



ANNUAL REPORT

2008



Table of Contents

1	Introduction of the Company
2	General Manager's Speech
3	Evaluation of the Business Plan
4	Balance of Assets and Economic Performance
	- Independent Auditor Report
	- Balance Sheet
	- Profit and Loss Statement
	- Notes
5.....	Human Resources
6.....	Environmental Policy



1. Introduction of the Company

ŽIAROMAT a. s. Kalinovo is a traditional manufacturer of refractory materials.

It is historically predetermined to this kind of manufacturing thanks to existence of refractory clays in the Ipeľ River basin and also thanks to geographical proximity of companies processing iron ore and non-ferrous metal ores in the past (Podbrezová, Tisovec, Krompachy, etc).

In its history, the Company went through several stages, from independent existence in the form of a shareholding company, then as a part of state-run company Slovenské magnezitové závody, š.p.. Later it operated as a separate government owned company. Currently it is a shareholding company belonging to ŽP GROUP Podbrezová.

From the viewpoint of its production portfolio, the principal product of ŽIAROMAT a. s. is still fire clay (i.e. construction material on the basis of Al_2O_3), which is pressed either in plastic or semi-dry manner, and also manufacturing of refractory concretes and other substances and refractory mixtures.

Even despite continuous decrease in consumption of refractory materials in production of steel and non-ferrous materials, the Company has found its place in the market after it had implemented necessary technological investments, and it will maintain their own existence also in the future.

2. General Manager's Speech

In the year 2008 the company proved to keep favorable development trend from previous years. Restructuring of production and sales of forming and non-forming products of higher quality for steelworks, foundry and producers of furnaces, stoves and fireplaces continued. We offered 139 new products for sale. Also thanks to the mentioned we succeeded to face strong competition and gain new customers.

To positive results also indisputably contribute close and correct relations with customers but also with suppliers of raw material, materials and services. I would like to assure you that we will follow the trend we set even despite incoming global financial crisis which led to reduced demand in the fourth quarter.

Our company substantially contributed to improvement of the standard of living of its employees and to the development of the region.

I am convinced that meeting this year's plan will be a guarantee for further growth of the standard of living of our employees and development of Žiaromat a.s. In order to ensure competitiveness, it is necessary to invest into modernisation of technology.

I would like to thank to the members of the Board of Directors and the Supervisory Board. Their sensitive approach to solution of specific problems materially contributed to the achieved performance.



Ing. Ľubomír Kupec

Vice-chair of the Board of Directors and Managing Director

3. ASSESSMENT OF THE BUSINESS PLAN FOR THE YEAR 2008

The business plan for 2008 was based on the assumption of continuation of existing business relations, as well as acquisition of new business contacts in order to extend sales activities in the markets of the EU and Eastern markets.

- *INTENTION*

Due to the fact that, in the course of the year, requirements on the assortment of products on the market changed, the focus of the sales in 2008 gradually moved to the field of metallurgy, melting (effort to market refractory concrete mixtures and monoliths, synthetic slag). That trend remained even in preparation of the Business Plan for 2009.

- *BUSINESS PLAN*

The total Business Plan for 2008 was approved in the amount of SKK 278,203,806. The actual performance was SKK 241,901,827, which is performance at 86.9 %. Out of that, fire clay represented SKK 114,543,922, refractory concrete SKK 112,299,980 and substances SKK 18,057,924.


Drop in sales compared to projected revenues was 10.7 % for fire clay, 8.1 % for refractory concrete and 42.0 % for substances.

The real growth in receipts in 2008 comprises 5.8 % against implementation in 2007. Heat-resistant concrete mixtures in proportion 38.2 %, monoliths in proportion 15.8 % and synthetic slag in proportion 64.4 % mainly participated on the above-mentioned growth.

- *SHARES OF MARKETS*

Shares of markets in 2008:

Domestic	48.7 %
Own export	35.2 %
Export through trade organisations	16.1 %.



Exports increased in 2008 compared to 2007 especially to Czech and Ukrainian customers, thanks to increase of quantity of products, as well as to gradual increase of prices.

