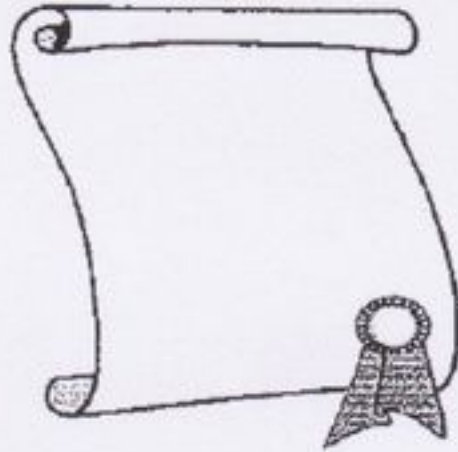


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Input No. 1412
Day 08, Month 04, Year 2011)

SC UZTEL SA PLOIESTI



S.C. AVO CONSULTING M.P.-SRL

B-dul Republicii, Nr. 329, Ploiesti

Sole registration number (CUI): 14205219 Share capital: 200 RON

Bank account: RO21RNCB0205044863130001 BCR PLOIESTI

Tel./Fax: 0244599631, Mobile: 0723251576

No.107/08.04.2011

THE INDEPENDENT AUDITOR'S REPORT
regarding the financial statements at 31.12.2010

I. FINANCIAL AUDIT REPORT/ OPINION

Introduction:

This document was drafted based on the Addendum No. 2/2010 to the Audit Contract No.164/2004.

To: **SC UZTEL SA Ploiesti, company in insolvency**

Company set-up under the national Commission of Transferrable Securities (CNVM) supervision

Registered office: Ploiesti, str. Mihai Bravu, nr.243

Registration number at Prahova Trade Registry: J29/48/1991

Sole registration number: 1352846, attribute: RO

NACE code: 2892 – Manufacture of extraction and construction equipment

Objective:

THE INDEPENDENT AUDITOR'S REPORT regarding the full set of financial statements at 31.12.2010, drafted as per the Ordinance of Ministry of Public Finance (OMFP) No. 3055/2009, regarding the Accounting Regulations, observing the Directives IV and VII of CEE, to be checked by the shareholders, Art.184 of Law No.441/2006 for modifying and completing the Law No. 31/1990.

Destination:

-Shareholders' General Assembly (AGA) of SC UZTEL SA PLOIESTI

-CNVM Bucharest

Management's responsibility for the financial statements

The management is responsible for drafting and correctly presenting the financial statements according to the International Standards for Financial Reporting (ISA200, A1-A13).

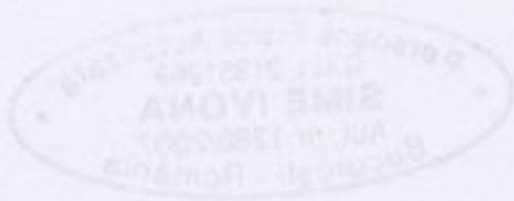
This responsibility includes:

*creating, implementing and maintaining a relevant internal control for drafting and correctly presenting the financial status, containing no significant deviations, as a result of a fraud or error;

*selecting and implementing the correct accounting policies;

For 2010, *the Entity had used, as per ISA: accounting handling method* – alternatively permitted and *main handling method*

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Persoană Fizică Autorizată
C.U.I. 21351969
SIME IVONA
Auditor
Ploiesti - Romania
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Sime Ivona

SC UZTEL SA PLOIESTI

- acquisition or production cost and, as per IAS: *linear method* for the tangible fixed assets and *FIFO method* for the stocks evaluation.

*issuing the reasonable accounting estimations for the given circumstances

Auditor's responsibility

Our responsibility is to express an opinion regarding the financial statements of 2010, based on the audit carried out by observing the International Standards of Audit and Accounting. These standards require us to observe the ethical requirements, to plan and carry out the audit for obtaining a reasonable, but not absolute, guarantee, that the financial statements do not contain significant deviations (thus, due to a fraud or error).

The auditor, through its own audit procedures, has ensured the conformity between the content of the administrators' report and the financial statements at 31.12.2010, as per Annex 32 to the CNVM's Regulation No. 1/06.04.2006, including its amendments and completions up to date.

The main references regarding the financial audit documentation:

The audit's objectives were carried out by using the correct and sufficient audit evidences for the proposed objective, related to transactions and balances.

The audit procedures were selected for evaluating the risks of the financial statements through a professional reasoning, adapted to the audited Entity.

