1400: 2005, AS 9100C: 2009, AQAP 2110, a system which acts on the direction of using the best practice for the management action, for the design of products with minimal negative impact upon the environment all along their lifecycle, as well as for the reduction or elimination of the environment pollution risk.

The administration of the risks related to the evolutions on the aeronautical and defence market continues to be made through an

integrated system which takes into account the uncertainties on the markets where the company operates by a diversified offer, sustainable and of high added value.

Among the basic elements accounted for are the monitoring of all categories of cost elements so that the security of the growth resources is provided in adverse conditions of the economic, financial and fiscal environment where the company operates: provide liquidities, secure the sales and related returns, secure the response capacity as to customers' requirements at technological level, human resource, productivity and cost-efficiency, compliance with the terms and quality.

All the identified economic risks were provisioned.

The main economic risks faced by the company were the risk related to failure to get the payment of the receivables in due time and the risk of failure to get the purchased supplies in due course.

The management of the company pursues to identify, quantify and reduce the potentially adverse effects- associated to these risk factors- upon the financial performance of the company.

The credit risk, which includes all the risks generated by the possible failure to comply with contractual obligations towards the business partners (suppliers and customers), was administered in various stages of the contracts performance. So, prior to contracting, the company made the assessment of the solvency and business rating of the commercial partners. Furthermore, the credit risk is minimized by maintaining a permanent connection with the business partners and the request, specially in export activities, of bank guaranties from AEROSTAR's customers.

The liquidity and cash-flow risk

The company policy related to liquidities is to maintain sufficient liquid resources in order to meet the obligations as they become due.

The company pursues daily and on short term the evolution of the level of liquidities in order to be able to make payments at the date of their exigibility.

The current liquidity indicator is monitored on a permanent basis and is higher than 1.

The company has a permanent preoccupation to provide the balance between the working capital and the required working capital for the operations activity.

At the same time, the level of the payments made for the investment activity is correlated with the development funds allocated.

The price risk is influenced by the production costs of the company. The company pursued to provide the flexibility and cost-effectiveness of the activities by analyzing the positioning of the turnover compared to the profitability threshold.

The result per product is reviewed on a regular basis setting up measures to provide the profitability, directed especially on the control of the production costs, for the products which do not meet the budgeted profit margin; in certain cases, the measures taken are to discontinue the manufacturing of the products without profitability.

A risk associated to the price risk is the risk related to the exchange rate, generated by the net currency exposure of the company. In the year 2011 the company did not have financial losses.

1.9 Perspectives of AEROSTAR's Activity

AEROSTAR's development strategy for the years 2011-2015 is a "selective expansion" strategy, which means that priority is given to the groups of products with good profitability and relatively low risks, that is aerostructures and aviation subassemblies, landing gears and hydraulic systems, maintenance of commercial aircraft and ground defence equipment, without giving up to the other groups of products and services, which will be maintained and assisted to improve their profitability.

Strategic directions and action measures for the years 2011- 2015

- priority direction "manufacturing of aviation products"
- priority direction "MRO civil aviation"
- priority direction "defence systems (aviation, ground, integration)"
- priority direction "products and services in the

fields: civil electronics, special processes, utilities"

In the year 2012 the global economic and financial environment is further characterized by uncertainties and contradictions, of increased risks due to the economic recession perspective in the euro zone, by the pressure coming from the need to restructure the government budgetary expenses, which affects structurally the defence industry in general, on short and medium term.

The euro zone market is significant for the company while AEROSTAR operates mainly as subcontractor for aerostructures and hydraulic systems. The euro zone crisis can become an opportunity for the company business in the civil manufacturing field.

The order backlogs posted by the large aviation supply chains for this year and the years to follow show growing figures. The uncertainty here is related to the way in which the chains of supply can cope with the growing orders rate and the need of rapid allocation of growing resources.

Similar opportunities cannot be foreseen with reference to the evolutions in the defence industry.

AEROSTAR operates both in the aeronautical and defence industry and under these conditions the strategic positioning and optimal capitalization of existing potential are essential for AEROSTAR in order to compensate the lack of resources in the field of defence/defence acquisitions.

The priority direction of action to counterbalance the lack of significant business on the line of ground defence equipment is the focus on ground support equipment (GSE), manufacturing of jigs and tooling, and occupy a position to secure the access on this market. This is not a new area of business for the company and means going from meeting internal needs to the external market, competitive, and with a good future potential.

We will continue with in-depth actions and processes to anticipate and identify the most proper action mechanisms, to have an effective management of the specific market adjustment processes in parallel with growing AEROSTAR's value in the value chain in aviation and defence, in Romania and on the markets where we are positioned for growth.

Further on, the company shall firmly act to provide the sustainability of investments and growing business.

CHAPTER II.

TANGIBLE ASSETS



The company has in its ownership a surface of 45.12 hectares, with direct access both from the European highway E85, as well as from Chimiei street, Condorilor Street and, specifically, from the runway of the airport “George Enescu” of Bacau.

The production capacities of AEROSTAR S.A. are located at the registered headoffice of the company of Bacau, 9 Condorilor street.

At the registered headoffice of the company, there are all types of facilities required for the proper performance of the production activities in accordance with the object of activity.

The production locations comprise hangars, industrial production halls, technological testing rigs, locations for administrative and social activities. Also, the company holds office spaces dedicated to technical and economic activities. All these spaces are maintained in good condition.

The total built surface of the buildings is approximately 13.47 hectares. All the buildings and special constructions are in the ownership of the company.

The value of the buildings and land owned by the company is Ron 47,634,847.

The buildings were re-evaluated at the date of 31.12.2009. Their wear-out rate is 29%.

The land was re-evaluated at the date of 30.06.2011. The value after re-evaluation is Ron 26,154,851.

Further to these assets, the company has in its ownership, technological equipment for the performance of the specific technological processes. Their value is Ron 37, 623,886 and their wear-out rate is 48%.

The company does not have major problems related to the ownership title upon the buildings, constructions, land and the other assets, except a land portion of 1500 sm outside the company perimeter in litigation with the Ministry of National Defence.

CHAPTER III.

THE CAPITAL MARKET FOR AEROSTAR SHARES

AEROSTAR Share

The shares of the company AEROSTAR are listed since 1998 at Bucharest Stock Exchange, under ARS symbol.

The number of shares issued by AEROSTAR is 117,136,530 and the nominal value of a share is Ron 0.32. The trading price for an AEROSTAR share fluctuated in the year 2011 between a minimum of Ron 0.8750 and a maximum level of Ron 1.1450.

AEROSTAR's Relation with the Shareholders

During the last three years the company distributed dividends to the shareholders and consolidated a dividend policy to provide the shareholders' satisfaction as well as resources for company's development.

