

ANNUAL



2010

..... **report**

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Foreword of the General Director

Dear Business Partners, Dear Customers,

The year 2010 was a turning-point year for the group of TEDOM companies. It was characterised by a merger of important subsidiary and related firms of the TEDOM Group into one newly established successor company "TEDOM a.s." The four key activities within the framework of this company were concentrated, each of them always in a separate division. The individual divisions have their own director, their own organisational structure; they are responsible for their business. Common activities, such as financial management, human resource management, public relations, quality, facility management, etc. are managed from one centre, from the section of the Chief Executive Officer. The merger has led to further increase in effectiveness and simplification of management of the entire holding structure, which will help us very much in further growth of TEDOM that we are planning. Therefore, this merger meant finishing of the profound restructuring of the firm connected with changes in the ownership structure which we initiated already in 2007.

The year 2010 was also the year of new products, new ideas and focus of TEDOM.

As far as operation of energy sources is concerned, hot run of the so-called dispersed power generation plant system consisting of 30 cogeneration units with a total electricity output of 14 MW was launched. The meaning of the dispersed power generation plant system is to concentrate generation from a large number of sources and to offer it to the customer in a guaranteed time and quantity, naturally at a higher price.

In the field of production of cogeneration units, the company introduced, in the middle of the year, a new concept of cogeneration units "Cento" in a view of putting into production from 2011. The sale of the new generation of the Micro units with a capacity of 30 kW was fully underway.

The year 2010 was also characterised by intensive negotiations with the ČEZ Group, focused on the topic of establishment of a joint-venture for operation of decentralised power generation sources, i.e. dispersed power generation plant systems. The negotiations were successful and at the end of 2010 the company "ČEZ Energo s.r.o." was established. We invested our entire power engineering business into this company, except for renewable resource facilities which remain a part of TEDOM a.s. ČEZ invested into the newly arising company the capital resources necessary for further development of the above mentioned sources. The aim of the new company will be the building and subsequent operation of local cogeneration electricity generation sources.

Concerning the Bus Division, we were awarded an important order for the Italy-based company BredaMenarinibus. Nevertheless, we always perceive the acute shortage of orders of the TEDOM buses as a serious problem.

Concerning production of engines, we focus especially on engines for stable applications, i.e. for cogeneration units, and for railroad design of engines with the UIC IIIB emission standard. We also started to deal, in a more active way, with the sale of engines out of the holding area, for example to foreign manufacturers of cogeneration units, source generator sets, etc. The drop in the bus production area was, however, negatively reflected in the results of the Engine Division as well.

While assessing the results achieved last year, however, I consider as a very important fact especially the general development when we managed, in spite of the persisting economic crisis, to increase our turnover in comparison with 2009 and to prepare ourselves for further expansion of the TEDOM company, especially in the field of cogeneration systems.

Výčapy, 30 June 2011



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Josef Jeleček
General Director

Auditor's Report on the Annual Report of TEDOM a.s.

The independent Auditor's report to the Shareholders of TEDOM a.s.

On the basis of our audit, on 27. 4. 2011 we issued an auditor's report on the financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of TEDOM a.s., base in Výčapy, Výčapy, identification number 28466021, which comprise the balance sheet as of 31. 12. 2010, and the income statement, statement of changes in equity and cash flow statement for the period from 1. 1. 2010 to 31.12. 2010, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body of TEDOM 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 and fair presentation 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 TEDOM a.s. as of 31. 12. 2010, and of its financial performance and its cash flows for the period from 1. 1. 2010 to 31. 12. 2010 in accordance with Czech accounting regulations.

Report on review of the Related Party Transactions Report

We have reviewed the correctness of information incorporated in the report on relations between related parties of the TEDOM a.s. as at 31. 12. 2010. The management of the TEDOM a.s. is responsible for the preparation of this report. Our responsibility is to express a statement on this report on relations between related parties.

Auditor's Report on the Annual Report of TEDOM a.s.

We conducted our procedures in accordance with the International Standard on Auditing and related national application guidelines issued by Czech Republic's Chamber of Auditors. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the information in annual report, which describe matters which are subject of disclosure in financial statements are in all material aspects in compliance with related financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying report on relations between related parties of the TEDOM a.s. as at 31. 12. 2010 contains materially incorrect information.

