

Independent Auditor's Report
as at 31. 12. 2012

to the Shareholders of
OMNIPOL a.s.

Issued 21 May 2013



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Olbrachtova 1980/5
Praha 4
140 00
Czech Republic

Company audited: **OMNIPOL a.s.**
Nekázanka 11, č.p. 880
Praha 1

Identification Number: 250 63 138

Legal form: Joint-stock Company

Report Recipients: To the Shareholders

Relevant Period: From 1. 1. 2012 to 31. 12. 2012

Audit was performed by:

Auditing Company: BDO Audit s. r. o., Certificate No. 018
Olbrachtova 1980/5
Praha 4

Auditors: Eva Knyplová, Certificate No. 1521
Vlastimil Hokr, Certificate No. 0165
Yvona Pavlovská - Fialová, Certificate No. 1700

Auditor Assistants: Antonín Pešek
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Radka Švecová
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Copy No. 12: BDO Audit s. r. o.



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Olbrachtova 1980/5
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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of OMNIPOL a.s.

We have audited the accompanying financial statements of OMNIPOL a.s., based in Nekázanka 11, č.p. 880, Praha 1, identification number 250 63 138, which comprise the balance sheet as of 31. 12. 2012, and the income statement for the period from 1. 1. 2012 to 31. 12. 2012, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body of OMNIPOL a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting regulations and for such internal control as statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those laws and regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of OMNIPOL a.s. as of 31. 12. 2012, and of its financial performance for the period from 1. 1. 2012 to 31. 12. 2012 in accordance with Czech accounting regulations.

Report on the Audit of the Annual Report


We have audited the annual report of OMNIPOL a.s. for consistency with the financial statements for the period ended 31. 12. 2012 which are included in this Annual Report. The correctness of the annual report is the responsibility of OMNIPOL a.s.'s statutory body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report of OMNIPOL a.s. for the period ended 31. 12. 2012 is consistent, in all material respects, with the financial statements referred to above.

Prague, 21 May 2013

BDO Audit s. r. o., Certificate No. 018
Represented by partners:



Eva Knyplová
Certificate No. 1521



Vlastimil Hokr
Certificate No. 0071

Foreword

by the Chairman of the Board of Directors

Dear shareholders, dear business partners,

We took the liberty of presenting you with our Annual Report for 2011 a year ago. I would like to address you again on the occasion of the publication of OMNIPOL's Annual Report for 2012 and present important moments and information, which, in my opinion, were key factors in the activities and operation of our company in the last year.

Last year was marked with anticipation of the end of the global economic recession, but the economic boom, except for a few cases, did not occur. Problems in the Euro region and other EU member states persisted. National budgets in the countries of our traditional business partners were marked by cuts and savings. As a result of that, some major defence projects were further postponed. Despite all of this, our company successfully concluded major contracts in Asia which provide an optimistic outlook.

Also, the activities of our subsidiaries, whether in the segment of military electronic systems (ERA, Ramet, Ceska letecka servisni), ammunition and systems for fuel filling and the automotive industry (Policske strojirny) or suppliers of high-quality granite products (Kamen Hudcice), brought satisfactory results. We succeeded in increasing synergies in the group, both in the joint development of new products and joint dealings with suppliers of energies or services, namely telecommunications.

It proved very difficult to maintain the growth of our company in these conditions. We continued to seek to accomplish the unpleasantly protracted transaction relating to the delivery of transport aircraft for the Czech Army and also resolve the issue relating to the non-granting of export licences to some regions affected by instability in connection with the so-called Arab Spring. We also successfully resolved the issue which related to closed access to Polish ports.

It must be stated that a large number of transactions were properly realised and settled. Despite that, the total turnovers for 2012 were only 824.7 mil. CZK. It is fully understandable that we had to adopt spending commensurate with this decrease in turnovers. This helped us to state a profit of 18.2 mil. CZK for the relevant period.

During the entire year 2012 our company tried to successfully extend our links and sought new regions and customers. We have also been involved in equatorial Africa, are further developing cooperation with the countries of northern Africa, despite the political unrest in that region, and we have succeeded in concluding new jobs in South-east Asia. The situation in South America seems to be promising as a result of our intense work.

We successfully followed up on civil deliveries, both in export and in financing diverse projects in the Czech Republic. The company carried out several important projects in the food industry in the Russian Federation in 2012, especially in the traditional brewery field. Many Russian breweries continue preparing for the next Winter Olympic Games, which will be held in 2014. We also continue to gain from our past experience in the Russian

Federation as regards deliveries of metal-working and forming equipment and complete technological units. We want to follow the ongoing boom, which is seeing various Russian companies tending to modernise their machining equipment originating especially in the former Czechoslovakia.

In 2012 OMNIPOL maintained its activities in the Czech Republic. It is a major financing institution in renewable energy sources. These projects include both biogas and photovoltaic stations. The project for financing various technological facilities through lease transactions has successfully continued. Despite a certain decline, the lease of passenger vehicles and trucks has also continued.

The company updated the new corporate design style and modernised its website in 2012. The new version of the website is prepared so as to allow the continuous addition of technical details that can be provided solely to selected customers based on access rights.

The audit of the quality management of our services as per ISO 9002 was also carried out in 2012, just as every year. The services are the core segment of our activities. It is worth mentioning that the company has no research and development, as this is carried out in cooperation with its subsidiaries (ERA a.s., Polické strojirny a.s., CLS s.r.o., Kamen Hudcice, s.r.o. and Ramet a.s.). We strongly emphasise our adherence to the environmental regulations and principles in our activities by, for instance, reducing consumption of paper and energy, collecting batteries, etc.

The staff was principally unchanged in 2012, remaining at around 100, 2 of whom are disabled. We are the holder of a valid foreign trade permit for military materials. All documents and processes used in the company using conform to the ISO standards. The numbers of cooperating representatives did not decline in 2012, nor was any branch established abroad. I do hope that the international economic recession I mentioned earlier will soon pass, and that will help our company to fulfil the tasks assigned by its partners and shareholders.

Ing. Michal Hon

Chairman of the Board of Directors



BALANCE SHEET
AS AT 31. 12. 2012
(‘000 CZK)

Ref.	ASSETS	Gross	Current Year Adjust.	Net	Prior Year Net
	ASSETS	2 635 732	-452 835	2 182 897	2 498 105
B.	Fixed assets	1 060 415	-266 962	793 453	817 938
B.I.	Intangible fixed assets	8 075	-8 013	62	184
	3. Software	8 012	-7 988	24	135
	4. Valuable rights	63	-25	38	49
B.II.	Tangible fixed assets	438 476	-258 949	179 527	217 671
	1. Land	33 815	0	33 815	33 815
	2. Buildings	6 969	-1 754	5 215	5 448
	3. Machines, tools and equipment, transportation means, furniture and office equipment	391 882	-257 195	134 687	171 603
	7. Tangible assets in the course of construction	5 810	0	5 810	3 992
	8. Advance payments for tangible fixed assets	0	0	0	2 813
B.III.	Long-term financial assets	613 864	0	613 864	600 083
	1. Shares and ownership interests in controlled entities over which dominant influence is exercised	613 864	0	613 864	524 383
	2. Shares and ownership interests in accounting units over which significant influence is exercised	0	0	0	69 700
	6. Long-term investments in progress	0	0	0	6 000
C.	Current assets	1 561 073	-185 873	1 375 200	1 662 217
C.I.	Inventory	201 265	-10 877	190 388	166 267
	1. Raw materials	180	0	180	193
	5. Merchandise inventory	201 085	-10 877	190 208	166 074
C.II.	Long-term receivables	250 744	0	250 744	424 665
	1. Trade receivables	62 866	0	62 866	86 706
	7. Other receivables	187 878	0	187 878	337 959
C.III.	Short-term receivables	1 027 503	-174 996	852 507	954 793
	1. Trade receivables	502 787	-174 996	327 791	434 831
	6. Due from state - tax receivables	4 529	0	4 529	246
	7. Short-term advance payments	219 709	0	219 709	227 898
	8. Contingencies and estimated items	7	0	7	0
	9. Other receivables	300 471	0	300 471	291 818
C.IV.	Short-term financial assets	81 561	0	81 561	116 492
	1. Cash in hand	770	0	770	438
	2. Bank accounts	74 350	0	74 350	109 314
	3. Short-term securities and ownership interests	6 441	0	6 441	6 740
D.I.	Accruals	14 244	0	14 244	17 950
	1. Prepaid expenses	12 959	0	12 959	17 752
	3. Deferred cash receipts	1 285	0	1 285	198