The dividends not collected by the shareholders during the last three years, for various reasons incumbent to themselves (change of address, death, failure to present at the post office, liquidated legal persons, etc) represent 1% of total dividends paid by the company.

In the ordinary General Meeting of the Shareholders held on 12 April 2011 AEROSTAR shareholders approved the value of the gross dividend per share of Ron 0.07.

The distribution method was by cashier at the company's headoffice, bank transfers or money order, as applicable.

The company fully paid the dividends to which the shareholders were entitled from the profit of the year 2010 during the time interval approved by the shareholders.

The company did not buy from its own shares and did not issue bonds or other receivable securities during the year 2011.

AEROSTAR's Relation with Capital Market Institutions

With reference to the relation with the capital market institutions, in the year 2011 as well, AEROSTAR fulfilled all its reporting obligations provided by law by releasing the regular and current reports in the electronic system of the National Securities Exchange Commission and of the Stock Exchange, on the company's web page, and by press releases.

The Statement "Comply or Explain" with reference to the provisions of the corporate governance code is available on the internet page of the company.

In the year 2011, AEROSTAR renewed the due-diligence process and obtained again the TRACE certificate, which is a confirmation of company's commitment to transparency in international commercial transactions and compliance with international business standards, ethics and anti-corruption.

Internal Control and Risk Management Systems

At the highest level the control of the company is made by the shareholders and an independent financial auditor, in compliance with the applicable regulations.

AEROSTAR provides for the compliance with the legitimate rights and interests of the shareholders.

The company fully meets the legal provisions in force regarding the transparency and continuous information of the shareholders and investors on the capital market.

The internal control established by the company's management targets the conformance with the legislation in force, the application of the decisions made by the company management, provide for good functioning of the internal activity, efficient use of the resources, prevention and control of potential risks.

The internal control established by the company management is made under the following forms:

- self control
- hierarchic control
- partner control
- quality control
- management control and assets control
- finance-accounting control
- administrative control
- internal audit

The assets control is made on an annual basis by making the inventory of the assets, debts and of the company capitals.

In the quality management field there are internal auditing procedures which check the compliance with the reference standards and with the company's documents, of the manner how these are implemented and effectively maintained at the level of the whole company.

AEROSTAR developed an advanced CONTROLLING concept, a specific support for the company management, which is the basis of an effective decision-making system by control, coordination and consultancy in each step of the decision-making process, strategic and operational at the same time.

- ***The General Meetings of Shareholders*** took place in full compliance with the provisions of companies' law 31/1990, law 297/2004 regarding the capital market and the applicable regulations issued by the National Securities Exchange Commission, as well as any other applicable legal provision.

- ***The company AEROSTAR is under unitary administration***, with the legal obligation to delegate the management of the company to one or several directors.

The rights and obligations of the Board of Directors and of the directors appointed by the board of directors are provided in the law of the companies, in the constitutive deed of the company, in the decisions and resolutions for their appointment.

CHAPTER IV.

MANAGEMENT OF S.C. AEROSTAR S.A. BACAU

The administration of AEROSTAR is made by a Board of Directors composed of seven members, elected in the year 2008 for a period of 4 years.

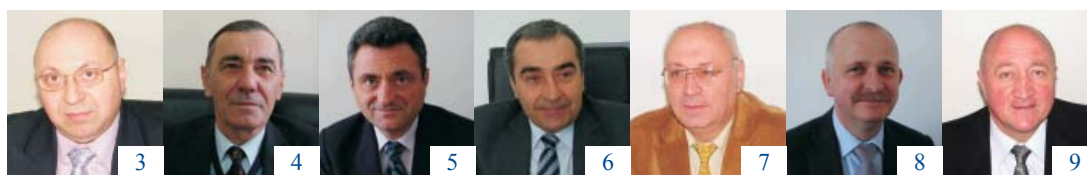
Members of the Board of Directors



No.	Name	Position	Background
1.	FILIP GRIGORE	President of the Board of Directors	engineer
2.	DAMASCHIN DORU	Vicepresident of the Board of Directors	economist
3.	CIOBANU MIHAI	Member of the Board of Directors	engineer
4.	TONCEA MIHAIL - NICOLAE	Member of the Board of Directors	engineer
5.	NIJNIC MARIN - ILIE	Member of the Board of Directors	engineer
6.	SANDU ION - EFTIMIE	Member of the Board of Directors	engineer, dr
7.	VIRNA DANIEL	Member of the Board of Directors	legal advisor

The direct participation of the BoD members to the registered capital of the company is under 1%.

Members of the executive management of the company



No.	Name	Position
1.	FILIP GRIGORE	General Director
2.	DAMASCHIN DORU	Director, Finance-Accounting
3.	POPA DAN PAUL MALIN	Director, Management-Development
4.	PETRAS SORIN	Quality Director
5.	PASCAL LAURENTIU	Director, Logistics Division
6.	BUHAI OVIDIU	Director, Systems Division
7.	LACATUSU TIBERIU	Director, Special Products Division
8.	IOSIPESCU SERBAN	Director, Aeronautical Products Division
9.	PLACINTA THEODOR	Director, Technological Division

The direct participation of the executive management to the registered capital of the company is also under 1%. None of the BoD members, nor the executive management members, were involved in a litigation or other similar administrative procedure with AEROSTAR S.A. during the last five years.

CHAPTER V. FINANCE-ACCOUNTING PRESENTATION

Balance Sheet Elements

	Balance Sheet Elements (Ron)	31.12.2009	31.12.2010	31.12.2011
	TOTAL ASSETS, of which:	103,701,297	115,792,973	160,559,680
A.	Immobilized Assets	37,192,819	46,216,376	75,459,594
B.	Circulating Assets- total, of which:	66,508,478	69,576,597	85,100,086
	-stocks	16,603,505	12,535,857	15,474,466
	-receivables	25,695,909	17,586,980	32,072,297
	-cash, bank accounts and deposits	24,209,064	39,453,760	37,553,323
	TOTAL DEBTS AND COMPANY CAPITALS, of which:	103,701,297	115,792,973	160,559,680
C.	Debts	18,096,309	13,446,523	18,119,220
D.	Provisions	9,967,512	21,362,134	36,223,697
E.	Total company capitals, of which:	75,566,224	78,877,353	102,543,403
	- registered capital	29,284,133	29,284,133	37,483,690
	- reserves from re-evaluation	20,941,137	20,934,550	41,181,862
	- other reserves	17,199,512	20,459,113	13,110,353
	- result of the year (profit)	10,209,987	11,276,413	11,618,296