*Our own opinion regarding the financial statements, based on our own checks and audit procedures, is centralized in the **INDEPENDENT AUDITOR'S REPORT ISA 700**.*

By following the general frame of drafting and presenting the financial statements, the user has the possibility to understand the financial status, the efficiencies and ownership equities changes, within a reference period, establishing with a reasonable precision the results of the managers' administration, including the administration method of the materials and human resources, as well as of the production outputs.

1. OVERVIEWS REGARDING THE AUDIT OF THE FINANCIAL STATUS

IDENTIFYING THE EQUITY CAPITAL

The net assets – equity capital represent the residual interest of the shareholders for the Entity's assets, after deducting all debts.

At the end of the financial year, the equity capitals were 88,912,889 RON, decreasing comparing to the last year, with 25,262,578 RON, mainly due to the financial result (loss) of 17,600,834 RON and diminishing the reserves through the accessories calculated by ANAF, of 4,186,356 RON.

NET FISCAL RESULT

The negative result of the fiscal year 2010, i.e. net loss of 17,600,834 RON, shall be subject to AGA's decision, in order to be recovered.

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Persoană Fizică Autorizată
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SIME IVONA 2
nr. 120/8987
București - Româ
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Sime Ivona

SC UZTEL SA PLOIESTI

LIABILITIES AUDIT

The total liabilities are 32,292,424 RON, with 4,861,753 RON (13%) less than in 2009, out of which the commercial liabilities are 32,180,989 RON.

For the doubtful clients in balance at 31.12.2010, of 8,347,637 RON, provisions of only 3,413,190 RON were created, under the IAS 37 level, **a negative aspect** in the accounting calculations of provisions.

DEBTS AUDIT

The total debts are 75,720,234 RON, out of which, the overdue ones are 54,053,348 RON:

*Financial debts, short term loans and leasing of 20,564,209 RON, non-reimbursable at the due date, of 1,680,000 RON.

*Suppliers debts of 18,079,545 RON, out of which, the overdue ones of 17,926,683 RON

*Fiscal debts and social insurances of 31,774,571 RON, out of which, the overdue ones 30,407,488 RON.

*Obligations to other creditors = 5,301,909 RON, including to Uztel Ploiesti Association, of 2,252,601 RON, out of which, the overdue ones are 4,039,177 RON.

Leveraged degree:

I. $Gi/2010 = \text{*Debts} > 1 \text{ year} / \text{equity capitals} * 100 = 7.62$

II. $Gi/2010 = \text{*Borrowed capital} / \text{equity capitals} * 100 = 4.52$

The general aspect regarding the debts is **evaluated as negative**, with consequences in liquidity and synchronizing the payments.

Liabilities/obligations, subunitary (38%)

*the liabilities are less than the obligations, are generating **non-synchronization in the financial liquidity and** particularly in the current liquidity.

TREASURY FLOWS AUDIT

*the treasury flow is 358,901 RON, positive, higher than in 2009.

*positive cash-flow = 199,772 RON.

2. PATRIMONY INVENTORY

The Entity's patrimony was fully inventoried in 2010.

-the inventory results were capitalized and reflected in the balance sheet at 31.12.2010 and in the inventory registry.

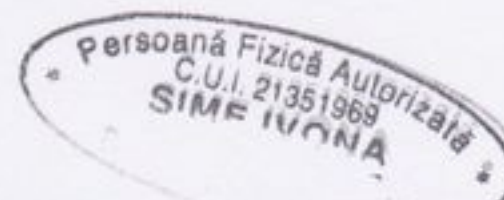
3. AFFILIATES/BONDED PARTIES – ISA 550/IAS 24 and point.275 of the OMFP No. 3055/2009

*The financial statements and its affidavits indicated that the reporting Entity had transactions with affiliates/bonded parties in 2010, in 26 cases, i.e. acquisitions of 9,854,668 RON and deliveries of 17,820,504 RON (38% from the turnover), transactions evaluated as significant.

It is important that the users of the financial statements to understand both the relationships and transactions with the affiliates; if the Entity controls or it is controlled by the other Entity, or it has an interest in such Entity; operational and financial policies.

4. CLIENT'S ACTIVITY CONTINUITY ISA 570

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Simo Stancu
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SC UZTEL SA PLOIESTI

Through the audit report, the auditor supplies correct information regarding certain negative aspects, which attracts the attention of the Board of Directors/AGA, as well as of the users, related to Entity, regarding the activity continuity principle.

The visual list of events that can raise doubts regarding the activity continuity hypothesis:

***financial aspect;**

- **the negative result** of the fiscal year, loss of 17,600,833 RON,
- **overdue payments** of 54,053,348 RON,
- **treasury flow, slightly positive**, of 199,772 RON,
- **equity capitals are lower** than last year, with 25,262,578 RON.