OMNIPOL a.s., ID No. 250 63 138
BALANCE SHEET AS AT 31. 12. 2012

Ref.	LIABILITIES	Current Year	Prior Year
	TOTAL LIABILITIES	2 182 897	2 498 105
A.	Equity	574 172	571 187
A.I.	Registered capital	201 000	201 000
	1. Registered capital	201 000	201 000
A.II.	Capital contributions	277 521	277 741
	2. Other capital contributions	276 899	276 899
	3. Gains or losses from revaluation of assets and liabilities	622	842
A.III.	Reserve funds, statutory reserve account for cooperatives and other retained earnings	22 184	21 193
	1. Legal reserve fund/Non-distributable reserves	22 184	21 193
A.IV.	Profit/Loss - previous year	55 261	51 415
	1. Retained profits from previous years	55 261	51 415
A.V.	Profit/Loss - current year	18 206	19 838
B.	Other sources	1 533 330	1 801 457
B.I.	Provisions	106 646	116 504
	4. Other provisions	106 646	116 504
B.II.	Long-term payables	44 198	78 086
	9. Other payables	44 198	78 086
B.III.	Short-term payables	589 741	566 773
	1. Trade payables	203 908	232 612
	4. Payables to owners and participants in an association	29 750	18 948
	5. Payables to employees	4 021	3 913
	6. Payables to social security and health insurance	4 414	2 586
	7. Due to state - taxes and subsidies	2 656	16 608
	8. Advances received	152 118	72 205
	9. Bonds issued	168 438	0
	10. Contingencies and estimated items	14 436	40 940
	11. Other payables	10 000	178 961

Ref.	LIABILITIES	Current Year	Prior Year
B.IV.	Bank loans and overdrafts	792 745	1 040 094
1.	Long-term bank loans	309 863	456 778
2.	Short-term bank loans and overdrafts	482 882	569 942
3.	Other short-term borrowings	0	13 374
C.I.	Accruals	75 395	125 461
1.	Accrued expenses	2 527	4 829
2.	Unearned revenue	72 868	120 632

Date: 17 May 2013

Signature:

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31. 12. 2012
('000 CZK)

Ref.	Period		
	Current	Prior	
I.	Revenues from sold goods	391 028	455 126
A.	Cost of goods sold	329 026	376 339
+	Sale margin	62 002	78 787
II.	Production	205 394	229 120
1.	Manufactured goods and services revenue	205 394	229 120
B.	Production consumption	167 471	218 004
1.	Raw materials and consumption	8 094	8 875
2.	Services	159 377	209 129
+	Added value	99 925	89 903
C.	Personnel expenses	91 689	78 363
1.	Wages and salaries	66 985	51 833
2.	Remuneration of board members	5 160	5 160
3.	Social security expenses and health insurance	18 653	20 446
4.	Other social expenses	891	924
D.	Taxes and fees	7 426	1 006
E.	Depreciation tangible fixed assets and amortization of intangible fixed assets	60 925	86 155
III.	Revenues from disposals of fixed assets and sold material	4 022	241 640
1.	Revenues from disposals of fixed assets	4 021	241 639
2.	Revenues from sold material	1	1
F.	Net book value of fixed assets and sold material	4 529	113 736
1.	Net book value of fixed assets sold	4 527	113 734
2.	Net book value of sold material	2	2
G.	Additions to/reductions in reserves and adjustments relating to operation expenses and complex deferred expenses	-34 942	30 388
IV.	Other operating revenues	31 296	23 785
H.	Other operating expenses	62 025	62 805
*	Operating profit/loss	-56 409	-17 125
VII.	Revenues from long-term investments	5 671	1 870
1.	Revenues from ownership interests in controlled entities over which dominant influence is exercised and revenues from accounting units over which a substantial influence is exercised	5 671	1 870
L.	Loss from revaluation of securities and derivatives	997	2 333
X.	Interest revenues	33 184	43 419
N.	Interest expenses	51 494	48 806
XI.	Other financial revenues	151 774	176 719
O.	Other financial expenses	62 250	102 101
*	Profit/loss from financial operations (transactions)	78 822	71 468
Q.	Income tax on ordinary income	4 207	34 505
1.	- due	4 207	35 127
2.	- deferred	0	-622
**	Operating profit/loss ordinary activity	18 206	19 838

Ref.	Period	
	Current	Prior
*** Profit/loss of current accounting period (+/-)	18 206	19 838
**** Profit/loss before tax (+/-)	22 413	54 343

Date: 17 May 2013

Signature:

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18.5.2013

NOTES TO THE FINANCIAL STATEMENTS FOR 2012

Business name: OMNIPOL a.s.

Legal form: Joint stock

Headquarters: Praha 1, Nekázanka 880/11, 112 21, Czech Republic

IČ (Reg.No.): 25063138

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1 GENERAL INFORMATION

1.1 Incorporation and Basic Facts about the Company

Name of the accounting entity: OMNIPOL a.s.

Legal form: Joint stock company

Date of incorporation: 08 July 1996

Headquarters: Někázanka 880/11

Praha 1

112 21

Czech Republic

IČ (Reg. No.): 25063138

Core registered activities:

- Foreign trade in military material to an extent as set forth in a permit issued in compliance with Act 38/1994 Coll.
Entered on 15 April 2004
- Destruction, disabling, purchase and sale of explosives
Entered on 04 November 2009
- Purchase, sale and transport of security material
Entered on 04 November 2009
- Production, trade and services other than those listed in Annex 1–3 to the Trades Licensing Act
Entered on 04 November 2009
- Development, production, repair, modification, transport, purchase, sale, hire, storage, disabling and destruction of weaponry and ammunition
Entered on 04 November 2009

Registered capital: 201 000 th. CZK

1.2 Key Owners of the Company

Physical and legal entities with a share exceeding 20% in the company's registered capital:

	Name or business name	Share, in %	
		2012	2011
1.	Martin Háva	29	29
2.	Petr Háva	29	29

1.3 Changes and Amendments to the Company's Entry in the Commercial Register in the Previous Accounting Period

The following changes were made to the company's entry in the Commercial Register in the previous accounting period:

Members of the Board of Directors:

- On 17 September 2012 Ing. Jaroslav Trávníček was deleted as a Member of the Board of Supervisors.
- On 17 September 2012 Ing. Jaroslav Trávníček was re-entered as a Member of the Board of Supervisors, effective as of 01 January 2009. This was related to the change of permanent address.

Shares:

- 100 primary registered shares in paper form with the par value of 2 010 th. CZK

1.4 Organisational Chart of the Company

As of 31/12/2012 the company's organisation comprised three sections: Sales, Finance and the Managing Director. The company has no branch abroad.

No changes in the organisational chart occurred in the accounting period.

1.5 Board of Directors, Board of Supervisors

As of 31/12/2012 the board of directors and board of supervisors were as follows:

Board of directors

Chairman:	Ing. Michal Hon
Members:	Ing. Jiří Řezáč
	Ing. Milan Faltus
	Ing. Milan Jurek
	Ing. Jaroslav Trávníček

Board of supervisors

Chairman:	Ing. Pavel Roubal
Members:	Ing. Jozef Piga
	Vratislav Ondráček

2 ACCOUNTING METHODS, GENERAL ACCOUNTING POLICIES AND VALUATION METHODS

The company's accounting records have been kept, and the financial statements prepared, in compliance with Act 563/1991 Coll. – the Accounting Act as subsequently amended, Decree 500/2002 Coll. which implements some provisions of Act 563/1991 Coll., as subsequently amended, as applicable to accounting entities which use double-entry bookkeeping, and the Czech Accounting Standards for Businesses.