Revenues & Exepenses Elements

Revenues & Exepenses Elements (Ron)	Year 2009	Year 2010	Year 2011
Total Revenues	165,996,704	171,391,988	169,100,194
Revenues from Operations, of which:	159,996,151	163,693,481	161,542,792
-Turnover	156,808,447	158,289,213	158,402,223
Financial revenues	6,000,553	7,698,507	7,557,402
Total Expenses	152,605,482	155,985,911	152,051,054
Expenses for Operations, of which:	148,590,939	149,835,330	147,039,362
~Expenses with materials	60,956,472	63,062,106	50,222,764
~Expenses with manpower	53,014,636	51,080,040	50,812,707
~Expenses with amortization of immobilizations	6,049,489	5,391,594	7,514,884
~Other expenses for operations (third party services, taxes, provisions)	28,570,342	30,301,590	38,489,007
Financial Expenses	4,014,543	6,150,581	5,011,692
Result from Operations -Profit	11,405,212	13,858,151	14,503,430
Fianancial result -Profit	1,986,010	1,547,926	2,545,710
GROSS RESULT -PROFIT	13,391,222	15,406,077	17,049,140
NET RESULT -PROFIT	10,209,987	11,276,413	11,618,296

Cash-Flow Elements

Cash-Flow Elements (Ron)	31.12.2010	31.12.2011
A. Cash- flow from Operations	32,348,743	19,229,380
B. Cash- flow from Investments	(9,205,839)	(13,006,728)
C. Cash-flow from Financial Operations	(7,898,208)	(8,123,089)
Net cash flow increase	15,244,696	(1,900,437)
Cash- flow at year beginning	24,209,064	39,453,760
Cash- flow at year end	39,453,760	37,553,323

PRESIDENT OF THE BOARD OF DIRECTORS

GRIGORE FILIP

The declaration “Comply or Explain”, February 2012,
with reference to the Corporate Governance Code of the Bucharest Stock Exchange is available
on the company website: www.aerostar.ro.

FINANCIAL STATEMENTS for the year 2011 – Excerpts

Balance Sheet at the date of 31.12.2011

Form 10

- Ron -

Element Description	Row	Balance at:	
		01.01.2011	31.12.2011
A	B	1	2
A. IMMOBILIZED ASSETS			
I. INTANGIBLE ASSETS			
1. set-up expenses (acc. 201 - 2801)	01	0	0
2. development expenses (acc. 203 - 2803 - 2903)	02	0	0
3. concessions, patents, licences, trademarks, similar rights and values and other intangible immobilizations (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	03	480,564	632,816
4. commercial fund (acc. 2071 - 2807 – 2907)	04	0	0
5. advance payments and intangible immobilizations in progress (acc. 233 + 234 – 2933)	05	0	0
TOTAL: (row 01 to 05)	06	480,564	632,816
II. TANGIBLE IMMOBILIZATIONS			
1. land and constructions (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	07	23,762,388	41,412,927
2. technical installations and machinery (acc. 213 +223- 2813 - 2913)	08	18,168,951	19,481,084
3. other installations, equipment and furniture (acc. 214+224 - 2814 - 2914)	09	0	0
4. advance payments and tangible immobilizations in progresss (acc. 231 + 232 - 2931)	10	3,455,182	13,558,672
TOTAL: (row 07 to 10)	11	45,386,521	74,452,683
III. FINANCIAL IMMOBILIZATIONS			
1. shares held in affiliated entities (acc. 261 - 2961)	12	14,080	14,080
2. loans to affiliated entities (acc. 2671 + 2672 - 2964)	13	0	0
3. participation interests (acc. 263 - 2962)	14	0	0
4. loans to entities to which company is tied by participation interests (acc. 2673 + 2674 - 2965)	15	0	0
5. investments held as immobilizations (acc. 265- 2963)	16	87,500	91,500
6. other loans (acc. 2675+ 2676 + 2678 + 2679 - 2966 -2968)	17	247,711	268,515
TOTAL: (row 12 to 17)	18	349,291	374,095
IMMOBILIZED ASSETS - TOTAL (row 06 + 11 + 18)	19	46,216,376	75,459,594
B. CIRCULATING ASSETS			
I. STOCKS			
1. raw materials and consumables (acc. 301+321+302 + 322+303 +323+/- 308 + 351+358+381+328+/-388 -391-392 -3951-3958-398)	20	2,689,116	6,533,194
2. production in progress (acc. 331+332 +341+/-348-393- 3941-3952)	21	7,434,966	8,333,734
3. finished products and goods (acc. 345+346+/- 348+354+356+357+361+326+/-368+371+327+/-378-3945- 3946-3953-3954-3956-3957-396-397-4428)	22	2,272,469	197,053
4. advance payments for purchasing of stocks (acc. 4091)	23	139,306	410,485
TOTAL: (row 20 to 23)	24	12,535,857	15,474,466

Balance Sheet at the date of 31.12.2011

Form 10

- Ron -

Element Description	Row	Balance at:	
		01.01.2011	31.12.2011
A	B	1	2
II. RECEIVABLES			
1. commercial receivables (acc. 2675 + 2676+2678+2679 – 2966 – 2968 + 4092 + 411 + 413 + 418 – 491)	25	16,847,877	30,533,633
2. amounts to receive from affiliated entities (acc. 451 - 495)	26	0	0
3. amounts to receive from entities to which company is tied by participation interests (acc. 453 - 495)	27	0	0
4. other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	28	739,103	1,538,664
5. capital subscribed and not paid (acc. 456 - 495)	29	0	0
TOTAL: (row 25 to 29)	30	17,586,980	32,072,297
III. SHORT TERM INVESTMENTS			
1. shares held in affiliated entities (acc. 501 - 591)	31	0	0
3. other short term investments (acc. 505 + 506 + 508 - 595 - 596 - 598 + 5113 + 5114)	32	39,123,786	37,113,524
TOTAL: (row 31+32)	33	39,123,786	37,113,524
IV. CASH AND BANK ACCOUNTS (acc. 5112 + 512 + 531 + 532+ 541 + 542)	34	329,974	439,799
CIRCULATING ASSETS - TOTAL (row 24 + 30 + + 33+34)	35	69,576,597	85,100,086
C. EXPENSES IN ADVANCE (acc. 471)	36	0	0
D. DEBTS TO PAY IN LESS THAN A YEAR			
1. loans from issue of shares (acc. 161 +1681 - 169)	37	0	0
2. amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	38	0	0
3. downpayments received on account of orders (acc. 419)	39	1,685,726	1,246,392
4. commercial debts-suppliers (acc. 401 + 404 + 408)	40	4,888,314	11,252,579
5. trade effects to pay (acc. 403 + 405)	41	0	0
6. amounts owed affiliated entities (acc. 1661 + 1685 + 2691 + 451)	42	0	0
7. amounts owed to entities to which company is tied by participation interests (acc. 1663 + 1686 + 2692 + 453)	43	0	0
8. other debts, including fiscal debts and debts related to social security (acc. 1623 + 1626 + 167 + 1687 + 2693 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 +4481 + 455 + 456 + 457 + 4581 + + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	44	6,832,733	5,620,249
TOTAL: (row 37 to 44)	45	13,406,773	18,119,220
E. NET CIRCULATING ASSETS / NET CURRENT DEBTS (row 35 +36- 45 -63)	46	56,169,488	66,980,866
F. TOTAL ASSETS MINUS CURRENT DEBTS (row 19 + 46)	47	102,385,864	142,440,460