Five biggest segments in sales in 2008:

Steelworks	62.8%
Ovens and fire-places	16.6 %
Cement mills and lime works	6.8 %
Construction materials	5.2 %
Metallurgy	3.2 %

Territories with the biggest percentage share in sales:

Slovakia	48.7 %
Czech Republic	23.5 %
Ukraine	12.2 %
Hungary	10.0 %
France	2.6 %

Portfolio of fire-clay construction materials amounted to 46.1 % of the total revenues for 2008 (out of which fire-clay inserts to ovens and fireplaces constituted 12.0 %; cast fire-clay 16.3; fittings 17.8 %), refractory concrete mixtures and monoliths accounted for 46.4 % and substances reached 7.5 %.

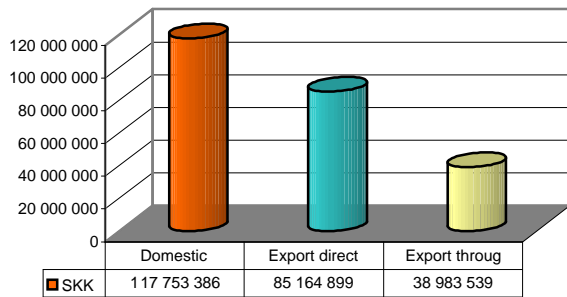
In 2007, the share of portfolio of fire-clay construction materials reached 49.9 % (out of which fire-clay inserts to ovens and fireplaces made 16.4 %; cast fire-clay 14.2 and fittings 19.3 %), refractory concrete mixtures and monoliths accounted for 46.0 % and substances for 4.1 %.

- *CONCLUSIONS*

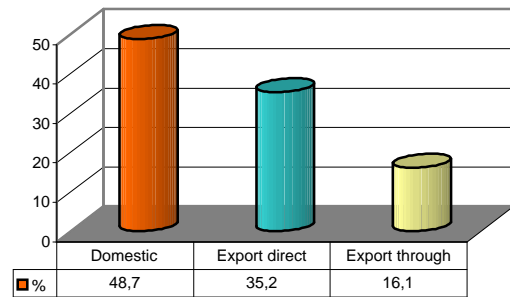
In 2009, along with development of new business activities, it will be necessary to implement remedial measures of production nature. In portfolio of small cast materials for steel and foundry industries, it is necessary to maintain balance between supplies to individual customers due to large quantity and diversity of supplied positions for cast systems. It is also necessary to invest to high quality technological equipment

OVERVIEW OF SALES FOR THE YEAR 2008

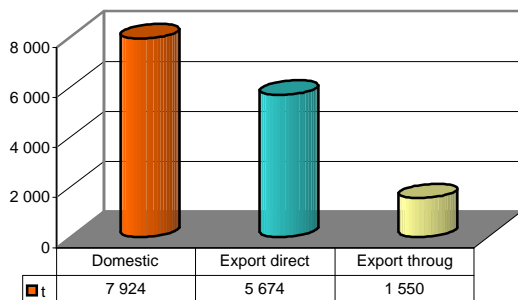
Sales broken down to destination 2008 (SKK)



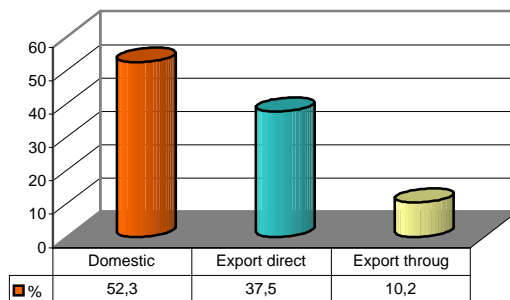
Share of sales broken down to destination 2008 (%)



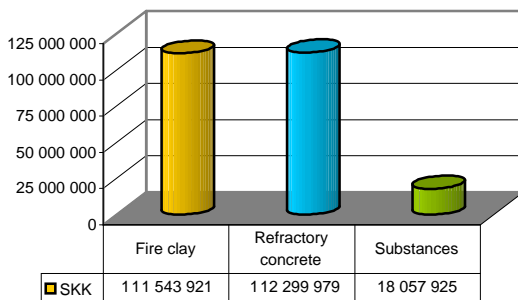
Sales broken down to destination 2008 (tons)



