

Bistrita
August 12th 2010

**Teraplast obtained in the first 6m/10 solid financial results,
both to the individual and consolidated level**

- ✓ **The net turnover for H1/2010 increased by 19% compared to the same period on 2009, despite the difficult conditions existing in the installations and constructions markets;**
- ✓ **The net profit has been sustained by the efficient measures of costs management, considering that the price has been the determinant factor in the decision of buying products and Teraplast continued to invest;**
- ✓ **The investments totaled RON 8 million and were focused on the development of the Teraplast Industrial Park from Saratel (Bistrita-Nasaud County) and on the extent of the systems portfolio. The relocation program for the production units from Bistrita to Saratel was 100% finalized, in the first half of 2010;**

Florin Urîte, CEO of Teraplast: „During the first semester of 2010 we succeeded to obtain good results, despite the fact that the evolution of the construction market and economic environment has not improved. Similar to the first three months of the year, in the second quarter there were also problems for our industry because of the delays in payments for the public projects already finalized, because of the absence of bank’s financing for the private projects and due to the difficulty whereby the state’s institutions accessed the co-financing for the public projects. However, we managed to obtain a 19% turnover increase and more than that, to finalize the relocation of all production facilities from Bistrita to Saratel. The Greenfield project from Saratel was one of the main commitments took by the company towards its investors at the moment it was quoted at the Bucharest Stock Exchange, and the fact that we were able to keep our promises, despite the unfavorable economic environment, proves once again that Teraplast is a solid company. Currently, Teraplast Industrial Park from Saratel has the newest production technologies and we plan to continue its development.”

Key performance indicators, (RON, thousand)	H1/09	H1/10	▲%
EBITDA	12.467	11.771	(2)
Net profit	6.375	5.837	(8)
Net turnover	79.115	93.909	19
Investments	13.814	7.901	(43)
Average number of employees	520	521	-

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Significant events in the first half of 2009

- ✓ In **January**, The Managing Board of Teraplast, assigned Ovidiu Avram in the Executive Board of the company, as a Sales Director.
- ✓ The General Meeting of Shareholders decided in **January** to carry out a new share buy-back program. According to this program Teraplast will purchase 4.5 million shares at no more than 0.72 lei/share. The bought shares will be paid by the company's reserves, others than the legal ones, and the buy-back period will be of maximum 18 month from the moment of the General Meeting of Shareholders decision appearance in the Romanian Official Gazette.
- ✓ In **March** The Managing Board of Teraplast elected BT Securities to carry out the new share buy-back program;
- ✓ In **May**, Teraplast was accepted as a member of TEPPFA (The European Plastic Pipes and Fittings Association), being at this point the only Romanian manufacturer of plastic pipes and fittings member of this famous European association. The admission of Teraplast into TEPPFA was unanimously approved by the General Assembly of the European Plastic Pipes and Fittings Association.
- ✓ In **June**, Teraplast finalized the relocation of all the production facilities from Bistrita to the industrial park from Saratel, after investments of approximately EUR 26 million.

Outlook 2010

- ✓ For the second half of 2010 we anticipate that the raw material price (PVC, PE and PP) will continue the increase trend, at least for the first two month of the second semester, as a result of some raw materials oil based unavailability. We also anticipate that in the middle of the period will have a stabilization of the raw material sales values, which will be followed inevitably by a price decrease towards the end of the year 2010;
- ✓ For the next six month of the year we expect to have a pretty tense situation, if the state's institutions will not pay their debts towards the construction companies. As a matter of fact we already feel a decrease in demand for the infrastructure projects, generated, on one hand, by the holyday period, and on the other hand, by the construction firms circumspection towards the beginning of new projects or towards the infrastructure projects which are in progress, as a result of the cash in incertitude. So, although there are projects, the construction companies will confront with the risk of blockages, due to the absence of liquidities.

- ✓ Teraplast still counts especially on the sewage and water supply infrastructure sector and on its partners and vendors, while in the residential and nonresidential segment we anticipate a similar evolution as in the first six month of 2010.