Report on the Audit of the Annual Report

We have audited also the consistency of the annual report with the above mentioned financial statements. The management of the Company is responsible for the accuracy of this annual report. Our responsibility is to express a statement on the consistency of annual report with financial statements.

We conducted our procedures in accordance with the International Standards on Auditing and related national application guidelines issued by Czech Republic's Chamber of Auditors. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the information in annual report, which describe matters which are subject of disclosure in financial statements are in all material aspects in compliance with related financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion information in annual report is in all material aspects in compliance with the above mentioned financial statements.

Brno, 12 August 2011

BDO CA s. r. o., Certificate No. 305

Represented by partner:



Jiří Kadlec

Certificate No. 1246



Basic Economic Characteristics of TEDOM a.s.

Basic economic characteristics of TEDOM a.s. in a historical outline

Indicator	Units	1 January 2010	31 December 2010
Total assets	thou. CZK	3 618 538	3 748 999
Fixed assets	thou. CZK	2 249 948	2 621 664
Inventories	thou. CZK	697 218	576 136
Receivables	thou. CZK	363 539	308 396
Current financial assets	thou. CZK	301 757	169 407
Other assets	thou. CZK	6 076	73 396
Equity	thou. CZK	2 053 255	1 098 104
Subscribed capital	thou. CZK	20 000	20 000
Liabilities	thou. CZK	1 545 551	2 634 754
Other liabilities	thou. CZK	19 732	16 141
Total sales	thou. CZK	-	1 806 605
Profit/loss before tax	thou. CZK	-	59 773
Number of staff	persons	651	653

Auditor's Report on the Shareholders of TEDOM a.s.

The Independent Auditor's Report to the Shareholders of TEDOM s.r.o.

We have audited the accompanying financial statements of TEDOM a.s., based in Výčapy 195, identification number 28466021, which comprise the balance sheet as of 31. 12. 2010, and the income statement, statement of changes in equity and cash flow statement for the period from 1. 1. 2010 to 31. 12. 2010, and a summary of significant accounting policies and other explanatory notes.

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Auditor's Responsibility

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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 TEDOM a.s. as of 31. 12. 2010, and of its financial performance and its cash flows for the period from 1. 1. 2010 to 31. 12. 2010 in accordance with Czech accounting regulations.

Brno, 27. 4. 2011

BDO CA s. r. o., Certificate No. 305
Represented by partner:



Jiří Kadlec
Certificate No. 1246



Miroslav Hořícký
Certificate No. 0713

Financial Statement 2010 - Basic Data

Balance Sheet (in CZK-unit: 1000 CZK)

	2010	1 January 2010
TOTAL ASSETS	3 748 999	3 618 538
Fixed assets	2 621 664	2 249 948
Intangible assets	84 881	98 719
- software	2 165	3 468
- valuable rights (patents, copyrights, trademarks and brands)	82 716	95 251
Tangible fixed assets	2 104 340	2 079 418
- land	14 858	11 986
- buildings and structures	239 938	232 052
- machinery, equipment, vehicles, fixtures and fittings	279 646	292 164
- tangible fixed assets under construction	18 940	70 107
- advances for tangible fixed assets	2 557	5 200
- valuation differences to acquired assets	1 548 401	1 467 909
Financial assets	432 443	71 811
- investments in subsidiaries	51 098	42 319
- investments in associates	376 675	24 931
- other securities and shares	240	220
- other investments	4 430	4 341
Current assets	964 572	956 995
Inventories	576 136	697 218
- raw material	225 826	190 868
- work-in progress and semi-finished products	319 632	490 089
- finished products	30 021	15 590
- merchandise	375	375
- prepayments on inventories	282	296
Long-term receivables	14 762	23 568
- trade receivables	1 761	10 702
- long-term advances	-	5 293
- deferred tax receivable	13 001	7 573
Short-term receivables	293 634	339 971
- trade receivables	195 980	229 606
- receivables from controlling entities	23 985	27 601
- government-tax receivables	44 391	31 868
- short-term advances	21 203	34 284
- estimated accrued revenues	271	15 092
- other receivables	7 804	1 520
Current financial assets	169 407	301 757
- cash	1 633	1 916
- bank accounts	167 774	299 841
Prepayments and accrued income	73 396	6 076
- prepaid expenses	72 674	4 233
- accrued income	722	1 843