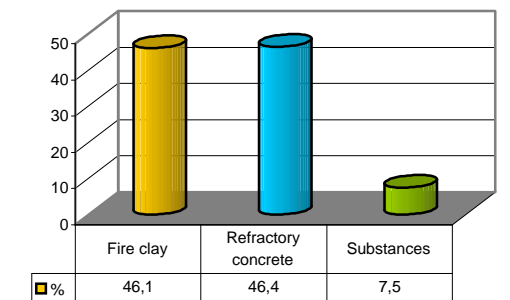
Share of sales broken down to destination 2008 (%)



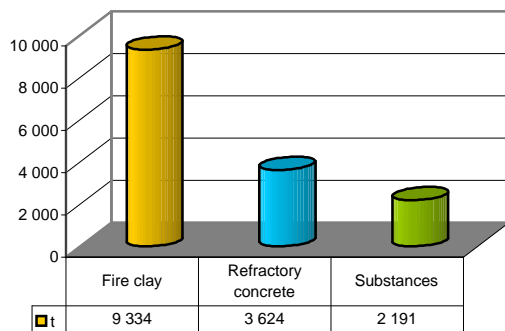
Sales broken down to assortment 2008 (SKK)



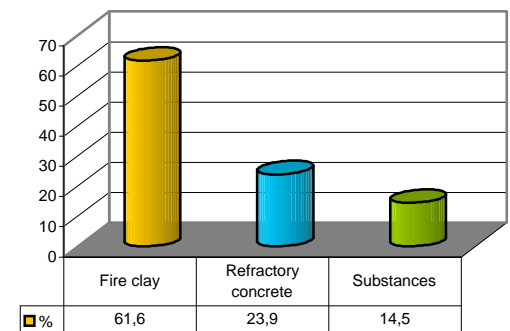
Share of sales broken down to assortment 2008 (%)



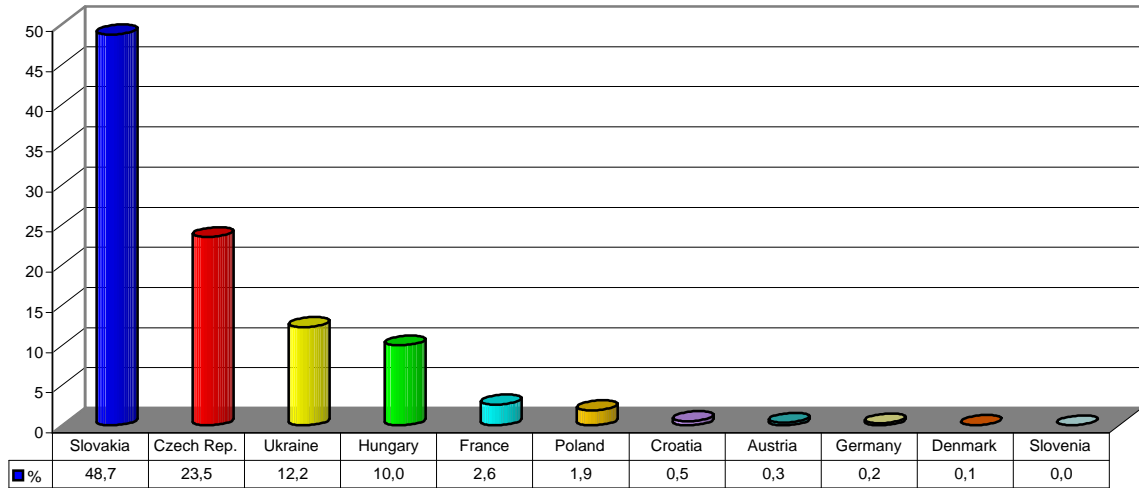
Sales broken down to assortment 2008 (tons)