Teraplast SA – Financial Results obtain individually, in H1/10

Profit and loss account, in RON thousand	H1/09	H1/10	▲ %
Net turnover	79.131	93.909	19
<i>Change in inventory – Credit balance</i>	4.650	4.870	5
<i>Own work capitalized</i>	1.283	1.200	(6)
<i>Other operating revenues</i>	1.842	536	(71)
TOTAL operating revenues	86.907	100.515	16
<i>Raw materials and consumables expenses</i>	40.354	51.547	28
<i>Other materials expenses</i>	642	392	(39)
<i>Utilities expenses</i>	2.823	2.807	(1)
<i>Expenses with goods</i>	10.463	14.793	41
Personnel expenses	11.320	11.790	4
<i>Adjustments on the value of assets</i>	4.771	5.970	25
<i>Revenues from adjustments on fixed assets</i>	-	(1.089)	-
<i>Other operating expenses</i>	9.248	8.504	(8)
TOTAL operating expenses	79.620	94.714	19
<i>Operating profit</i>	7.286	5.801	(20)
<i>Financial result</i>	64	260	306
<i>Gross profit</i>	7.350	6.060	(17)
<i>Tax on profit</i>	974	223	(77)
Net profit	6.376	5.837	(8)

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The company's **net turnover** increased in the first half of 2010 by 19%, compared to the same period of last year, as a result of the increase in the sold volumes, on one hand, and on the other hand, as a result of the sales price increment.

Teraplast's **net profit** was at 92% of the value obtained in the same period of the previous year, influenced by the increase of the depreciation expenses related to the investments that became operational during 2009 and that couldn't be use at their full capacity due to the current economic conditions, marked by the lack of liquidity.

Moreover, this indicator was influenced by the strong pressure on the selling prices, so the price increase for the raw materials couldn't be entirely included in the final price.

Teraplast SA - Balance sheet 6m/10

Balance sheet, in RON thousand	H1/09	H1/10
ASSETS		
A. TOTAL noncurrent assets	141.119	153.959
<i>I. Intangible assets</i>	1.622	1.907
<i>II. Tangible assets</i>	130.130	142.573
<i>III. Financial assets</i>	9.368	9.479
B. TOTAL current assets - TOTAL	94.141	110.120
<i>I. Inventories</i>	38.225	35.847
<i>II. Receivable</i>	52.626	71.815
<i>III. Short term investments</i>	202	732
<i>IV. Cash and bank accounts</i>	3.088	1.726
<i>C. Prepayments</i>	264	1.764
TOTAL ASSETS	235.524	265.843
SHAREHOLDERS EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>	143.984	149.340
<i>Payables in more than one year</i>	19.840	14.798
<i>Provisions</i>	2.443	2.783
TOTAL current liabilities - of which:	69.358	98.922
<i>Interests bearing liabilities</i>	22.896	45.255
<i>Trading liabilities</i>	40.692	45.973
<i>Other liabilities</i>	5.770	7.694
TOTAL SHARE CAPITALS AND LIABILITIES	235.625	265.843

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The noncurrent assets for 6M/10 registered a rise of 9% compared to the level registered in the same period of 2009, as a result of the investments made during this period.

Teraplast's **investments** in the first half of the year had the value of approximately RON 8 million and they were focused towards the relocation and the technological development from the Industrial Park of Saratel. In the first six month of 2010, Teraplast finalized the relocation of all the production facilities from Bistrita to the industrial park from Saratel, the total investments made by the company, from the moment when the production plants construction began (2007), until the moment the relocation was finished, having a value of over EUR 26 million.

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

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

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

Most of these production facilities were relocated from Bistrita, excepting corrugated pipes, PE manholes and tanks, which are new products developed by Teraplast after a careful analysis of the global expansion directions and the needs to complete the external sewage system. Furthermore, relocating to Saratel allowed and will also allow in the future the expansion of the production facilities and cost savings by approximately 3%.