Financial Statement 2010 - Basic Data

Balance Sheet (in CZK-unit: 1000 CZK)

	2010	1 January 2010
TOTAL LIABILITIES AND EQUITY	3 748 999	3 618 538
Equity	1 098 104	2 053 255
Subscribed capital	20 000	20 000
- subscribed capital	20 000	20 000
Capital reserves	238 723	1 253 470
- other reserves	33 497	1 210 839
- valuation differences from revaluation of assets and liabilities	51 004	42 631
- valuation differences from revaluation on transformation	154 222	-
Reserves, indivisible reserve and other revenue reserves	4 051	4 055
- legal reserve/indivisible fund	4 000	4 000
- statutory	51	55
Retained earnings of previous years	775 557	775 730
Profit/loss of current accounting period	59 773	0
Liabilities	2 634 754	1 545 551
Provisions	47 281	49 288
- provision according to special legal regulations	0	3 699
- provision for income tax	28 000	26 688
- other provisions	19 281	18 901
Long-term liabilities	1 252 498	542 973
- other payables	49	68
- other liabilities	962 336	256 200
- deferred tax liabilities	290 113	286 705
Short-term liabilities	1163 085	639 780
- trade payables	231 614	177 010
- payables to controlled and managed organizations	18 291	-
- payables to partners, cooperative member and participant in association	352 253	67
- payables to employees	28 290	31 147
- payables to social security and health insurance	6 784	6 104
- government-tax payables and subsidies	15 064	14 392
- short-term advances received	219 653	382 013
- estimated accrued items	24 599	28 743
- other payables	266 537	304
Bank loans and borrowings	171 890	313 510
- long-term bank loans	125 725	141 195
- short-term bank loans	46 021	152 017
- other short-term borrowings	144	20 298
Accruals and deferred income	16 141	19 732
- accrued expenses	5 372	6 633
- deferred income	10 769	13 099

Financial Statement 2010 - Basic Data

Profit and loss statements (in CZK-unit: 1000 CZK)

	2010
Sales of goods	27 040
Costs of goods sold	20 826
Sale margin	6 214
Production	1 779 565
- product and service revenue	1 868 557
- increase/decrease in finished goods and in work in progress	-140 195
- capitalization	51 203
Consumption from production	1 287 054
- consumption of material and energy	940 864
- services	346 190
Value added	498 725
Staff costs	246 682
- wages and salaries	179 107
- social security and health insurance costs	60 745
- other social costs	6 830
Taxes and fees	2 166
Depreciation and amortization	173 628
Proceeds on fixed assets and material	66 956
- proceeds on sale of fixed assets	37 101
- proceeds on sale of material	29 855
Net book value of fixed assets and material sold	56 301
- net book value of fixed assets sold	35 954
- material sold	20 347
Changes in provisions and adjustments relating to operating activities and complex deferred expenses	36 530
Other operating income	104 892
Other operating expenses	35 315
PROFIT/LOSS FROM OPERATING ACTIVITIES	119 951
Securities sold	200
Revenues from investments in subsidiaries and associates	266
Cost of revaluation of securities and derivates	1 172
Change in financial reserves and adjustments	6 543
Interest income	2 277
Interest expenses	60 093
Other financial revenues	40 565
Other financial expenses	21 816
PROFIT/LOSS FROM FINANCIAL ACTIVITIES	-46 716
Income tax on ordinary activities	11 925
- due	32 251
- deferred	-20 326
PROFIT/LOSS FROM ORDINARY ACTIVITIES	61 310
Extraordinary revenues	324
Extraordinary expenses	1 861
PROFIT/LOSS FROM EXTRAORDINARY ACTIVITIES	-1 537
PROFIT/LOSS FOR THE PERIOD	59 773
PROFIT/LOSS BEFORE TAX	71 698