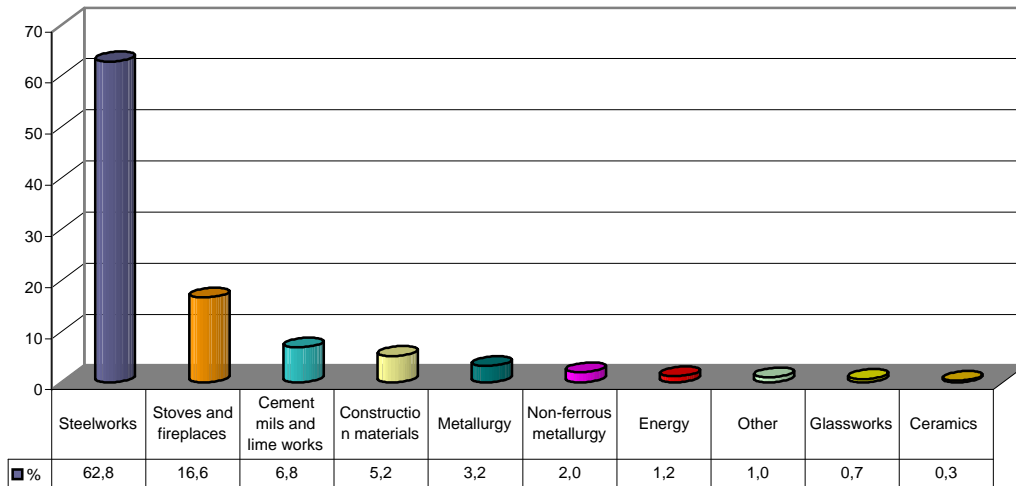
Share of sales broken down to assortment 2008 (%)



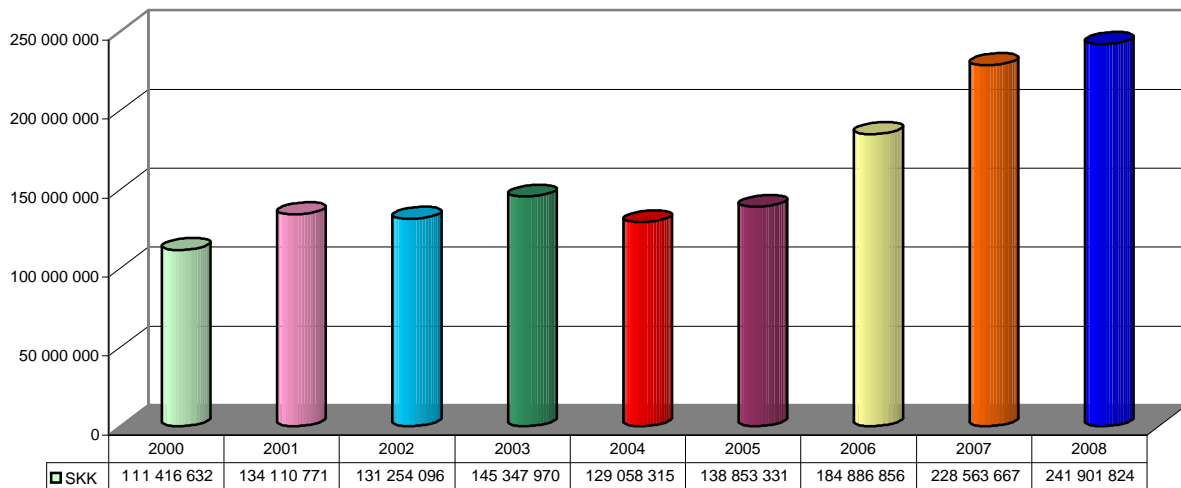
Share of sales broken down to countries in %



Share of sales broken down to segments for 2008 in %



Comparison of total sales - 2000 to 2008 (SKK)





4. Balance of Assets and Economic Performance



INDEPENDENT AUDITOR'S REPORT



auditorská firma

Audit Company

We have audited the annual financial statements of Žiaromat a.s., with the registered office in Kalinovo, IČO (company registration number) 4785, 172 (company registration number) 005145 for the year 2008 Profit and Loss Statement as of the balance sheet as of December 31, 2008, the above-mentioned date as well as the results of significant accounting principles and other legislative provisions.