The accounting system adopts general accounting policies, especially the historical costs basis, accrual accounting, the principle of prudence and the going concern assumption.

2.1 Valuation methods, Depreciation Methods and Provisions

2.1.1 Valuation methods, Depreciation Methods and Provisions

Valuation

Intangible assets whose value exceeds 60 th. CZK per single item and whose useful life exceeds one year are deemed to be intangible fixed assets, respecting the materiality principle and true and fair presentation of the assets. Intangible fixed assets are stated at acquisition cost which comprises the purchase price and costs related to the acquisition. Intangible assets which are not classified as fixed are directly expensed as services upon purchase. Assets with an acquisition cost exceeding 5 th. CZK are kept off-balance and are subject to physical verification.

Tangible assets whose valuation exceeds 40 th. CZK per single item and whose useful life exceeds one year are deemed to be tangible fixed assets, respecting the materiality principle and true and fair presentation of the assets. Tangible fixed assets are stated at acquisition cost which comprises the purchase price, costs of transportation, customs fees and other costs related to the acquisition.

Current replacement cost is applied to newly identified assets which are recognised by making a corresponding entry in the relevant accumulated depreciation account. Current replacement cost of such assets is determined on the basis of an expert appraisal.

Inventory accounting applies to tangible assets under 40 th. CZK of value, whose useful life exceeds one year and which are classified as low-value tangible assets according to the company's internal directives. These assets are kept off-balance if their acquisition cost exceeds 5 th. CZK and are then subject to physical verification.

Technical improvements of tangible fixed assets, if they exceed a total of 40 000 CZK per single item and one accounting period, increase the acquisition cost of the asset.

With intangible fixed assets, the acquisition cost is increased by the technical improvements if they exceed an amount of 40 000 CZK per the relevant asset in one transaction.

Accounting depreciation

Fixed assets are depreciated using the straight line method over the period of time stated in the table below:

Type of asset	Depreciation period, in years
Structures and buildings	30–50
Power, plant and equipment	3–10
Means of transport	3–5
Fixtures and fittings	3–10

The company has applied the method of depreciation excluding the carrying amount of assets to new means of transport since 2009.

Tax depreciation

The company follows Sect. 31 and 32a of Act 586/1992 Coll. – the Income Taxes Act as subsequently amended, in respect of tax depreciation. The company applies the straight line depreciation for the computation of income taxes.

Provisions

The company stated no provisions for tangible fixed assets as of 31/12/2012.

2.1.2 Long-term Financial Investments

Valuation

Ownership interests and securities are stated at acquisition cost as they are acquired. They are valued by applying the FIFO method upon sale or other disposal.

Long-term financial investments held by the company are designed for long-term holding and control, following the decision of the company's management.

Securities held by the company for a long period, which constitute a substantial or controlling influence in other companies, were kept at acquisition cost as of the date of the preparation of the financial statements.

Provisions

The company stated no provisions for long-term financial assets as of 31/12/2012.

2.1.3 Inventory

Valuation

Purchased inventory is stated at acquisition cost and the FIFO method is applied upon release from stock, when the first price for increase is used as the first price for disposal.

The acquisition cost of inventory comprises the purchase price and the costs related to the acquisition, especially the commission fees and transportation fees.

Provisions

The value of unusable and dead stock is adjusted to the selling price through the account of provisions which are stated in the 'Correction' column in the balance sheet. After the physical verification of inventory as of 31/12/2012, considering its further saleability, the company's management decided in previous years to create provisions for inventory which now total 10.9 mil. CZK.

2.1.4 Receivables

Valuation

Receivables are stated at their nominal amount. Receivables acquired through assignment are stated at acquisition cost.

Provisions

The value of bad debts is adjusted. The company creates statutory provisions pursuant to the Reserves Act, and in compliance with the Income Taxes Act it applied the write-off of receivables until the end of 2007 that were due prior to 31/12/1994. These receivables are no longer disclosed in the company's balance sheet after a 100% write-off and were transferred off balance. The amount of provision is determined following a check on the payments actually made as regards overdue receivables from the previous accounting period. Accounting provisions are further made depending on the age of the receivables. In the relevant accounting period the company created provisions for receivables on the grounds of their review as of 31/12/2012, depending on the age of the receivables, and on the grounds of an assessment of the risk factor and the anticipated recovery date. Furthermore, the company applied the write-off of receivables on the grounds of the results of the bankruptcy and composition procedure as per the Income Taxes Act, or the Reserves for Determining the Income Tax Base Act.

Accounting provisions for receivables totalled 5 174 th. CZK in 2012. Provisions amounting to 35 312 th. CZK were reversed.

2.1.5 Bank Loans

Valuation

Short-term and long-term bank loans are stated at their nominal value. The portion of long-term loans which is payable within one year of the date of the financial statements is deemed to be short-term. Overdrawn balance of an overdraft account, if applicable, is also stated as a short-term bank loan in the balance sheet.

2.1.6 Provisions

Provisions are established to cover the risks and anticipated losses which are known as of the date of the financial statements. In the relevant accounting period the company made no deductible provisions. Accounting provisions are made on the grounds of the assessment of each single transaction (security, guarantees, entrepreneurial risks etc.), i.e. to cover the foreseeable costs. When the reason for the provision elapses these provisions are amortised.

2.2 Conversion of Figures Denominated in Foreign Currency to CZK

Foreign exchange differences arising out of the conversion of ownership interests and securities in subsidiaries and associates were recognised through balance sheet account 414 – Valuation differences from the restatement of assets and liabilities.

For the valuation of assets and liabilities as of the moment of transaction, the company uses the daily exchange rates published by the Czech National Bank on the preceding weekday, as per Sect. 24 of the Accounting Act. The realised foreign exchange gains and losses were recognised as revenues or expenses of the current year.

As of the date of preparation of the financial statements for 2012, receivables, liabilities, ownership interests, securities and derivatives, valuable stamps and financial assets denominated in foreign currency were converted using the exchange rate published by the Czech National Bank as of 31/12/2012.

Foreign exchange differences arising out of the conversion of receivables, liabilities, bank loans, financial investments, valuable stamps and financial assistance as of the date of the financial statements were recognised as financial expenses or financial revenues.

2.3 Financial Lease with Subsequent Purchase of the Leased Asset

Lease payments as implied from the financial lease contracts, followed by the purchase of the leased asset, are recognised as expenses on the equal basis and accrued. Advances on lease payments are stated in the account of advances made and the company recognises them in accordance with the payment schedule. The higher lease prepayments were charged on account 381 – Deferred expenses, and are amortised into expenses on the equal basis once a month over the entire duration of the lease.

2.4 Taxes

Deferred tax

Deferred tax is computed applying the liability method, i.e. the deferred tax will be applied in a subsequent period and therefore the tax rate anticipated for that period in which the tax will apply is used. If the tax rate is not known, the rate applicable in the following accounting period is used. Temporary differences as a result of which the deferred tax receivable or

liability arises are considered in mutual relation, where a deferred tax liability is always recognised and a deferred tax receivable is recognised following the principle of prudence, i.e. having assessed whether it can be applicable.

Deferred tax is computed from the temporary differences between the tax and accounting base of the assets or liabilities. The following temporary differences are applicable in the company:

- Differences between the book value and the carrying amount of fixed assets (if the book value exceeds the carrying amount, a deferred tax liability arises)
- All temporary differences implied from the different accounting and tax approach to accounting items (provisions made beyond those implied by Act 593/1992 Coll., provisions for inventory, the anticipated amounts of payments received from contractual fines and liabilities relating to social and health insurance).
- Outstanding social and health insurance as of 31/01/2013.

2.5 Changes in the Valuation, Depreciation and Accounting Procedures against the Previous Accounting Period

No changes were made to the methods of valuation, depreciation and accounting procedures during the relevant accounting period.

3 SUPPLEMENTARY INFORMATION TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

All figures given in th. CZK unless otherwise stated.