Financial Statement 2010 - Basic Data

CASH FLOW statements (in CZK-unit: 1000 CZK)

	2010
Cash and cash equivalents at beginning of accounting period	301 757
CASH FLOW FROM OPERATING ACTIVITIES	
Profit/loss from ordinary activities before taxation	73 235
Adjustments for non-cash transactions	275 429
- depreciation of fixed assets	173 628
- change in adjustments, provisions	44 385
- profit/loss on disposal of fixed assets	-1 212
- dividends received	-
- net interest expense (+) (except of capitalized interest) and interest income (-)	57 816
- contingent adjustments and other non-cash transactions	812
Net cash flow from operating activities before tax, changes in working capital and extraordinary items	348 664
Change in non-financial items of working capital	-35 098
- increase/decrease in trade and other receivables, including prepayments and accrued income (+/-)	-24 732
- increase/decrease in trade payables, including accruals and deferred income (+/-)	112 258
- increase/decrease in inventories	101 892
- increase/decrease in current financial assets, not belonging to cash and cash equivalents	-
Net cash flow from operating activities before taxes and extraordinary items	313 566
Interest paid, excl. capitalized interests	-23 001
Interest received (+)	2 277
Income tax on ordinary activities paid and additional assessments for past periods (including deposits and refunds)	-37 461
Extraordinary revenues and expenses which generate extraordinary trading profit including paid income tax due from extraordinary activities (+/-)	-348
Profit-sharing and dividends received	-
Net cash flow from operating activities	255 033
CASH FLOW FROM INVESTING ACTIVITIES	
Costs associated acquisition of fixed assets	-66 831
Proceeds on sales of fixed assets	37 366
Loans and borrowings to allied subjects	-
Net cash flow from investing activities	-29 465
CASH FLOW FINANCING ACTIVITIES	
Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	-357 918
Net effect of changes in equity on cash and cash equivalents, share profits or possibly legal reserve including advances paid for this increase	-
- dividends paid and profit shares including withholding tax paid relating to these demands and including settlement with partners in partnership and general partners in limited partnership	-
Net cash from financing activities	-357 918
Net increase/decrease in cash and cash equivalents	-132 350
Cash and cash equivalents at end of period	169 407

Comentary on the Consolidated Group

1. Commentary on business and production intents of the consolidated group

The main business activity of the parent company and subsidiary companies is based on operating heat-energy systems, in the sphere of operating of district heating sources and operating of energy sources on landfills.

TEDOM a.s.

- operation of the district heating source – Volyně, Jeseník, Příbor, Svitavy, Světlá nad Sázavou, Zruč nad Sázavou, Železná Ruda, Smiřice
- **operation of energy sources at the landfills** of Prague, Chvaletice, Modlany, Ostrava, Kozlany, Želeč, Vodňany, Chrást, Křovice, Holasovice, Markvartovice, Hantály, Těmice, Mutěnice, Bohumín, Dačice, Děčín

Heat output (kW)	Heat sold in 2010 (GJ)	Installed electrical output (kW)	Electricity sold in 2010 (MWh)
109 172	448 330	20 856	57 887

TEPLO IVANČICE, s.r.o.

- operation of a district heating source – Ivančice

Heat output (kW)	Heat sold in 2010 (GJ)	Installed electrical output (kW)	Electricity sold in 2010 (MWh)
11 370	62 163	954	2 659

TENERGO Brno, a.s.

- operation of district heating sources in Slovakia – Bratislava, Devínská Nová Ves, Snina, Želiezovce

Heat output (kW)	Heat sold in 2010 (GJ)	Installed electrical output (kW)	Electricity sold in 2010 (MWh)
35 861	334 356	2 020	7 058

Within the group of companies belonging to TE DOM holding, the amount of electrical energy sold in 2010 was **67 604 MWh** and the amount of heat sold was **844 849 GJ**.

All the companies aim for maintaining the profits from current projects and for ensuring other projects for a long-term stability of the firms. The most important target of business remains to increase the volume of sales and the profit in particular.