Balance Sheet at the date of 31.12.2011

Form 10

- Ron -

Element Description	Row	Balance at:	
		01.01.2011	31.12.2011
A	B	1	2
G. DEBTS TO PAY IN MORE THAN A YEAR			
1. loans from issue of bonds (acc. 161 +1681 - 169)	48	0	0
2. amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	49	0	0
3. advance payments received on account of orders (acc. 419)	50	39,750	0
4. commercial debts - suppliers (acc. 401 + 404 + 408)	51	0	0
5. trade effects to pay (acc. 403 + 405)	52	0	0
6. amounts owed to affiliated entities (acc. 1661 + 1685 + 2691 + 451)	53	0	0
7. amounts owed to entities to which company is tied by participation interests (acc. 1663 + 1686 + 2692 +453)	54	0	0
8. other debts, including fiscal debts and debts related to social security (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 455 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	55	0	0
TOTAL: (row 48 to 55)	56	39,750	0
H. PROVISIONS			
1. provisions for pensions and similar obligations (acc.1515)	57	0	0
2. provisions for taxes (acc. 1516)	58	0	0
3. other provisions (acc.1511+1512+1513+1514+1518)	59	21,362,134	36,223,697
TOTAL PROVISIONS: (row 57 to 59)	60	21,362,134	36,223,697
I. REVENUES IN ADVANCE			
1. subsidies for investments (acc.475)	61	2,106,627	3,673,360
2. revenues registered in advance (acc. 472)-total (row 63+64), of which:	62	336	0
-amounts to resume in a period less than a year (acc.472)	63	336	0
-amounts to resume in a period more than a year (acc.472)	64	0	0
-negative commercial fund (acc.2075)	65	0	0
TOTAL: (row 61+62+65)	66	2,106,963	3,673,360
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. capital subscribed and paid (acc. 1012)	67	29,284,133	37,483,690
2. capital subscribed, not paid (acc. 1011)	68	0	0
3. assets of the national company	69	0	0
TOTAL (row 67 to 69)	70	29,284,133	37,483,690
II. CAPITAL BONUSES (acc. 104)	71	0	0
III. RESERVES FROM RE-EVALUATION (acc. 105)	72	20,934,550	41,181,862

Balance Sheet at the date of 31.12.2011

Form 10

- Ron -

Element Description	Row	Balance at:	
		01.01.2011	31.12.2011
A	B	1	2
IV. RESERVES			
1. legal reserves (acc. 1061)	73	5,795,175	6,645,973
2. statutory or contractual reserves (acc. 1063)	74	8,582,497	802,599
3. reserves representing surplus from re-evaluation reserves (acc.1065)	75	88,281	88,281
4. other reserves (acc.1068)	76	5,993,160	5,573,500
TOTAL (row 73 to 76)	77	20,459,113	13,110,353
Own shares (acc.109)	78	0	0
Earnings related to own capital instruments (acc.141)	79	0	0
Loss related to own capital instruments (acc.149)	80	0	0
V. PROFIT OR LOSS CARRIED FORWARD (acc. 117)			
Balance C (ct. 117)	81	0	0
Balance D (ct. 117)	82	0	0
VI. PROFIT OR LOSS OF FINANCIAL YEAR (acc. 121)			
Balance C (ct. 121)	83	11,276,413	11,618,296
Balance D (ct. 121)	84	0	0
Profit Distribution (acc. 129)	85	3,076,856	850,798
COMPANY CAPITALS –TOTAL (row 70+71+72+77-78+79-80+81-82+83-84-85)	86	78,877,353	102,543,403
Public Assets (acc.1016)	87	0	0
CAPITALS –TOTAL (row 86+87) (row 88=47- 56-60-61-64-65)	88	78,877,353	102,543,403

F10 checking amount: 2038583859/ 5969659838

PROFIT & LOSS ACCOUNT at 31.12.2011

Form 20

- Ron -

Element Description	Row	2010	2011
A	B	1	2
1. NET TURNOVER (row 02+03-04+05+06)	01	158,289,213	158,402,223
Production sold (acc.701+702+703+704+705+706+708)	02	156,168,035	156,287,925
Revenues from sales of goods (acc. 707)	03	2,121,178	2,114,298
Commercial discounts granted (acc.709)	04	0	0
Revenues from interest registered by entities erased from general register but having lease contracts in progress (acc. 766)	05	0	0
Revenues from operations subsidies related to net turnover (acc. 7411)	06	0	0
2.Revenues related to cost of production in progress (acc. 711+712)	07	2,678,281	1,411,944
Balance C	08	0	0
3. Production executed for own use and capitalized (acc. 721+ 722)	09	2,117,222	1,307,998
4. Other revenues from operations (acc. 758+7417+7815)	10	608,765	420,627
-of which, revenues from negative commercial fund	11	0	0
REVENUES FROM OPERATIONS - TOTAL (row 01+07-08+09+10)	12	163,693,481	161,542,792
5. a) Expenses with raw materials and consumables (acc.601+602-7412)	13	54,498,964	38,746,854
Other material expenses (acc.603+604+606+608)	14	2,896,780	4,168,893
b) Other external expenses (with energy and water) (acc.605-7413)	15	5,666,362	7,307,017
c) Expenses related to goods (acc.607)	16	1,862,477	1,747,424
Commercial discounts received (acc.609)	17	4,139	2,159
6. Expenses with manpower (row 19 +20)	18	51,080,040	50,812,707
a) Salaries and allowances (acc.641+642+643+644-7414)	19	39,969,406	39,905,766
b) Expenses with social security and protection (acc.645-7415)	20	11,110,634	10,906,941
7. a) Value adjustments related to tangible and intangible immobilizations (row 22 -23)	21	5,391,595	7,514,884
a.1) Expenses (acc.6811+6813)	22	5,391,595	7,514,884
a.2)Revenues (acc.7813)	23	0	0
b) Value adjustments related to circulating assets (row 25-26)	24	2,193,676	152,699
b.1) Expenses (acc.654+6814)	25	18,839,284	7,657,194
b.2)Revenues (acc.754+7814)	26	16,645,608	7,504,495
8. Other operations expenses (row 28 to 31)	27	14,854,952	21,729,480
8.1 Expenses related to external services (ct.611+612+613+614+621+622+623+624+625+626+627+628-7416)	28	13,432,090	20,024,131
8.2 Expenses with other taxes, dues and similar payments (acc. 635)	29	750,552	832,989
8.3. Other expenses (acc.652+658)	30	672,310	872,360
Expenses with refinancing interest registered by entities erased from general register and having lease contracts in progress (acc. 666)	31	0	0
Adjustments related to provisions (row 33-34)	32	11,394,623	14,861,563
- Expenses (acc. 6812)	33	22,470,274	24,668,597
- Revenues (acc. 7812)	34	11,075,651	9,807,034