3.1 Receivables from Subscription for Equity

As of 31/12/2012 the company had no receivables from the subscription for equity.

3.2 Fixed Assets

3.2.1 Intangible Fixed Assets

Acquisition cost

Intangible fixed assets	Acquisition cost			
	2011	Additions	Disposals	2012

Software	8 012	0	0	8 012
Valuable rights	63	0	0	63
Other intangible fixed assets	0	0	0	0
Intangible fixed assets under construction	0	0	0	0
Advances for intangible fixed assets	0	0	0	0
TOTAL	8 075	0	0	8 075

Carrying amount and accumulated depreciation

Intangible fixed assets	Carrying value		Accumulated depreciation	
	2012	2011	2012	2011
Software	24	135	7 988	7 877
Valuable rights	38	49	25	14
Other intangible fixed assets	0	0	0	0
Intangible fixed assets under construction	0	0	0	0
TOTAL	62	184	8 013	7 891

Material items of intangible fixed assets

Financial software with the increased acquisition cost of 6 421 th. CZK is included in the material items of intangible fixed assets.

Material increases and disposals of intangible assets

No increases and disposals of intangible assets occurred in 2012.

Depreciation of intangible fixed assets which was expensed

Depreciation of intangible fixed assets which was expensed in 2012 amounted to 121 th. CZK (in 2011: 121 th. CZK).

Provisions for intangible fixed assets

No provisions for intangible fixed assets were created.

3.2.2 Tangible Fixed Assets

Acquisition cost

Tangible fixed assets	Acquisition cost			
	2011	Increases	Disposals	2012
Land	33 815	0	0	33 815
Structures	6 969	0	0	6 969

Power, plant and equipment	418 189	28 181	54 488	391 882
Machinery and facilities	288 528	18 049	45 244	261 333
Means of transport	110 276	10 132	9 085	111 323
Fixtures and fittings	4 808	0	0	4 808
Low-value tangible fixed assets	14 577	0	159	14 418
Tangible investments in progress	3 992	33 988	32 170	5 810
Advances for tangible fixed assets	2 813	14 636	17 449	0
TOTAL	465 778	76 805	104 107	438 476

Carrying amount and accumulated depreciation

Tangible fixed assets	Carrying amount		Accumulated depreciation	
	2012	2011	2012	2011
Land	33 815	33 815	0	0
Structures	5 215	5 448	1 754	1 521
Power, plant and equipment	134 687	171 603	257 195	246 586
Machinery and facilities	94 969	120 640	166 364	167 888
Means of transport	39 535	50 585	71 788	59 691
Fixtures and fittings	183	378	4 625	4 430
Low-value tangible fixed assets	0	0	14 418	14 577
Tangible investments in progress	5 810	3 992	0	0
Advances for tangible fixed assets	0	2 813	0	0
TOTAL	179 527	217 671	258 949	248 107

Material items of tangible assets

The material items of tangible assets include means of transport and technology for financial lease.

Material increases and disposals of fixed tangible assets

The most important increases in tangible assets in the accounting period of 2012 comprised particularly movable assets, machinery and equipment for financial lease with the option to purchase, with the total input price of 27 665 th. CZK. This amount also includes an Iveco truck with a crane and wood chipping machine, with the input price of 5 900 th. CZK.

The most important disposals of tangible assets in 2012 comprised particularly disposals of tangible fixed assets on the grounds of terminated financial lease contracts, worth 52 122 th. CZK at input prices.

Depreciation of tangible fixed assets which was expensed

Depreciation of tangible fixed assets which was expensed in the accounting period amounted to 60 803 th. CZK, of which depreciation attributable to the financial lease amounted to 58 211 th. CZK. In 2011 the depreciation totalled 86 034 th. CZK.

Aggregate amount of low-value tangible assets not contained in the balance sheet

The aggregate amount of low-value tangible assets not contained in the balance sheet as of 31/12/2012 was 4 300 th. CZK (4 200 th. CZK as of 31/12/2011) at acquisition costs.

These are tangible assets with the input price below 40 th. CZK which were directly expensed when acquired and are further kept off-balance only. Assets with the acquisition cost of below 5 th. CZK are directly expensed and are not kept off-balance.

Provisions for tangible fixed assets

No provisions for tangible fixed assets were created.

Provisions for acquired assets

The company created no provisions for acquired assets.

3.2.3 Assets whose Market Value Significantly Exceeds Their Market Value

The company has no such assets.

3.2.4 Assets under Financial and Operating Lease

The company has no such assets.

3.2.5 Fixed Assets under Pledge

The company had the following tangible and intangible fixed assets under pledge (or easement, with real estate) as of 31/12/2012:

th. CZK

Asset	Attaching creditor	Type and form of pledge	Book value of the assets	Pledge amount
Industrial premises with land	LBBW Bank CZ a.s.	Pledge	34 459	160 000

3.3 Long-term Financial Investments

Acquisition cost

Long-term financial investments	Acquisition cost			2012
	2011	Increase	Disposals	
Shares in controlled entities	524 383	89 481	0	613 864
Shares in entities under substantial influence	69 700	14 000	83 700	0
Other long-term securities and interests	0	0	0	0
Loans and credits – controlling and substantial influence	0	0	0	0
Other long-term financial investments	0	0	0	0
Acquisition of long-term financial investments	6 000	0	6 000	0
Advances made on long-term financial investments	0	0	0	0
TOTAL	600 083	103 481	89 700	613 864

A 16% share in RAMET a.s. and a 30% share in RAMET s.r.o. were purchased in 2012. This resulted into a decrease in Share in entities under substantial influence, as the shares in these two companies were reclassified as Shares in controlled entities. The increase in the registered capital of Kámen Hudčice, s.r.o. was entered in the Commercial Register.

3.3.1 Shares in Controlled Entities

2012

Company name and headquarters	Acquisition cost, in th. CZK	Provision	Number of securities	Nominal amount of the security, in th. CZK	Share, in %
SLOMEX a.s., in liquidation, SR, Bratislava	8 345	0	1 000	8 345	100
Kámen Hudčice, s.r.o., Hudčice - Březnice	96 200	0	Trade share	0	100
AUTOPOL spol. s r.o., Praha	150	0	Trade share	0	100
OMNIPEX s.r.o., Praha	1 300	0	Trade share	0	100
Energo 2000 a.s., Praha	1 511	0	181	10	48.79
Česká letecká servisní a.s., Praha	24 975	0	89	10	89
Poličské strojířny a.s., Polička	141 883	0	388 673	291 505	100
ERA a.s.	255 800	0	10	1 000	100
RAMET a.s.	81 100	0	50	10	50
RAMET s.r.o.	2 600	0	Trade share	0	50
TOTAL	613 864	0			

Company name and headquarters	Equity	Net profits
RAMET s.r.o.	67 739	- 2 783
RAMET a.s.	76 689	11 979
Kámen Hudčice s.r.o., Hudčice - Březnice	11 890	- 804
AUTOPOL spol. s r.o., Praha	- 34	-59
OMNIPEX s.r.o., Praha	35	- 19
Energo 2000, a.s., Praha	1 948	- 194
Česká letecká servisní a.s., Praha	48 604	- 4 455
Poličské strojířny a.s., Polička	357 256	10 217
ERA a.s.	359 434	85 534
TOTAL	923 561	99 416

The figures were acquired from final financial statements except for RAMET a.s., RAMET s.r.o. and Energo 2000, a.s.

