

JSC “WEIDMANN-MPM” Auditors committee’s report and conclusions for 2010

To check authenticity of financial reports and to evaluate results of financial and economical activity of JSC “WIEDMANN-MPM” for 2010 it was made the analysis of financial reports of the company which were made according to the national accounting standards.

Analysis subject:

- Company balance sheet (f.#1);
- Report on financial results (f.#2);
- Cash flow report (f.#3);
- Report on equity capital (f.#4);
- Notes to financial report (f.#5).

JSC “WEIDMANN-MPM” balance (on 31.12.2010)

For 31.12.2010 JSC “WEIDMANN-MPM” balance was fixed in the next amounts:

| Asset | 2009 | 2010 |
|---|----------------|----------------|
| I. Noncurrent assets | 174 335 | 168 788 |
| Intangible assets | 241 | 216 |
| Assets under construction | 111 209 | 18 056 |
| Fixed assets | 61 705 | 150 496 |
| Long term accounts receivable | | |
| Investment buildings | 23 | 20 |
| Deferred tax assets | 1 157 | 0 |
| Other non current assets | | |
| II. Current assets | 52 452 | 60 708 |
| Inventories | 17 181 | 18 023 |
| Received bills | | |
| Trade receivables for goods, works and services | 5 980 | 14 592 |
| Trade receivables according to calculations | 20 542 | 14 927 |
| Other receivables | 130 | 143 |
| Current financial investments | | |
| Cash and cash equivalents | 7 952 | 12 574 |
| Other current assets | 667 | 449 |
| III. Future period expenses | 335 | 348 |
| IV. Assets available for sale | 171 | 0 |
| Balance | 227 293 | 229 844 |

Assets

Noncurrent assets – 168 788 TUAH.

including:

- Intangible assets – 216 TUAH;
- Assets under construction – 18 056 TUAH;
- Fixed assets (residual cost) – 150 496 TUAH;

Investment buildings – 20 TUAH.

Current assets – 60 708 TUAH.

including:

Raw material and components – 11 703 TUAH;

Work in process – 3 898 TUAH;

Finished goods – 2 422 TUAH;

Trade receivables for goods, works and services – 14 592 TUAH;

Trade receivables by calculations with the budget – 13 647 TUAH;

Trade receivables by issued advances – 1 280 TUAH;

Other current trade receivables – 143 TUAH;

Cash and cash equivalents in the national currency – 5 003 TUAH;

Cash and cash equivalents in the foreign currency – 7 571 TUAH;

Other current assets – 449 TUAH.

Future period expenses – 348 TUAH.

Assets available for sale – 0 TUAH.

Total assets – 2229 844 TUAH.

In general during 2010 the company assets increased from 227 293 up to 229 844 TUAH (+1.1%).

The amount of assets under construction decreased and amount of fixed assets increased due to the project “BM Modernization” completion.

Raw materials and components decreased by 1 899 TUAH (14.0%). Work in process and finished goods increased, accordingly, by 2 569 TUAH (193.3%) and by 172 TUAH (7.6%).

The change of sales structure (significant growing of intercompany sales), as compared with November-December, 2009, caused increase of trade receivables for goods, works and services by 13 705 TUAH (69.6 %).

Trade receivables by calculations with the budget decreased by 5 026 TUAH. The reduction was caused mainly by decrease of VAT to be returned.

The amount of cash and cash equivalents in national currency decreased by 1 510 TUAH (23.2%).

Liabilities

Shareholders equity – 108 989 TUAH.

including:

Share capital - 333 TUAH;

Additional paid in capital – 24 136 TUAH;

Capital reserves - 361 TUAH;

Retained earnings – 84 159 TUAH.

Provisions – 4 943 TUAH.

including:

Personnel payment provisions – 4 640 TUAH;

Other provisions – 303 TUAH.

Long term liabilities – 87 913 TUAH.

including:

Other long term financial liabilities – 83 566 TUAH;
 Deferred taxes – 3 278 TUAH;
 Other long term liabilities – 1 069 TUAH.

Short term liabilities – 27 999 TUAH.

including:

Current part of long term liabilities – 12 026 TUAH;
 Trade payables for goods, works and services – 3 696 TUAH;
 Advance payments from customers – 324 TUAH;
 Trade payables with the budget – 218 TUAH;
 Trade payables with non budget funds – 1 TUAH;
 Trade payables from insurance – 499 TUAH;
 Accrued salaries and wages – 896 TUAH;
 Trade payables from internal calculations – 1 146;
 Other current liabilities – 9 193 TUAH.

Total shareholders' equity and liabilities — 229 844 TUAH.

| LIABILITY | 2009 | 2010 |
|--|----------------|----------------|
| I. Shareholders' equity | 104 921 | 108 989 |
| Share capital | 333 | 333 |
| Other additional capital | 29 254 | 24 136 |
| Capital reserves | 361 | 361 |
| Retained earnings | 74 973 | 84 159 |
| II. Provisions | 5 040 | 4 943 |
| Personnel payment provisions | 4 179 | 4 640 |
| Other provisions | 861 | 303 |
| III. Long term liabilities | 66 796 | 87 913 |
| Long term bank credits | | |
| Other long term financial liabilities | 65 831 | 83 566 |
| Deferred taxes | 0 | 3 278 |
| Other long term liabilities | 965 | 1 069 |
| IV. Current liabilities | 50 536 | 27 999 |
| Short term bank credits | 3 637 | 0 |
| Current part of long term liabilities | 33 937 | 12 026 |
| Trade payables for goods, works and services | 3 861 | 3 696 |
| Current liability by calculations | | |
| received advances | 1 894 | 324 |
| budget | 281 | 218 |
| non budget payments | 0 | 1 |
| insurance | 312 | 499 |
| accrued salaries and wages | 613 | 896 |
| internal calculations | 1 734 | 1 146 |
| Other current liabilities | 4 267 | 9 193 |
| V. Future period incomes | 0 | 0 |
| Balance | 227 293 | 229 844 |

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During the year the structure of liabilities has changed: the share of long term liabilities has increased and the share of short term liabilities has reduced. Thus other long term liabilities increased by 17 735 TUAH (26.9%) and current part of long term liabilities decreased by 21 911 TUAH (64.6%).

The enterprise had no banks credits at the end of the year.

Other current liabilities increased by 4 926 TUAH (115.4%).

Report on financial results for 2010

Net sales Y2010 increased by 21.4% and made 199 430 TUAH.

Gross profit decreased as by absolute volume (-7 736 TUAH) as relative to net sales: 16.6% - Y2010 against 24.9% -Y2009.

Administrative expenses and selling expenses of the company increased by 6 818 TUAH.

Income tax is 3 271 TUAH.

Net income after taxing is 3 855 TUAH.

Conclusion

The financial statements of JSC "**WEIDMANN-MPM**" accurately and fairly represent the financial status of the enterprise as of 31.12.2011.

Head of Auditors Committee

O.Shvydun

Auditor

O.Ivanitska (Makohonenko)

11.04.2010