PROFIT & LOSS ACCOUNT at 31.12.2011

Form 20

- Ron -

	Row	2010	2011
A	B	1	2
EXPENSES WITH OPERATIONS - TOTAL (rd.13 la 16-17+18+21+24+27+32)	35	149,835,330	147,039,362
PROFIT OR LOSS FROM OPERATIONS			
- profit (row12-35)	36	13,858,151	14,503,430
- loss (row 35-12)	37	0	0
9. Revenues from participation interests (ct. 7611+7613)	38	28,940	33,187
-of which revenues from affiliated entities	39	0	0
10. Revenues from other investments and loans which are part of immobilized assets (acc. 763)	40	0	0
-of which revenues from affiliated entities	41	0	0
11. Revenues from interest (acc. 766)	42	1,679,486	2,205,662
-of which revenues obtained from affiliated entities	43	0	0
Other financial revenues (acc.762+764+765+767+768)	44	5,990,081	5,318,553
FINANCIAL REVENUES -TOTAL (row 38+40+42+44)	45	7,698,507	7,557,402
12. Value adjustments related to financial immobilizations and financial investments held as circulating assets (row 47-48)	46	0	0
- Expenses (acc. 686)	47	0	0
- Revenues (acc. 786)	48	0	0
13. Expenses related to interest (acc. 666-7418)	49	138	3
-of which expenses in the relation with affiliated entities	50	0	0
Other financial expenses (acc.663+664+665+667+668)	51	6,150,443	5,011,689
FINANCIAL EXPENSES -TOTAL (row 46+49+51)	52	6,150,581	5,011,692
FINANCIAL PROFIT OR LOSS			
- profit (row 45-52)	53	1,547,926	2,545,710
- loss (row 52-45)	54	0	0
14. CURRENT PROFIT OR LOSS			
- profit (row 12+45-35-52)	55	15,406,077	17,049,140
- loss (row 35+52-12-45)	56	0	0
15. Extraordinary revenues (acc.771)	57	0	0
16. Extraordinary expenses (acc.671)	58	0	0
17. PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITY	59	0	0
- profit (row 57-58)	60	0	0
- loss (row 58-57)	60	0	0
TOTAL REVENUES (row 12+45+57)	61	171,391,988	169,100,194
TOTAL EXPENSES (row 35+52+58)	62	155,985,911	152,051,054
GROSS PROFIT OR LOSS - profit (row 61-62)	63	15,406,077	17,049,140
- loss (row 62-61)	64	0	0
18. TAX ON PROFIT (acc.691)	65	4,129,664	5,430,844
19. Other taxes not presented above (acc. 698)	66	0	0
20. NET PROFIT OR LOSS OF FINANCIAL YEAR			
- profit (row 63-64-65-66)	67	11,276,413	11,618,296
- loss (row 64+65+66-63)	68	0	0

F20 checking amount: 2662164136/ 5969659838

INFORMATION DATA at 31.12.2011

Form 30

- Ron -

I. DATA RELATED TO RESULT REGISTERED	Row	No of Entities	AMOUNTS
Entities which registered profit	01	1	11,618,296
Entities which registered loss	02	0	0

II. DATA REGARDING OUTSTANDING PAYMENTS	Row	Total, of which:	For current activity	For investment activity
A	B	1=2+3	2	3
Outstanding payments – total (row04+08+14 to18+22),of which:	03	0	0	0
Outstanding suppliers – total (row 05 to07), of which:	04	0	0	0
- over 30 days	05	0	0	0
- over 90 days	06	0	0	0
- over 1 year	07	0	0	0
Past due debts to social security budget - total (row 09 to13),of which:	08	0	0	0
- contributions to state social security system owed by employers, employees and other similar categories	09	0	0	0
- contributions to health social security system	10	0	0	0
- contribution to supplementary pensions	11	0	0	0
- contributions to unemployment insurance budget	12	0	0	0
- other social debts	13	0	0	0
Obligations past due to special fund budgets and other funds	14	0	0	0
Obligations past due to other creditors	15	0	0	0
Taxes and dues not paid within due term to the state budget	16	0	0	0
Taxes and dues not paid within due term to local budgets	17	0	0	0
Bank credits not paid back in due time - total (row 19 to 21), of which:	18	0	0	0
- past due after 30 days	19	0	0	0
- past due after 90 days	20	0	0	0
- past due after 1 year	21	0	0	0
Interest past due	22	0	0	0

III. AVERAGE NUMBER OF EMPLOYEES	Row	31.12.2010	31.12.2011
A	B	1	2
Average number of employees	23	1,257	1,219
Effective No of employees at year end, i.e. 31 Dec.	24	1,271	1,286

INFORMATION DATA at 31.12.2011

Form 30

- Ron -

IV. PAYMENT OF INTEREST, DIVIDENDS AND ROYALTIES	Row	Amounts (Ron)
A	B	1
Gross revenues from interest paid by legal Romanian persons to non-resident physical persons, of which:	25	0
- tax owed to the state budget	26	0
Gross revenues from interest paid by legal Romanian persons to non-resident physical persons, of EU member states, of which:	27	0
- tax owed to the state budget	28	0
Gross revenues from interest paid by legal Rom.persons to affiliated, non-resident legal persons, of which:	29	0
- tax owed to the state budget	30	0
Gross revenues from interest paid by Rom. legal persons to affiliated, non-resident legal persons, of EU member states, of which:	31	0
- tax owed to the state budget	32	0
Gross revenues from dividends paid by Rom. legal persons to non-resident persons, of which:	33	300,124
- tax owed to the state budget	34	30,005
Gross revenues from dividends paid by Rom. legal persons to affiliated, non-resident legal persons, of which:	35	0
- tax owed to the state budget	36	0
Revenues from royalties paid by Rom. Legal persons to affiliated, non-resident legal persons , of EU member states, of which:	37	0
- tax owed to the state budget	38	0
Royalties paid during the year for assets in public domain, received in concession, of which:	39	0
- royalties for assets in public domain paid to the state budget	40	0
Mining royalty paid	41	0
Subsidies received during the year, of which:	42	1,724,659
- subsidies received during the year related to assets	43	1,724,659
- subsidies related to revenues	44	0
Past due receivables, not received within due date as provided in commercial contracts and/or applicable regulatory acts in force, of which:	45	2,104,289
-past due receivables from entities in majoritary or fully state-owned entities	46	21,736
-past due receivables from private entities	47	2,082,553