2011

Company name and headquarters	Acquisition cost, in th. CZK	Provision	Number of securities	Nominal amount of the security, in th. CZK	Share, in %
SLOMEX a.s., in liquidation, SR, Bratislava	8 564	0	1 000	8 564	100
Kámen Hudčice, s.r.o., Hudčice - Březnice	90 200	0	Trade share	0	100
AUTOPOL spol. s r.o., Praha	150	0	Trade share	0	100
OMNIPEX s.r.o., Praha	1 300	0	Trade share	0	100
Energo 2000 a.s., Praha	1 511	0	181	10	48.79
Česká letecká servisní a.s., Praha	24 975	0	89	10	89

Poličské strojírný a.s., Polička	141 883	0	388 673	291 505	100
ERA a.s.	255 800	0	10	1 000	100
TOTAL	524 383	0			

Company name and headquarters	Equity	Net profits
Kámen Hudčice s.r.o., Hudčice - Březnice	12 700	27
AUTOPOL spol. s r.o., Praha	25	- 63
OMNIPEX a.r.o., Praha	54	- 19
Energo 2000, a.s., Praha	2 141	- 471
Česká letecká servisní a.s., Praha	59 920	17 587
Poličské strojírný a.s., Polička	350 039	8 102
ERA a.s.	314 921	-98 880
TOTAL	739 800	-73 717

3.3.2 Shares in Accounting Entities with Substantial Influence

2011

Company name and headquarters	Acquisition cost, in th. CZK	Provision	Number of securities	Nominal amount of the security, in th. CZK	Share, in %
RAMET C.H.M. a.s., Kunovice	67 200	0	34	10	34
RAMET s.r.o., Kunovice	2 500	0	Trade share	0	20
TOTAL	69 700	0			

Company name and headquarters	Equity	Net profits
RAMET C.H.M. a.s., Kunovice	65 708	1 212
RAMET s.r.o., Kunovice	70 521	- 2 109
TOTAL	136 229	- 897

The figures were acquired from preliminary statements for 2011.

3.3.3 Other Long-term Securities and Interests

The company had no such assets as of 31/12/2012 or 31/12/2011.

3.3.4 Loans and Credits – Controlling and Substantial Influence

The company granted no loans or credits 31/12/2012 or 31/12/2011.

3.3.5 Long-term Financial Investments whose Market Value Significantly Exceeds Their Market Value

The company had no such assets as of 31/12/2012.

3.3.6 Long-term Financial Investments under Pledge

Long-term financial investments secured with pledge as of 31/12/2012 were as follows:

Asset	Attaching creditor	Nature and form of pledge
RAMET C.H.M. a.s.	PPF banka a.s.	Shares
Poličské strojímy a.s.	PPF banka a.s.	Shares
Poličské strojímy a.s.	GE Money Bank, a.s.	Shares
Poličské strojímy a.s.	COMMERZBANK AG	Shares
Poličské strojímy a.s.	Raiffeisenbank a.s.	Shares
Česká letecká servisní, a.s.	UniCredit Bank Czech Republic, a.s.	Shares
ERA a.s.	Česká spořitelna a.s.	Shares

Long-term financial investments secured with pledge as of 31/12/2011 were as follows:

Asset	Attaching creditor	Nature and form of pledge
RAMET C.H.M. a.s.	PPF banka a.s.	Shares
Poličské strojímy a.s.	PPF banka a.s.	Shares
Poličské strojímy a.s.	GE Money Bank, a.s.	Shares
Poličské strojímy a.s.	COMMERZBANK AG	Shares
Poličské strojímy a.s.	Raiffeisenbank a.s.	Shares
Česká letecká servisní, a.s.	UniCredit Bank Czech Republic, a.s.	Shares
ERA a.s.	Česká spořitelna a.s.	Shares

3.4 Inventory

Material facts relating to inventory

Provisions for inventory

Inventory	2012	Additions	Disposals	2011
Material	0	0	0	0
Work in progress and semi-finished products	0	0	0	0
Products	0	0	0	0
Livestock	0	0	0	0
Merchandise	10 877	0	0	10 877
Advances for inventory made	0	0	0	0
TOTAL	10 877	0	0	10 877

The inventory is verified each year, which involves the assessment of all possible devaluations of the inventory as related to its saleability or usability. Inventory which is, for any reason, threatened by devaluation is stated in separate sheets and an appropriate provision is proposed for each item by the verification committee. These sheets are assessed by the sales department and, after any applicable corrections have been made, are supplied to the company's management for approval. This forms the basis for the management's decision on the amount of provision. Provisions are reversed if the item is sold or disposed of for another reason.

3.5 Receivables

3.5.1 Trade Receivables

Receivables	2012		2011	
	Amount	Provision	Amount	Provision
Long-term trade receivables, total	250 744	0	424 665	0
Purchasers	62 866	0	86 706	0
Other receivables	187 878	0	337 959	0
Short-term trade receivables, total	803 258	174 996	931 784	205 134
Purchasers	502 787	174 996	639 965	205 134
Bills to collect	0	0	0	0
Receivables from discounted securities	0	0	0	0
Other receivables	300 471		291 819	0
TOTAL, gross	1 054 002	174 996	1 356 449	205 134
TOTAL, net	879 006	0	1 151 315	0

Long-term receivables relate especially to the purchase of liabilities of the following companies:

Company name	Receivable, in th. CZK	Mature in:
Mgr. Aleš Havlík	7 267	2015
Radek Koch	49 313	2018
Jan Herál	16 346	2019
Technoinvest a.s.	44 101	2019
Agroracio s.r.o.	32 474	2017
Zoologická zahrada Tábor-Větrovy, a.s.	13 959	2020

These receivables are secured with pledges on real estate or by a guarantee from third party creditors. Security with a pledge on real estate provides a significantly higher amount than the nominal value of the receivable, considering the extent of prudence, and is based on the valuation provided by renowned experts. Long-term and short-term trade receivables are ordinary and the company assumes that they will be paid within the due period.

3.5.2 Summary of Trade Receivables by Maturity

2012

Category	Before due	After due date					Total
		0 – 90 days	91 – 180 days	181 – 360 days	1 – 2 years	More than 2 years	
Short-term	52 925	14 007	5 734	7 855	7 560	414 706	502 787
Provisions	0	0	0	0	0	- 174 996	-174 996
Long-term	62 866	0	0	0	0	0	62 866
Provisions	0	0	0	0	0	0	0
TOTAL net	115 791	14 007	5 734	7 855	7 560	239 710	390 657

2011

Category	Before due	After due date					Total
		0 – 90 days	91 – 180 days	181 – 360 days	1 – 2 years	More than 2 years	
Short-term	127 732	38 799	1 059	5 838	9 371	457 166	639 965
Provisions	0	0	0	0	0	- 205 134	- 205 134
Long-term	86 706	0	0	0	0	0	86 706
Provisions	0	0	0	0	0	0	0
TOTAL net	214 438	38 799	1 059	5 838	9 371	252 032	521 537

3.5.3 Advances Made

	2012	2011
Long-term advances made	0	0
Short-term advances made	219 709	227 898
TOTAL	219 709	227 898

3.5.4 Receivables, Controlling and Substantial Influence

Short-term intragroup receivables

Short-term receivables	Company name	2012	2011
Trade receivables	OMNIPEX s.r.o.	25	11
	ENERGO 2000 a.s.	3 469	2 820
	Kámen Hudčice, s.r.o.	1 004	234
	SLOMEX a.s., in liquidation	0	0
	Autopol s.r.o.	22	22
	RAMET a.s.	23 488	23 488
	Česká letecká servisní a.s.	162	382
	ERA a.s.	38 054	22 197
	Poličské strojirny a.s.	0	0
TOTAL		28 212	49 154

Long-term intragroup receivables

The company stated no long-term intragroup receivables.

3.5.5 Due from State – Tax Receivables and Receivables from Social and Health Insurance

The company stated receivables from state amounting to 8 736 th. CZK as of the date of the financial statements. In 2011, the company stated receivables from state amounting to 246 th. CZK.

3.5.6 Estimated Accrued Revenues

Estimated accrued revenues amounted to 7 th. CZK in 2012. In 2011 they were zero.