2. Evaluation of the production and economic situation of the companies of the consolidated entity, including the situation of research and development

In 2010, the parent company TE DOM a.s. operated with a turnover of 2 021 885 thou. CZK and achieved an income of 59 773 thou. CZK.

The whole group of TEDOM companies achieved an unconsolidated turnover of 2 209 364 thou. CZK and achieved an unconsolidated income of 78 704 thou. CZK.

Comentary on the Consolidated Group

2.1 Economic indicators (in thou. CZK)

Economic indicators	Total sales	Income
	2010	2010
TEDOM a.s.	1 895 597	59 773
TEPLO IVANČICE, s.r.o.	41 830	3 945
TENERGO Brno, a.s.	228 826	9 335
TEDOM AUTO Slovakia, s.r.o.	36 512	4 887
TEDOM Cogeneration Equipments (Beijing) Co., Ltd	2 643	26
TEDOM Poland sp.z.o.o.	3 956	738
Total (unconsolidated)	2 209 364	78 704

2.2 Research and development expenses

In accordance with the business plan of the parent company, we can permanently expect expenses on research and development of the amount of millions of CZK.

The activities are permanently centred on both applied and basic activities, also in collaboration with a third subject – colleges. The results surely belong to intangible assets of the parent company.

Total expenses on research and development expended in 2009:

■ TEDOM a.s.	26 093 tis. Kč
■ Total	26 093 tis. Kč

The expenses on research and development were mostly directed on development of new products and accessories, improvement of useful characteristics and parameters of the existing products, especially in the field of engines and cogeneration. One of the main objectives is formed by energy savings and reduction of pollutant emissions.

3. Data of important events which occurred after the financial statement of the companies

The company "ČEZ Energo, s.r.o.", Company Reg. No.: 290 60 109, having its registered office at Praha 8, Karolinská 661, Post Code No.: 186 00, registered in the Commercial Register administered by the Municipal Court in Prague, Section C, File no. 163691 (hereinafter referred to as "ČEZ Energo, s.r.o.") is a newly established joint-venture of TEDOM a.s., Company Reg. No.: 28466021, having its registered office at Výčapy 195, District of Třebíč, Post Code No.: 674 01 (hereinafter referred to as "TEDOM a.s.") and the ČEZ group. ČEZ Energo, s.r.o. will ensure especially installations and operation of local power generation sources.

TEDOM a.s. separated the power generation projects "KVET" (as of 1 December 2010) into the enterprise branch "TEDOM a.s. – odštěpný závod KVET I" and the enterprise branch "TEDOM a.s. – odštěpný závod KVET II".

The first phase of creation of the joint venture was characterised by the increase in registered capital of ČEZ Energo, s.r.o.. With effectiveness as of 1 January 2011, the Agreement on Investment of a Part of the Enterprise of TEDOM a.s. was concluded on 28 December 2010, within the meaning of provisions of Section 59(f) with an adequate use of provisions of Section 476 et seq. of the Act no. 513/1991 Coll., Commercial Code, as amended.

In the second phase of creation of the joint venture (the 1st half of 2011), TEDOM a.s. will split off the enterprise branch "KVET II" into ČEZ Energo, s.r.o., by way of division by splitting off of the TEDOM company, by a merger with ČEZ Energo, s.r.o. within the meaning of provisions of Section 243(d)(2) of the Act no. 125/2008 Coll., on transformations of business companies and cooperatives, as amended.

As of 31 December 2010, the liability from investment into do ČEZ Energo, s.r.o., not paid up and amounting to CZK 351,809,000 was accounted in association with incorporation of the joint venture – stated in the Balance Sheet on the lines 025 and 107. As of 1 January 2011, the Initial Balance Sheet was drawn up, taking into consideration the separation of the enterprise branch "KVET II". The separation of the enterprise branch "KVET I" will be reflected in the Balance Sheet by the paying up of the above mentioned liability resulting from the investment not paid up (the settlement of this liability will be carried out in 2011 by writing off the assets invested into ČEZ Energo, s.r.o.).