***management aspect;**

- loss of the important markets, due to the economic and financial crisis, competition threat, etc.

Following the events in the financial and management domains, the Entity requested Prahova Court of Law and the latest approved the debtor's application regarding "the general insolvency procedure initiation", based on Art.32, Para 1 of Law No. 85/2006, in the meeting of 06.09.2010.

AGA is the ultimate management body of the Company which takes the decisions regarding the activity continuity, as well as of the economic and commercial policy of the Company.

5. OUR OPINION: Our audit was planned and carried out for obtaining a reasonable certification regarding the financial statements, i.e. these do not contain significant deviations. The audit offers a reasonable basis for issuing our opinion.

The evaluation was based on the collected data and information, tests and evidences, their processing through own methods and professional reasoning to understand and estimate certain situations or features of the audited Entity.

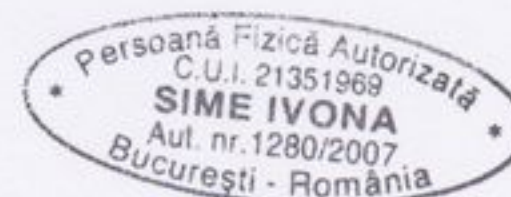
We consider that the audit evidences we obtained were sufficient and suitable to issue our audit opinion.

Audited period: 01.01.2010-31.12.2010

The level of significance threshold/B5 is of 529,074 RON.

The non-conformities found during the audit are under the threshold.

In our opinion, the financial statements present a correct image, in all significant aspects of efficiency and financial status of SC UZTEL SA Ploiesti, as submitted at 31.12.2010 in the treasury flow table, for the closing balance, according to the International Standards of Financial Reporting.



Sime Ivona

II. REPORT REGARDING OTHER LEGAL AND REGULATING ASPECTS

This paragraph indicates certain aspects that could affect the financial statements, but which do not modify the auditor's opinion:

In our opinion:

-We consider that the audit and reporting procedures can be slightly affected due to the limits in the applicability area of this activity, caused by a series of objective time and execution factors.

-**The internal audit is the management's support function, thus the carried out works ensure the consultancy but, in the same time, through specific instruments, to access the internal control system: measures, procedures, and organization and information systems, a loyal reasoning for protecting the Entity patrimony.**

The lack of **internal audit** in 2010 and in previous years, in spite of the requirements of the applicable legislation, led to no internal control activity on the entire patrimony and for all segments.

At the financial audit level, there are some reserves regarding the **lack of internal audit**, possibly existing certain risks for not detecting the factors and inherent or specific risks in the financial-accounting domain, supplying the production stocks and evaluating them.

-For the doubtful clients in balance at 31.12.2010, of 8,347,637 RON, provisions of only 3,413,190 RON were created, less than the IAS 37 level, a **negative aspect** of the accounting handling of provisions, affecting so the net result.

-Regarding **SIVECO information application**: this is not implemented and operated on an integrated level, operating improvements being necessary, conclusive and coherent.

These aspects, as well as others, can lead to human errors hard to identify.

The significant uncertainty in the activity continuity process: we could question the Company's economic and financial health status.

The Entity is responsible by correctly present the financial statements and shall not misguide a prudent and competent user.

Ploiesti
Date
08.04.2011

SC AVO CONSULTING MP SRL
Ploiesti, B-dul Republicii, nr. 329
Authorization 114/08.11.2001/Chamber of Financial
Auditors – Romania
Financial auditor: MARIA POPOVICI
Financial Auditors' Table No. 872/2001

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I, the undersigned SIME IVONA IULIANA, sworn translator, authorized by the Ministry of Culture of Romania by License no. 79/16.09.1996 for English, hereby certify the accuracy of the translation from Romanian to English, that the text submitted to me has been completely, with no omissions, and that the content and meaning of the document have not been distorted after being translated.

The document, which complete translation has been required, is entirely composed of 5 pages, has the title/name THE INDEPENDENT AUDITOR'S REPORT and it was submitted to me as a complete document.

The translation of the document presented consists of 5 pages.

SWORN TRANSLATOR,



Sime Ivona

Platit
Data
08.04.2011

SC AND CONSULTING SP SRL
Platit, 5-04 Republicii, nr. 328
Autoritatea Nationala de Reglementare a Activitatii de Auditare
Auditata - Romania
Finantata de catre: MARIA POPONICI
Finantata de catre: Tania no. 6732001

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SC AND CONSULTING SP SRL
Platit, 5-04 Republicii, nr. 328
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