V. MEAL TICKETS	Row	AMOUNTS (Ron)
A	B	1
Countervalue of meal tickets given to employees	48	2,438,684

VI. EXPENSES MADE FOR RESEARCH & DEVELOPMENT	Row	31.12.2010	31.12.2011
A	B	1	2
Research & Development Expenses, of which:	49	1,203,804	908,071
-from public funds	50	391,222	140,000
-from private funds	51	812,582	768,071

INFORMATION DATA at 31.12.2011

Form 30

- Ron -

VII. INNOVATION EXPENSES	Row	31.12.2010	31.12.2011
A	B	1	2
Innovation expenses – total (row 53 to55),of which:	52	8,719,603	3,251,226
-innovation expenses finalized during the year	53	8,469,881	997,226
-innovation expenses under finalization during the year	54	249,722	2,254,000
-innovation expenses abandoned during the year	55	0	0

VIII. OTHER INFORMATION	Row	31.12.2010	31.12.2011
A	B	1	2
Financial immobilizations in gross amounts (row 57 +65), of which:	56	101,580	105,580
Shares held in affiliated entities, participation interests, other immobilized bonds and long term securities, in gross amounts (row 57 to 64), of which:	57	101,580	105,580
-listed shares issued by residents	58	0	0
-shares not listed issued by residents	59	87,500	91,500
-social parts issued by residents	60	14,080	14,080
-securities issued by residents	61	0	0
-shares issued by collective issuers (SIFs included) issued by residents	62	0	0
-shares and social parts issued by non-residents	63	0	0
-securities issued by non-residents	64	0	0
Receivables immobilized in gross amounts (row 66 +67), of which:	65	0	0
-receivables immobilized in ron and expressed in Ron, which settlement is subject to a foreign currency rate (from acc.267)	66	0	0
-receivables immobilized in foreign currency (from acc. 267)	67	0	0
Commercial receivables, advance payments to suppliers and other similar accounts (acc.4092+411+413+418), of which:	68	17,598,469	28,315,982
-external commercial receivables, advance payments to suppliers and other similar accounts, in gross amounts (from acc.4092+from acc.411+from acc.413+from acc.418)	69	17,598,469	28,315,982
Commercial receivables not received within due date (from acc.4092+from acc.411+from acc.413)	70	2,886,205	2,104,289
Receivables related to manpower and similar accounts (acc.425+4282)	71	45,798	23,215
Receivables related to social security budget and state budget (acc.431+437+4382+441+4424+4428+444+445+446+447+4482), (row 73 to77), of which:	72	692,956	1,466,205
-receivables related to social security budget (acc.431+437+4382)	73	37,182	124,764
-fiscal receivables related to state budget (acc.441+4424+4428+444+446)	74	655,774	1,337,447
-subsidies to receive (acc.445)	75	0	0
-special funds –taxes and similar payments (acc.447)	76	0	0
-other receivables related to state budget (acc.4482)	77	0	3,994
Receivables of the entity in relation with affiliated entities (acc.451)	78	0	0
Receivables related to social security budget and state budget not received within due date (from acc.431+ from acc.437+ from acc.4382+ from acc.441+ from acc.4424+ from acc.4428+ from acc.444+ from acc.445+ from acc.446+ from acc.447+ from acc.4482)	79	37,182	124,764
Other receivables (acc.453+456+4582+461+471+473) (row 81+82), of which:	80	349	57,917

INFORMATION DATA at 31.12.2011

Form 30

- Ron -

VIII. OTHER INFORMATION	Row	31.12.2010	31.12.2011
A	B	1	2
-settlements regarding participation interests, settlements with shareholders/partners related to capital, settlements from operations with contributions (acc.453+456+4582)	81	0	0
-other receivables related to physical and legal persons other than receivables related to public institutions (from acc.461+from acc.471+from acc.473)	82	349	57,917
Interest to receive (acc.5187), of which:	83		
- from non-residents	84	0	0
Short-term investments, in gross amounts (acc.501+505+506+ from acc.508)(row86 to92), of which:	85	0	0
-listed shares issued by residents	86	0	0
-shares not listed issued by residents	87	0	0
-social parts issued by residents	88	0	0
-securities issued by residents	89	0	0
-shares issued by resident collective issuers (SIFs included)	90	0	0
-shares issued by non-residents	91	0	0
-securities issued by non-residents	92	0	0
Other amounts to receive (acc.5113+5114)	93	0	0
Cash in Ron and foreign currency (row 95 +96), of which:	94	9,094	816
-in Ron(acc.5311)	95	9,094	816
-in foreign currency (acc.5314)	96	0	0
Current bank accounts in Ron and foreign currency (row 98 +100), of which:	97	39,439,086	408,195
-in Ron (acc.5121), of which:	98	37,190,909	82,237
-current accounts opened at non-resident banks	99	0	0
-in foreign currency (acc.5124), of which:	100	2,248,177	325,958
-current accounts in foreign currency opened at non-resident banks	101	0	0
Other current accounts in banks and L/Cs (row103 +104), of which:	102	5,327	29,019
-amounts under settlement, L/Cs and other amounts to receive in Ron (acc.5112+5125+5411)	103	5,327	29,019
- amounts under settlement and L/Cs in foreign currency (acc.5125+5412)	104	0	0
Debts (row 106 +109+112+1154+118+121+124+127+130+133+136+137+140+142+143+148+149 +150+155), of which:	105	9,858,437	11,518,720
Loans from issue of bonds, in gross amounts (acc.161) (row107 +108), of which:	106	0	0
-in Ron	107	0	0
-in foreign currency	108	0	0
Interest related to loans from issue of bonds in gross amounts (acc.1681) (row 110 +111), of which:	109	0	0
-in Ron	110	0	0
-in valuta	111	0	0