4. Expected development of companies within the consolidated group

In 2010, a merger of all key companies of the TEDOM Group was carried out, the newly incorporated TEDOM a.s. being the successor company. This means that all business activities of the existing group of the TEDOM firms are concentrated in TEDOM a.s. Within the framework of this company, individual activities were concentrated in separate divisions and are managed effectively from one centre. The aim is a more effective, more cost-efficient and more transparent business. These steps enabled arising of an economically strong company capable of investing in a long-term horizon and in a strategic way.

5. Activities in the field of the environment

TEDOM a.s. is holder of the integrated system certificate issued according to the EN ISO 14001:2004 (environmental management system) and EN ISO 9001:2008 (quality system) standards, issued by Lloyd's Register Quality Assurance.

We perceive savings of primary energy resources as one of the most important activities for maintaining the life on earth, which is an intrinsic feature of the principle of cogeneration. We use one input fuel for an effective power generation and heat production. In a maximum possible amount we use alternative fuels, such as biogas and landfill gas.

Our aim is to use the state-of-the-art technologies during production with the least possible impacts on the environment. It is not just an obligation for us, but a part of our corporate philosophy. The company perceives environmental aspects during the activities carried out with regard to their impacts. The increase in the efficiency of transformation of input energies and application of low-emission drives in transport, energy use of biogas arising in decomposition of organic waste are our main activities.

This is our contribution to the meeting of the sustainable development preconditions.

Auditor's Report on the Consolidated Financial Statement

Independent Auditor's Report to the Shareholders of TEDOM a.s.

We have audited the accompanying consolidated financial statements of TEDOM a.s., based in Výčapy 195, Výčapy, identification number 28466021, which comprise the balance sheet as of 31 December 2010, and the income statement for period from 1. 1. 2010 to 31. 12. 2010, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Consolidated Financial Statements

The Statutory Body of TEDOM a.s. is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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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 consolidated financial statements give a true and fair view of the financial position of TEDOM a.s. as of 31. 12. 2010, and of its financial performance for the period from 1. 1. 2010 to 31. 12. 2010 in accordance with Czech accounting regulations.

Brno, 12 August 2010

BDO CA s. r. o., Certificate No. 305

Represented by partner:



Jiří Kadlec

Certificate No. 1246



Consolidated Financial Statement for the Year 2010

CONSOLIDATED BALANCE SHEET (IN CZK-UNIT: 1000 CZK)

	2010
Subscription receivables (for own Equity)	-
Fixed assets	2 731 975
Intangible assets	84 881
- software	2 165
- valuable rights	82 716
- other intangible fixed assets	-
- non-finished intangible fixed assets	-
Tangible fixed assets	2 334 740
- land	15 319
- buildings, halls and structures	259 797
- machines, devices, transport means etc.	486 260
- tangible assets under construction	22 406
- advance payment for tangible fixed assets	2 557
- adjustments to acquired assets	1 548 401
Financial investments	358 002
- shares, ownership investments in enterprises	1 501
- shares, ownership invest. in enter with substantial influence	351 831
- other securities and ownership investments	240
- other financial investments	4 430
Active consolidation difference	769
Passive consolidation difference	-46 417
Securities in equivalents	-
Current assets	1 079 771
Inventory	578 345
- materials	228 035
- work in progress and semi finished products	319 632
- products	30 021
- merchandise	375
- advance payments for inventory	282
Long-term receivables	14 790
- trade receivables	1 789
- receivables to enterprises with control influence	-
- long-term advance payments	13 001
- other receivables	-
- postponed tax receivables	-
Short-term receivables	294 279
- trade receivables	215 314
- receivables in enterprises with control influence	-
- receivables in enterprises with substantial influence	-
- receivables from partners and association	-
- due to state tax receivables	46 195
- short-term advance payments	22 872
- estimated receivables	271
- other receivables	9 627
Financial assets	192 357
- cash	2 217
- bank accounts	190 140
Accruals	76 824
- deferred expenses	75 298
- accrued revenue	-
- foreign currencies exchange losses	1 526
TOTAL ASSETS	3 888 570

Consolidated Financial Statement for the Year 2010

CONSOLIDATED BALANCE SHEET (IN CZK-UNIT: 1000 CZK)