Besides the production facilities, at Saratel there are over 44.000 square meters of warehouses, a logistic center with warehouse management implemented, which coordinates all the transportation activities, and a research and development center. The rest of the land from Saratel, namely an area of 85.500 square meters is used for infrastructure, administrative buildings and future development of production capacities.

The inventories registered a decrease of 6% in the first semester of 2010 on year to year bases, up to the value of RON 36 million, as a result of the increase in the sold volumes.

The company's receivables have grown by 36%, as a consequence of the contract term of payments expansion, but also as a consequence of the lack of liquidities on the market, in the context of a difficult allocation from the state budget of the financing for the public projects.

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

The company's long-term debts have registered a decrease of 25% compared to the same period of 2009.

Teraplast Group – financial consolidated results 6m/10

Profit and loss account, in RON thousand	H1/09	H1/10	▲%
Net turnover	101.793	120.228	18
<i>Change in inventory – Credit balance</i>	5.752	4.848	(16)
<i>Own work capitalized</i>	1.405	1.373	(2)
<i>Other operating revenues</i>	1.957	891	(54)
TOTAL operating revenues	110.907	127.340	15
<i>Raw materials and consumables expenses</i>	58.789	73.340	25
<i>Other materials expenses</i>	709	471	(34)
<i>Utilities expenses</i>	3.151	3.224	2
<i>Expenses with goods</i>	9.896	13.382	35
Personnel expenses	13.133	13.670	4
<i>Adjustments on the value of assets</i>	5.615	5.954	6
<i>Other operating expenses</i>	10.880	10.362	(5)
TOTAL operating expenses	102.173	120.403	18
<i>Operating profit</i>	8.734	6.937	(21)
<i>Financial result</i>	-423	(267)	158
<i>Gross profit</i>	8.311	6.670	(20)
<i>Tax on profit</i>	1.101	250	(77)
Net profit	7.210	6.420	(11)

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The **net turnover** of Teraplast Group increased by 18% in the first half of 2010, up to the value of RON 120,2 million, despite the difficult economic context. The market blocking on the real estate and infrastructure sectors was still the main problem for the businesses which Teraplast Group is doing.

The **consolidated operating expenses** increased by 18% in the H1/10, mainly as a result of the increase of the raw materials and goods expenses. In the same period the **operating revenues** have grown by 15%.

The **net profit** of the Group Teraplast has diminished by 11%, down to the value of RON 6,4 million lei, the factors which contributed to this reduction were, just like in the case of the mother-company, the growth of several groups of expenses in a proportion higher than the growth of revenues, as well as the fall of demand on the construction market.

Detalii Teraplast:

The company Teraplast is part of the Teraplast Group Bistrița, which includes besides Teraplast its subsidiaries Plastsistem and Politub. The subsidiary Plastsistem produces sandwich panels and metallic structures for commercial and industrial constructions and Politub produces polyethylene pipes for gas and water networks.

Teraplast is one of the leading suppliers of solutions and systems for the constructions, installations and furnishing fields in Romania, being at this point **the leader of the PVC pipes local market, with a market share of 42%**. The products portfolio of Teraplast covers the all range of installations (less the heating and the ventilation ones), which allows Teraplast to sell complete systems of solutions. Teraplast's products are structured on nine systems, as followed: water supply system, exterior sewage system, interior sewage system, interior decoration and furnishing system, window PVC profiles system, PVC granules, terracotta tiles system, electric system and TeraGlass system (PVC and aluminum windows and doors).

Starting from July 2nd 2008 the company Teraplast is listed at The Bucharest Stock Exchange under the symbol TRP, and from 2009 the company has been included in the composition of the indexes BET-C and BET-XT. The company's main shareholders at the reference date June 30th 2010 are Dorel Goia (34,27%), SIF Banat-Crisana (10,48%) si Emanoil Viciu (10,15%).

Contact details:**Anca Rif**

Communication & investor relations manager

Tel: +40-752-101.639

Email: anca.rif@teraplast.ro

Web: www.teraplast.ro