3.5.7 Other Receivables

Other receivables in 2012 related especially to contracts of accession to a liability of:

Company name	Receivable	Maturity
Agroracio, s.r.o.	40 592	2017
ALIMPEX FOOD a.s.	5 563	2014
Ing. Radek Koch	67 098	2018
ITAL-AUTO s.r.o.	2 379	2014
Jan Herál	21 288	2019
JOFO s.r.o.	2 334	2013
Jaroslav Flíček	4 254	2017
LUCCO a.s.	5 527	2013
Mgr. Aleš Havlík	11 100	2015
ROKOSPOL a.s.	7 404	2013
TECHNOINVEST a.s.	52 501	2019
Zoologická zahrada Tábor-Větrovy, a.s.	15 439	2020

In 2011, other receivables related especially to contracts of accession to a liability of:

Company name	Receivable	Maturity
Agroracio, s.r.o.	48 710	2017
ALIMPEX FOOD a.s.	15 100	2013
František Janovský	122 817	2018
Ing. Radek Koch	84 184	2018
ITAL-AUTO s.r.o.	4 312	2014
Jan Herál	22 864	2019
JOFO s.r.o.	5 369	2013
Jiří a Věra Trčkoví	5 750	2012
Jaroslav Flíček	4 922	2017
LUCCO a.s.	7 724	2013
Mgr. Aleš Havlík	14 534	2015
ROKOSPOL a.s.	6 711	2012
TECHNOINVEST a.s.	56 685	2018

Zoologická zahrada Tábor-Větrovy, a.s.	16 540	2019
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3.5.8 Receivables under Pledge or Another Form of Security

2012

Receivable	Secured amount	Form of security
Receivables from lease	50 000	LBBW Bank CZ a.s.
Receivables	84 239	Česká spořitelna a.s.
Receivables	93 324	COMMERZBANK AG
TOTAL	227 563	

2011

Receivable	Secured amount	Form of security
Receivables from lease	50 000	LBBW Bank CZ a.s.
Receivables	1 954	ČSOB a.s.
Receivables	109 769	Česká spořitelna a.s.
Receivables	24 198	Komerční banka, a.s.
Receivables	70 856	COMMERZBANK AG
TOTAL	256 777	

3.6 Current Financial Assets

Short-term financial assets	2012	2011
Cash	770	438
Bank accounts	74 350	109 314
Short-term securities and interests	6 441	6 740
Acquisition of short-term financial assets	0	0
TOTAL	81 561	116 492

3.6.1 Short-term Securities and Interests

2012

Instrument	Issuer	Acquisition cost	Provision	Maturity
Debentures	Iraq	338 000 USD	0	15/06/2028

2011

Instrument	Issuer	Acquisition cost	Provision	Maturity
Debentures	Iraq	338 000 USD	0	15/06/2028

3.7 Accruals

Other assets	2012	2011
Deferred expenses	12 959	17 752
Deferred expenses due in more than one year	0	0
Accrued revenues	1 285	198
TOTAL	14 244	17 950

Deferred expenses primarily relate to the commissions paid for agency and are accrued.

Accrued revenues relate to interests.

3.8 Equity

3.8.1 Equity

Changes / Balances	Equity	Capital funds	Statutory reserve	Other funds from profit	Retained earnings / Accumulated losses	Profit or loss before approval	Equity, total
As of 31/12/2010	201 000	277 495	20 020	0	49 129	23 459	571 103
Appropriation of net profits for 2010	0	0	1 173	0	12 286	-13 459	0
Dividend / Share in profit	0	0	0	0	-10 000	-10 000	-20 000
Other changes	0	246	0	0	0	0	246

Net profits for 2011	0	0	0	0	0	19 838	19 838
As of 31/12/2011	201 000	277 741	21 193	0	51 415	19 838	571 187
Appropriation of net profits for 2011	0	0	991	0	13 846	-14 838	-
Dividend / Share in profit	0	0	0	0	-10 000	-5 000	-15 000
Other changes	0	-220	0	0	0	0	-220
Net profits for 2012	0	0	0	0	0	18 206	18 206
As of 31/12/2012	201 000	277 521	22 184	0	55 261	18 206	574 172

Other changes in 2012 related to the restatement of the nominal value of SLOMEX a.s. in liquidation which had been measured in EUR.

3.8.2 Registered Capital

The company's registered capital as of 31/12/2012 consisted of 100 primary registered shares in paper form. The par value is 2 010 000 CZK per share. The shares are not negotiable on the public markets.

Company's shares

Type of shares	Quantity	Par value	Unpaid	Due date
Bearer shares	100	2 010	0	-

In 2012 no changes in the registered capital occurred.

3.9 Reserves and Provisions

	Statutory reserves	Other provisions	Total
As of 31/12/2010	0	114 244	114 244
Additions	0	26 543	26 543
Usage	0	24 283	24 283
As of 31/12/2011	0	116 504	116 504
Additions	0	24 430	24 430
Usage	0	34 288	34 288
As of 31/12/2012	0	106 646	106 646

Provisions are made, on the grounds of many years of experience, from the anticipated events based on the valid contractual relationships (implying the anticipated future liabilities).

3.10 Liabilities

3.10.1 Trade Liabilities

Liabilities	2012	2011
Long-term trade liabilities, total	44 198	78 086
Suppliers	0	0
Other liabilities	44 198	78 086
Short-term trade liabilities, total	382 346	411 573
Suppliers	203 908	232 612
Bills to collect	168 438	0
Other liabilities	10 000	178 961
TRADE LIABILITIES, TOTAL	426 544	489 659

3.10.2 Summary of Trade Liabilities by Maturity

2012

Type	Before due	After due date					Total
		0 – 90 days	91 – 180 days	181 – 360 days	1–2 year	Over 2 years	
Short-term liabilities	192 446	8 584	2 878	0	0	0	203 908
Long-term liabilities	0	0	0	0	0	0	0

2011

Type	Before due	After due date					Total
		0 – 90 days	91 – 180 days	181 – 360 days	1–2 year	Over 2 years	
Short-term liabilities	215 497	15 325	1 790	0	0	0	232 612
Long-term liabilities	0	0	0	0	0	0	0

As of 31/12/2012 or 2011, the company did not state any material amounts of short-term liabilities past due.

The company stated no liabilities due in more than 5 years.

3.10.3 Liabilities – Controlling and Substantial Influence

Short-term intragroup liabilities

The company stated no material amounts of short-term intragroup liabilities, except for a liability to ERA a.s. amounting to 13 545 th. CZK.

Long-term intragroup liabilities

The company did not state any long-term intragroup liabilities.

3.10.4 Due to State – Social and Health Insurance

Liability	2012, total	Of which, due	2011, total	Of which, due
Social insurance		0	1 800	0
Health insurance		0	786	0
Social and health insurance, total	4 414	0	2 586	0
Income taxes		0	16 605	0
Value added tax		0	0	0
Other taxes		0	3	0
Due taxes, total	2 656	0	16 608	0
TOTAL	7 070	0	19 194	0

Liabilities due from social and health insurance were paid before 26 March 2013.

3.10.5 Advances Received

	2012	2011
Long-term advances received	0	0

Short-term advances received	152 118	72 205
TOTAL	152 118	72 205

The largest portion of advances received in 2012 relates to the advances from foreign purchasers for the future deliveries of goods.

3.10.6 Estimated Accrued Expenses

Estimated accrued expenses amounting to 14 436 th. CZK (40 940 th. CZK in 2011) are uninvoiced deliveries of goods and services which relate to the relevant accounting period.

3.10.7 Other Liabilities and Liabilities to Employees

Other long-term liabilities relate mostly to the assignment of a receivable of 38 033 th. CZK to Bluecom Technology Limited.