INFORMATION DATA at 31.12.2011

Form 30

- Ron -

VIII. OTHER INFORMATION	Row	31.12.2010	31.12.2011
A	B	1	2
Internal bank credits on short term (acc.5191+5192+5197),(row 113 +114), of which:	112	0	0
-in Ron	113	0	0
-in foreign currency	114	0	0
Interest related to internal bank credits (from acc.5198) (row 116 +117), of which:	115	0	0
-in Ron	116	0	0
-in foreign currency	117	0	0
External bank credits on short term (acc.5193+5194+5195),(rd.119 +120), of which:	118	0	0
-in Ron	119	0	0
-in foreign currency	120	0	0
Interest related to external bank credits on short term (from acc.5198) (row 122 +123), of which:	121	0	0
-in Ron	122	0	0
-in foreign currency	123	0	0
Bank credits on long term (acc.1621 +1622+1627),(row 125 +126), of which:	124	0	0
-in Ron	125	0	0
-in foreign currency	126	0	0
Interest related to bank credits on long term (from acc.1682) (row 128 +129), of which:	127	0	0
-in Ron	128	0	0
-in foreign currency	129	0	0
External foreign credits on long term (acc.1623 +1624+1625),(row 131 +132),of which:	130	0	0
-in Ron	131	0	0
-in foreign currency	132	0	0
Interest related to external bank credits on long term (from acc.1682) (row 134 +135), of which:	133	0	0
-in Ron	134	0	0
-in foreign currency	135	0	0
Credits from state treasury (acc.1626+from acc.1682)	136	0	0
Other loans and related interest (acc.166+167+1685+1686+1687)(row 138 +139), of which:	137	0	0
-in Ron and expressed in Ron, which settlement is subject to a foreign currency rate	138	0	0
-in foreign currency	139	0	0
Commercial debts, advance payments received from customers and other similar accounts, in gross amounts (acc.401+403+404+405+408+419), of which:	140	3.025.368	5.782.716
- external commercial debts, advance payments received from foreign customers and other similar accounts, in gross amounts (from acc.401+ from acc.403+ from acc.404+ from acc.405+ from acc.408+from acc.419)	141	3.025.368	5.782.716
Debts related to manpower and similar accounts (acc.421+423+424+426+427+4281)	142	994.244	1.328.790

INFORMATION DATA at 31.12.2011

Form 30

- Ron -

VIII. OTHER INFORMATION	Row	31.12.2010	31.12.2011
A	B	1	2
Debts related to social security budget and state budget (acc.431+437+4381+441+4423+4428+444+446+447+4481) (row144 to147), of which:	143	5,491,482	3,933,910
-debts related to social security budget (acc.431+437+4381)	144	1,856,536	1,398,079
-fiscal debts related to state budget (acc.441+4423+4428+444+446)	145	3,597,897	2,510,126
-special funds –taxes and similar payments (acc.447)	146	37,049	25,705
-other debts related to state budget (acc.4481)	147	0	0
Debts of the entity in relation with affiliated entities (acc.451)	148	0	0
Amounts owed to shareholders /partners (acc.455)	149	0	0
Other debts (acc. 453+456+457+4581+462+472+473+269+509) (row151 la 154), of which:	150	347,343	473,304
-settlements related to participation interests, settlements with shareholders/ partners related to capital, settlements from operations in participation (acc.453+456+457+4581)	151	242,807	357,548
-other debts related to physical persons and legal persons other than debts related to public institutions (from acc.462+from acc.472+from acc.473)	152	104,536	115,756
-subsidies not resumed at revenues (from acc.472)	153	0	0
-payments to make for financial immobilizations and short term investments (acc.269+509)	154	0	0
Interest to pay (acc.5186)	155	0	0
Capital subscribed, paid (acc.1012) (row 157 to160), of which:	156	29,284,133	37,483,690
-listed shares	157	27,987,383	36,108,362
-shares not listed	158	0	0
-social parts	159	0	0
-capital subscribed paid by non-residents (from acc.1012)	160	1,296,750	1,375,328
Patents and licenses (from acc.205)	161	3,199,166	3,494,828
IX. INFORMATION RELATED TO EXPENSES WITH CO-OPERATING PARTNERS	Row	31.12.2010	31.12.2011
A	B	1	2
Expenses with co-operating partners (acc.621)	162	1,076,400	1,087,902

F30 checking amount: 436307589 /5969659838

STATEMENT OF IMMOBILIZED ASSETS at 31.12.2011
Form 40

- Ron -

Immobilization Elements	Row	Gross Amounts				
		Initial Balance	Increases	Reductions		Final Balance (col.5=1+2-3)
				Total	Of which, dismantling & write-off	
A	B	1	2	3	4	5
Intangible Immobilizations						
Set-up expenses & Development Expenses	01	0	605,306	605,306	X	0
Other immobilizations	02	3,488,536	439,529	0	X	3,928,065
Advance payments and intangible immobilizations in progress	03	0	0	0	X	0
TOTAL (row 01 to 03)	04	3,488,536	1,044,835	605,306	X	3,928,065
Tangible Immobilizations						
Land	05	5,907,540	20,247,311	0	X	26,154,851
Constructions	06	21,419,215	60,781	0	0	21,479,996
Technical installations and machinery	07	32,475,583	5,374,835	226,532	26,410	37,623,886
Other installations, equipment and furniture	08	328,838	0	14,315	0	314,523
Advance payments and tangible immobilizations in progress	09	3,455,182	15,731,915	5,628,424	X	13,558,673
TOTAL (row 05 to 09)	10	63,586,358	41,414,842	5,869,271	26,410	99,131,929
Financial Immobilizations	11	349,291	264,408	239,604	X	374,095
IMMOBILIZED ASSETS-TOTAL (row 04+10+11)	12	67,424,185	42,724,085	6,714,181	26,410	103,434,089

STATEMENT OF AMORTIZATION FOR IMMOBILIZED ASSETS

- Ron -

Immobilization Elements	Row	Initial Balance	Amortization during the year	Amortization related immobilizations removed from records	Amortization at year end
(col.9=6+7-8)	B	6	7	8	9
Intangible Immobilizations					
Set-up expenses and development expenses	13	0	605,306	605,306	0
Other immobilizations	14	3,007,972	287,277	0	3,295,249
TOTAL (row 13+14)	15	3,007,972	892,583	605,306	3,295,249
Tangible immobilizations					
Land	16	0	0	0	0
Constructions	17	3,564,366	2,657,554	0	6,221,920
Technical Installations and machinery	18	14,306,633	4,052,521	216,351	18,142,803
Other installations, equipment and furniture	19	328,838	0	14,315	314,523
TOTAL (row 16 to 19)	20	18,199,837	6,710,075	230,666	24,679,246
AMORTIZATIONS - TOTAL (row15+20)	21	21,207,809	7,602,658	835,972	27,974,495