	2010
Equity	1 040 637
Registered capital	20 000
- registered capital	20 000
- capital changes	-
Capital funds	182 152
- other capital funds	33 497
- difference from revaluation of assets	-5 567
- difference from revaluation of investments	154 222
Difference from consolidation adjustments	-
Funds from net profit	4 527
- legal reserve fund	4 476
- statutory and other funds	51
Profit/loss of previous period	773 821
- profit/loss of previous years	773 821
- retained profit of previous years	-
Profit/loss of current period	60 137
Share in income (loss) in equivalence	-
Consolidation reserve fund	-
Non-own sources	2 823 764
Reserves	48 591
- reserves by special legal regulations	83
- reserve for income tax	28 970
- other reserves	19 538
Long-term payables	1 259 044
- payables - control and master subject	-
- long-term deposits received	49
- other payables	962 506
- deferred tax liability	296 489
Short-term payables	1 177 355
- trade payables	256 275
- payables to enterprises with control influence	-
- payables to enterprises with substantial influence	-
- payables to partners and association	352 549
- payables to employees	28 836
- payables to social security	7 155
- due to state-taxes and subsidies	16 154
- short-term deposits received	219 654
- estimated receivables	27 623
- other payables	269 109
Bank loans and financial accommodations	338 774
- long-term bank loans	285 850
- current bank loans	52 780
- short-term accommodations	144
Accruals	23 312
- accrued expenses	12 543
- deferred revenues	10 769
Minority equity	857
- minority fixed capital	243
- minority capital funds	132
- minority pr. funds and income (loss) of the last years	403
- minority income (loss) of the last years	79
TOTAL LIABILITIES	3 888 570

Consolidated Financial Statement for the Year 2010

PROFIT AND LOSS STATEMENTS (IN CZK-UNIT: 1000 CZK)

	2010
Revenues from merchandise	37 682
Expenses of sold goods	26 146
Sale margin	11 536
Production consumption	1 919 241
- revenues from own product and services	1 964 355
- change of inventory of own production	-140 508
- capitalisation	95 394
Consumption from production	1 377 065
- consumption of material and energy	1 018 783
- services	358 282
Added value	553 712
Personal costs	260 532
- wages and salaries	189 261
- social security expenses	63 965
- social expenses	7 306
Taxes and fees	2 310
Depreciation and amortization	203 922
Clearing of consolidation difference	2 402
Revenues from sale of fixed assets and material	65 027
- revenues on sale of fixed assets	37 143
- revenues from materials	27 884
Net book value of sold fixed assets and materials	57 669
- net book value of sold fixed assets sold	35 954
- material sold	21 715
Changes in reserves and adjustment items in operating area and complex prepaid expenses	36 767
Other operating revenues	105 053
Other operating expenses	35 522
Operating income	127 070
CONSOLIDATED OPERATING INCOME	129 472

Consolidated Financial Statement for the Year 2010

CONSOLIDATED PROFIT AND LOSS STATEMENT (IN CZK – UNIT: 1000 CZK)

	2010
Revenues from sale of securities	266
Securities sold	200
Cost of revaluation of securities and derivatives	1 172
Change in financial reserves and adjustments	6 543
Received interests	1 436
Paid interests	65 159
Other financial revenues	40 758
Other financial expenses	22 518
Income from financial operations	-53 132
CONSOLIDATION INCOME FROM FINANCIAL OPERATIONS	-53 132
Income tax on current activity	14 587
- due tax	34 826
- tax deferred	-20 239
Ordinary income	59 351
CONSOLIDATION ORDINARY INCOME	61 753
Extraordinary revenues	324
Extraordinary expenses	1 861
Extraordinary income	-1 537
CONSOLIDATION EXTRAORDINARY INCOME	-1 537
Income of current accounting period	57 814
CONSOLIDATED INCOME FOR THE ACCOUNTING PERIOD WITHOUT EQUIVALENCE	60 216
- income of current accounting period without minority	60 137
- minority income of the current accounting period	79
SHARE IN INCOME IN EQUIVALENCE	-
Income before tax	72 401
CONSOLIDATED INCOME FOR THE ACCOUNTING PERIOD	60 216