3.11 Bank Loans and Debentures

3.11.1 Bank Loans

2012

Bank	Purpose of loan	Currency	As of 31/12/2012 in the currency	As of 31/12/2012 in CZK	Interest expenses in 2012	Interest rate	Maturity
Short-term assistance							
LBBW Bank CZ a.s	Financing of operating capital	CZK	0	28 815	921	3.10	31/08/2013
Česká spořitelna a.s	Financing of current means	CZK	0	39 698	1 067	2.26	31/10/2013
GE Money Bank, a.s.	Financing of current assets	CZK	0	70 000	2 645	4.00	31/05/2013

Raiffeisenbank a.s.	Financing of current assets	CZK	0	9 970	402	3.63	31/08/2013
UniCredit Bank a.s.	Biogas station financing, Poběžovice	CZK	0	6 933	1 572	6.02	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Stonava	CZK	0	2 226	256	2.61	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Herál	CZK	0	1 067	181	2.59	31/12/2012
UniCredit Bank a.s.	Biogas station financing, Habry	CZK	0	8 012	898	5.66	31/12/2013
COMMERZBANK AG	Transaction financing, Obaly Morava	CZK	0	762	366	6.45	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Poběžovice II	CZK	0	7 186	2 173	3.00	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Křižany	CZK	0	5 225	1 769	3.50	31/12/2013
Commerzbank AG	Overdraft	CZK	0	39 374	1 067	2.24	31/12/2013
PPF banka a.s.	Financing of operating finance	CZK	0	51 405	4 615	6.33	31/12/2012
UniCredit Bank a.s.	Biogas station financing, Chrást	CZK	0	4 008	1 185	3.35	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Stonava II	CZK	0	4 740	1 097	3.00	31/12/2013
Česká spořitelna a.s.	Financing of VERA radiolocators	CZK	0	7 620	0	4.58	31/10/2013
UniCredit Bank a.s.	Financing of shares in ČLS	EUR	250	6 285	0	3.72	31/12/2013
Česká spořitelna a.s.	Financing of ERA a.s.	EUR	2 000	50 280	0	4.09	31/12/2013
PPF banka a.s.	Purchase of shares in RAMET a.s.	CZK		13 900	0	25.00	30/11/2013
Česká spořitelna a.s.	Financing of WSW Medical	CZK		6 000	40	3.84	30/09/2013
Union Bancaire Privée	Refinancing a loan from NLB InFe	EUR	500	12 570	551	6.00	31/12/2013
PPF banka a.s.	Financing of a Viet loan	CZK		54 224	0	4.89	31/12/2013
PPF banka a.s.	Financing of a Viet loan	USD	1 610	30 691	0	4.86	31/12/2013
Commerzbank AG	Refinancing a loan from KB	CZK		15 000	0	4.74	31/12/2013
Raiffeisenbank a.s.	Financing of SAFINA	EUR	274	6 891	0	2.01	15/05/2013
Long-term bank loans							
UniCredit Bank a.s.	Biogas station financing, Poběžovice	CZK	0	15 199	0	6.02	31/12/2015
UniCredit Bank a.s.	Biogas station financing, Stonava	CZK	0	4 676	0	2.61	31/12/2015
UniCredit Bank a.s.	Biogas station financing, Herál	CZK	0	4 104	0	2.59	31/06/2017
UniCredit Bank a.s.	Biogas station financing, Habry Etamex	CZK	0	3 476	0	5.66	31/05/2014
UniCredit Bank a.s.	Biogas station financing, Poběžovice II	CZK	0	27 576	0	3.00	31/12/2017
UniCredit Bank a.s.	Biogas station financing, Křižany	CZK	0	22 904	0	3.50	31/03/2018
UniCredit Bank a.s.	Biogas station financing,	CZK	0	17 756	0	3.35	31/12/2017

	Chrát						
UniCredit Bank a.s.	Biogas station financing, Stonava II.	CZK	0	22 208	0	3.00	31/03/2018
UniCredit Bank a.s.	Financing of shares in ČLS	EUR	500	12 570	0	3.72	31/12/2015
Česká spořitelna a.s.	Financing of ERA a.s.	EUR	6 000	150 840	0	4.09	31/12/2016
Union Bancaire Privée	Refinancing a loan from NLB InFc	EUR	820	20 615	0	6.00	31/09/2015
Commerzbank AG	Refinancing a loan from KB	CZK		7 939	0	4.74	31/06/2014
TOTAL		CZK		792 745	20 805		

2011

Bank	Purpose of loan	Currency	As of 31/12/2011 in the currency	As of 31/12/2011 in CZK	Interest expenses in 2011	Interest rate	Maturity
Short-term assistance							
LBBW Bank CZ a.s.	Financing of operating capital	CZK	0	29 594	972	2.70	31/08/2013
UniCredit Bank a.s.	Biogas station financing, Statek Kostelec	CZK	0	3 488	367	5.84	31/12/2013
Česká spořitelna a.s.	Financing of current assets	CZK	0	38 817	1 134	2.00	31/03/2013
GE Money Bank, a.s.	Financing of current assets	CZK	0	50 000	1 831	5.14	01/06/2013
Raiffeisenbank a.s.	Financing of current assets	CZK	0	9 981	431	3.30	29/02/2013
Komerční banka a.s.	Financial lease for transactions	CZK	0	23 979	1 028	3.50	15/11/2013
UniCredit Bank a.s.	Biogas station financing, Pobežovice	CZK	0	6 519	444	6.02	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Stonava	CZK	0	2 102	133	5.60	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Herál	CZK	0	1 005	65	5.80	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Habry	CZK	0	7 563	523	5.66	31/12/2013
COMMERZBANK AG	Transaction financing, Obaly Morava	CZK	0	8 827	849	5.09	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Pobežovice II	CZK	0	6 916	387	2.50	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Křížany	CZK	0	5 030	323	3.00	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Janovský	CZK	0	5 298	287	2.55	31/12/2013

Commerzbank AG	Overdraft	CZK	0	38 809	1 149	1.90	31/12/2013
PPF banka a.s.	Financing of operating means	CZK	0	90 446	4 531	4.00	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Chrást	CZK	0	3 845	286	2.85	31/12/2013
Česká spořitelna a.s.	Financing of current means, Alger	USD	1 282	25 571	0	2.45	21/01/2013
Commerzbank AG	VAT financing	CZK	0	9 000	201	3.49	15/03/2013
UniCredit Bank a.s.	Biogas station financing, Stonava II	CZK	0	4 565	265	2.50	31/12/2013
UniCredit Bank a.s.	Biogas station financing, Janovský II	CZK	0	4 778	246	2.35	31/12/2013
Commerzbank AG	Overdraft	CZK	0	37 311	2 232	2.95	30/03/2013
PPF banka a.s.	Financing of current means, Casa	CZK	0	65 000	1 881	2.75	31/12/2013
Česká spořitelna a.s.	VERA radiolocator financing	CZK	0	13 508	0	2.30	31/12/2013
UniCredit Bank a.s.	Financing of shares in ČLS	EUR	250	6 450	9	3.50	31/12/2013
UniCredit Bank a.s.	Lease refinancing	USD	1 000	19 940	144	2.75	09/07/2013
Česká spořitelna a.s.	ERA a.s. financing	EUR	2 000	51 600	0	3.90	31/12/2013
Long-term bank loans							
Česká spořitelna a.s.	VERA radiolocator financing	CZK	0	7 619	0	2.30	31/10/2013
UniCredit Bank a.s.	Biogas station financing, Poběžovice	CZK	0	22 132	1 508	6.02	31/12/2015
UniCredit Bank a.s.	Biogas station financing, Stonava	CZK	0	7 116	451	5.60	31/12/2015
UniCredit Bank a.s.	Biogas station financing, Herál	CZK	0	5 338	338	5.80	30/06/2017
UniCredit Bank a.s.	Biogas station financing, Habry	CZK	0	11 488	793	5.66	31/05/2014
COMMERZBANK AG	Current financing, Obaly Mor.	CZK	0	762	73	5.09	31/01/2013
UniCredit Bank a.s.	Biogas station financing, Poběžovice II	CZK	0	38 859	2 174	2.50	31/12/2017
UniCredit Bank a.s.	Biogas station financing, Křížany	CZK	0	27 992	1 796	3.00	31/03/2018
UniCredit Bank a.s.	Biogas station financing, Janovský	CZK	0	31 410	1 700	2.55	31/03/2018
UniCredit Bank a.s.	Biogas station financing, Chrást	CZK	0	21 792	1 618	2.85	31/12/2017
UniCredit Bank a.s.	Biogas station financing, Stonava II	CZK	0	26 964	1 563	2.50	31/03/2018
UniCredit Bank a.s.	Biogas station financing, Janovský II	CZK	0	29 556	1 521	2.35	30/06/2018
UniCredit Bank a.s.	Financing of shares in ČLS	EUR	750	19 350	371	3.50	31/12/2015
Česká spořitelna a.s.	ERA a.s. financing	EUR	8 000	206 400	0	3.90	31/12/2016
TOTAL			13 282	1 026 720	33 624		