STATEMENT OF ADJUSTMENTS FOR DEPRECIATION

Form 40

- Ron -

Immobilization Elements	Row	Initial Balance	Adjustments setup during the year	Adjustments resumed at revenues	Final Balance (col.13=10+11-12)
A	B	10	11	12	13
Intangible Immobilizations					
Set-up expenses and development expenses	22	0	0	0	0
Othe immobilizations	23	0	0	0	0
Advance payments and intangible immobilizations in progress	24	0	0	0	0
TOTAL (row 22 to 24)	25	0	0	0	0
Tangible immobilizations					
Land	26	0	0	0	0
Constructions	27	0	0	0	0
Technical Installations and machinery	28	0	0	0	0
Other installations, equipment and furniture	29	0	0	0	0
Advance payments and tangible immobilizations in progress	30	0	0	0	0
TOTAL (row 26 to 30)	31	0	0	0	0
Financial Immobilizations	32	0	0	0	0
ADJUSTMENTS FOR DEPRECIATION	33	0	0	0	0
-TOTAL (row 25+31+32)					

F40 checking amount: 832604254 / 5969659838

DECLARATION

in accordance with the provisions of Art.30 of Accounting Act no 82/1991 and Regulation no 1/2006 issued by the National Securities Exchange Commission

The Undersigned GRIGORE FILIP, President of the Board of Directors and General Director of S.C. AEROSTAR S.A. and DORU DAMASCHIN, Vicepresident of the Board of Directors and Financial Director of S.C. AEROSTAR S.A., in accordance with art.10, paragraph (1) of the Accounting Act no 82/1991, we assume our responsibility for the preparation of the annual Financial Statements at 31/12/2011 and confirm hereby that:

a) The accounting policies used in the preparation of the annual financial statements at 31.12.2011 are in accordance with the accounting regulations conforming with Directive IV of the European Economic Communities, approved by the OMFP (Order of Public Finance Minister) 3055/2009, with subsequent modifications.

b) The annual financial statements at 31.12.2011 provide a fair image, in conformity with the reality of the assets, obligations, of the financial position, of the profit and loss account and of the other information related to the activity performed.

c) The report of the Board of Directors for the financial year 2011 comprises a correct review of the development and performance of S.C. AEROSTAR SA, as well as a description of the main risks and uncertainties specific for the activity performed.

d) S.C. AEROSTAR S.A. Bacau carries on its activities in conditions of continuity of operations.

President of the Board of Directors and General Director,

GRIGORE FILIP

Vicepresident of the Board of Directors and Financial Director,

DORU DAMASCHIN

REPORT OF THE INDEPENDENT FINANCIAL AUDITOR

1. We have audited the annual financial statements of the company S.C.AEROSTAR S.A. of Bacau („The Company”) for the year ended 31 December 2011, containing the Balance Sheet- Form 10, the Profit & Loss Account-Form 20, Informative Data- Form 30 and the Statement of Immobilized Assets- Form 40. They are accompanied by the Statement of company capitals modifications, Statement of Cash-flows, Explanatory Notes to the annual financial statements and annexes- Report of the Board of Directors, Declaration of company’s management in accordance with the provisions of article 30 of the Accounting Act no 82/1991 and Regulations no 1/2006 issued by the National Securities Exchange Commission, the Proposal for the net profit distribution for the year 2011, as well the synthetic check balance. The annual financial statements are prepared under the responsibility of the company management. Our responsibility is to express an opinion upon these annual financial statements, as well as upon the degree of conformity of the report of the Board of Directors with the annual financial statements for the same financial period.
2. The Company’s management is responsible to prepare and present adequately these annual financial statements in accordance with the requirements of the accounting regulations in Romania, i.e. the Accounting Act no 82/1991, republished, and with the Accounting Regulations conforming with the European Directives, approved by Order no 3055/2009, and with the accounting policies described in the explanatory notes to the annual financial statements. This responsibility includes: the design, implementation and maintaining an internal control relevant for the proper preparation and presentation of the annual financial statements which should not include significant misrepresentations, due to fraud or error; the selection and application of the proper accounting policies, elaboration of reasonable accounting estimations in the circumstances given.
3. Our responsibility is, based on the audit conducted, to express an opinion upon these annual financial statements. We conducted the auditing in accordance with the Auditing Standards issued by the Chamber of Financial Auditors of Romania and with the International Auditing Standards. These standards require that we comply with the ethical requirements, to plan and conduct the audit with a view to obtain a reasonable assurance that the annual financial statements are free of significant misrepresentations.
4. An audit consists in the execution of procedures with a view to obtain the auditing evidence with reference to the amounts and information presented in the annual financial statements. The procedures selected are subject to auditor’s professional reasoning, including the assessment of the risks of significant misrepresentation of the annual financial statements due to fraud or error. In the assessment of these risks, the auditor takes into consideration the internal control relevant for the proper preparation and presentation of the annual financial statements of the Company with a view to establish the auditing procedures relevant in the circumstances given, but not in the purpose to express an opinion upon the efficiency of the Company’s internal control. An audit also includes the assessment of the adequacy level of the accounting policies which were used and the reasonable character of the accounting estimates elaborated by the management, as well as evaluating the annual financial statement presentation taken as a whole.
5. We consider that the auditing evidence which we obtained is sufficient and adequate to constitute the basis for our audit opinion.

6. In our opinion the annual financial statements offer a faithful image, under all significant aspects, of the financial position of the Company at 31 December 2011, the results of its activity, status of the company capital modifications and of the treasury cash flows for the year ended at this date, in accordance with the legal requirements- the Order of the Public Finance Ministry no 3055/2009, for the approval of the accounting regulations conforming with the European directives.
7. This report is addressed exclusively to the shareholders of the Company as a whole. Our audit was conducted with a view to be able to report to the shareholders of the Company those aspects which we have to report in a financial auditing report and in no other purposes. To the extent permitted by the law we do not accept and we do not assume any responsibility for our auditing, for this report or for the opinion formed, other than towards the Company and its shareholders as a whole.
8. The annual financial statements attached and this report are prepared exclusively with a view to their filing with the state institutions- The Ministry of Public Finance, the Trade Register Office, The National Securities Exchange Commission.
9. The annual financial statements attached are not intended to present the financial position, the results of operations and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore the annual financial statements attached are not prepared for the use by persons who do not know the accounting and legal regulations in Romania.

Report upon the conformity of the Report by the Board of Directors with the annual financial statements.

In accordance with the requirements of the National Securities Exchange Commission, we have read the report of the directors. This is attached to the annual financial statements. In the report of the directors we did not identify financial information which is significantly nonconforming with the information presented in the annual financial statements attached.

Bacau, 15.03.2012

Financial Auditor
Hușanu Monica



Contact:

AEROSTAR S.A.
9, Condorilor street
Bacău 600302, Romania
phone: +40.234.575070
fax: +40.234.572023
e-mail: aerostar@aerostar.ro
[http: www.aerostar.ro](http://www.aerostar.ro)