Bank loan security

2012

Bank	Type of security	Coverage	Amount, in th. CZK	Security since
LBBW Bank CZ a.s.	Receivables	Loan	30 000	09/2009
PPF banka a.s.	Blank cheque	Loan	150 219	08/2008
UniCredit Bank a.s.	Assignment of receivables from contract for pledge, term deposit	Loan	176 153	11/2006
Česká spořitelna a.s.	Shares, receivables, blank cheque	Loan	254 438	03/2008
GE Money Bank, a.s.	Shares	Loan	70 000	04/2008
Raiffeisenbank a.s.	Blank cheque, receivables, shares, debentures	Loan	16 861	12/2008
Union Bancaire Privée	Attaching creditor	Loan	33 185	09/2012
COMMERZBANK AG	Blank cheque, shares, receivables, pledge, deposit	Loan	63 075	02/2009

2011

Bank	Type of security	Coverage	Amount, in th. CZK	Security since
LBBW Bank CZ a.s.	Receivables	Loan	30 000	09/2009
PPF banka a.s.	Blank cheque	Loan	185 000	08/2008
UniCredit Bank a.s.	Shares, bill of exchange, assignment of receivables from contract for pledge, term deposit	Loan	370 605	11/2006
Česká spořitelna a.s.	Shares, receivables, blank cheque	Loan	326 412	03/2008
GE Money Bank, a.s.	Shares	Loan	50 000	04/2008
Raiffeisenbank a.s.	Blank cheque, receivables, shares, debentures	Loan	10 000	12/2008
Komerční banka, a.s.	Blank cheque, receivables	Loan	23 979	06/2008
COMMERZBANK AG	Blank cheque, shares, receivables, pledge	Loan	106 800	02/2009

3.12 Aggregate Maturity of Bank Loans and Long-term Liabilities

Due in year	2013	2014	2015	2016	Subsequent years	Total
Bank loans	482 882	113 672	98 761	75 261	22 169	792 745
Debentures issued	0	0	0	0	0	0
Long-term liabilities – controlling influence	0	0	0	0	0	0
Long-term liabilities – substantial influence	0	0	0	0	0	0
Other long-term liabilities	10 000	10 000	10 000	8 033	6 165	44 198
TOTAL	492 882	123 672	108 761	83 294	28 334	836 943

3.13 Accruals

Accruals	2012	2011
Accrued expenses	2 527	829
Deferred revenues	72 868	120 632
TOTAL	75 395	125 461

Accrued expenses relate especially to purchased services which, after the change in the VAT recognition method, are recognised in these accounts.

Deferred revenues relate mostly to interests from transactions with long-term receivables.

3.14 Assets and liabilities in foreign currency in th. CZK

Items of assets and liabilities	EUR	USD	SEK	NOK	GBP	Total, in CZK
Long-term financial investments	332	0	0	0	0	8 345
Long-term receivables	0	0	0	0	0	0
Short-term receivables	881	5 364	0	0	0	124 354
Financial assets	0	338	0	0	0	6 441
Assets in foreign currency, total	1 213	5 702	0	0	0	139 140
Long-term liabilities	0	0	0	0	0	0
Short-term liabilities	7 622	259	847	0	0	199 042
Bank loans	10 344	1 610	0	0	0	290 742
Liabilities in foreign currency, total	17 966	1 869	847	0	0	489 784
Difference between assets and liabilities (open position)	- 16 753	3 833	-847	0	0	- 350 644

The company uses hedging against exchange risks with material transactions in the form of an exchange rate clause.

3.15 Deferred Tax

Deferred tax is based on the temporary differences between the tax and book value of assets and liabilities.

Deferred tax for 2012 was computed by applying the tax rate of 19% effective for 2013.

The company decided not to recognise a deferred tax receivable and not to disclose it in the balance sheet because it cannot be applied, as the company anticipates that the tax base will not be sufficient for the receivable to apply.

Differences from:	2012	2011
Carrying amount of fixed assets (carrying amount less book value)	18 370	16 326
Provisions for fixed assets	0	0
Provisions for inventory	-10 877	-10 877
Provisions beyond the scope of law	-31 994	-34 951
Liabilities from social and health insurance as of 31/01	3 310	-3 552
Receivables from contractual penalties	2 000	2 000
Tax loss applicable in subsequent periods	0	0
Computation base	-19 191	-31 054
Deferred tax liability / receivable	-4 904	-5 900

3.16 Revenues from the Sale of Goods, Products and Services

Core activities	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Revenues from the sale of goods, total	164 312	226 716	391 028	235 022	220 104	455 126
Revenues from the sale of services, total	191 565	13 829	205 394	213 389	15 731	229 120
TOTAL	355 877	240 545	596 422	448 411	235 835	684 246

Revenues from the sale of services mostly relate to revenues from hire (financial lease and hire of real estate).

4 PERSONNEL, MANAGEMENT AND STATUTORY BODIES

4.1 Personnel Expenses and Head Count

The average head count and management and personnel expenses for the accounting period of 2012 and of 2011 were as follows:

2012

	Count	Wage costs	Social and health insurance	Remuneration to board members	Other personnel expenses, total	Personnel expenses, total
Employees	94	50 913	16 740	2 400	865	70 918
Management	4	16 072	1 859	2 160	26	20 117
Board members	1	0	54	600	0	654
TOTAL	99	66 985	18 653	5 160	891	91 689

2011

	Count	Wage costs	Social and health insurance	Remuneration to board members	Other personnel expenses, total	Personnel expenses, total
Employees	98	47 483	15 408	2 400	895	66 186
Management	4	4 350	4 984	2 160	29	11 523
Board members	1	0	54	600	0	654
TOTAL	103	51 833	20 446	5 160	924	78 363

The head count is the relative average figure. The management is deemed to include the managing director, sales manager, a member of the board of supervisors and the HR manager.

Board members are deemed to include the member of the board of directors and member of the board of supervisors not employed by the company.

4.2 Loans, Credits or Other Supplies Granted

No loans, credits or other supplies were granted to the owners, board members or management in 2012 or 2011.

5 AUDIT FEES

The auditing company: BDO Audit s.r.o.

Description	2012	2011
Statutory audit	816	945
Other assurance services	0	0
Tax consultancy	0	0
Other than auditing services	0	0
TOTAL	816	945

6 MATERIAL CONTINGENCIES

6.1 Off-Balance Bills as of 31/12/2012

The company did not have any off-balance bills as of 31/12/2012.

6.2 Term contracts

The company had no open swaps or forwards as of 31/12/2012.

Summary of interest options as of 31/12/2012

Nominal amount, in th.	FOOR	CAP	Period
	Limit interest rate	Limit interest rate	
59 000	2.550 %	4.000 %	31/12/2009–29/12/2017
63 703	2.550 %	4.000 %	31/03/2010–30/03/2018
68 524	2.550 %	4.000 %	31/03/2010–31/03/2016
48 900	2.550 %	4.000 %	31/12/2010–29/12/2017

Summary of interest options as of 31/12/2011


Nominal amount, in th.	FOOR	CAP	Period
	Limit interest rate	Limit interest rate	
59 000	2.550 %	4.000 %	31/12/2009–29/12/2017
63 703	2.550 %	4.000 %	31/03/2010–30/03/2018
68 524	2.550 %	4.000 %	31/03/2010–31/03/2016
48 900	2.550 %	4.000 %	31/12/2010–29/12/2017

7 SUBSEQUENT EVENTS

No material events occurred subsequent to 01/01/2013 and prior to the preparation of the financial statements.

Prepared on: 17 May 2013

Signature of the statutory body:

A handwritten signature in blue ink, appearing to be 'Viktor Hov', is written over the text 'Signature of the statutory body:'.