The responsibility of company management for the financial statements

The company management is responsible for the preparation and fair presentation of Financial Statements in accordance with Act on accounting No. 431/2002 Coll., as amended. This responsibility includes the design, implementation and maintaining internal control relevant to the preparation and the fair presentation of financial statements that are free from material misstatements, whether due to fraud or unintentional error. It also includes the selecting and applying appropriate accounting principles and accounting methods as well as the exercise of the accounting estimates that are reasonable in the given circumstances.

The responsibility of auditor

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements, we plan and perform our audit in such a way to obtain reasonable assurance whether the financial statements are free from any material misstatements.

Our audit included procedures that we believe will provide a reasonable basis for our opinion on the financial statements.

INDEPENDENT AUDITOR'S REPORT

for the year 2008

on annual financial statements
of the joint stock company

Opinion

In our opinion, the financial statements of Žiaromat a.s., company's financial position as of December 31, 2008, and the results of its operations for the year 2008 are in accordance with Act on accounting and with accounting principles generally accepted in Slovakia.

Žiaromat a.s., Kalinovo

BDR spol. s r.o. Bratislava
M.Štefánikova 1, 821 01 Bratislava
IČO: 35864400
Division of Register of District Court, Bratislava
Slovakia, IČO No. 4785, 172 (company registration number) 005145

Ing. Dagmar Štefániková
Economic Auditor
License SKAÚ No. 14





INDEPENDENT AUDITOR'S REPORT

for the shareholders of the company Žiaromat a.s., Kalinovo

We have audited enclosed Financial Statements of the company Žiaromat a.s., with the registered office in Kalinovo, IČO (company registration number): 31 633 803 that consists of the Balance Sheet as of December 31, 2008 Profit and Loss Statement and Notes on the year ending as of the above mentioned date as well as the survey of significant accounting principles and accounting methods and other explanatory comments.

The responsibility of company management for the Financial Statements

The company management is responsible for the preparation and the fair presentation of Financial Statements in accordance with Act on accounting No. 431/2002 Coll., as amended. This responsibility includes the designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or misstatement; furthermore, it also includes the selecting and applying appropriate accounting principles and accounting methods as well as the execution of the accounting estimates that are reasonable in the given circumstances.

The responsibility of auditor

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements, we plan and perform our audit in such a way to obtain reasonable assurance whether the Financial Statements are free from any material misstatement.

Performing of procedures to obtain audit evidence about the amounts and data shown in the Financial Statements is a component part of the audit. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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, in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Furthermore, the audit includes evaluating the appropriateness of the accounting estimates used by the management as well as the overall presentation of the Financial Statements.

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

Opinion

In our opinion, the Financial Statements presents true and fair view of the Žiaromat a.s. company's financial position as of December 31, 2008, business results and cash flow for the year ending as of the above mentioned date and in accordance with Act on accounting and with accounting principles generally accepted in Slovakia.

Banská Bystrica, March 10, 2009

BDR, spol. s r.o. Banská Bystrica
M.M.Hodžu 3, 974 01 Banská Bystrica

Licence SKAu No. 6

Commercial Register of District Court, Banská Bystrica

Section: Sro, File No.: 98/S, IČO (company registration number): 00614556

Ing. Dagmar Mihálová
Responsible auditor
Licence SKAu No.53



Balance of assets and resources

During the year 2008 the value of assets increased by SKK 16,088. A breakdown of the increase into particular classes of assets follows:

- non-current assets increased by SKK 4,843,000. The mentioned assets growth caused the growth of long-term tangible assets and within it first of all the production and purchase of new forms.
- floating capital increased by SKK 11,358,000, the substantial part of increase represents stock increase in the amount of SKK 20,857,000. Within stock the material increased by SKK 7,028,000, the increase in finished stock represents SKK 13,027,000 and the increase of unfinished production comprises SKK 1,002,000. On the other side current receivables decreased by SKK 2,905,000 and also the value of financial accounts decreased by SKK 6,594,000.
- Accruals – accrued costs decreased by SKK 113,000, which is connected with previous purchase of the technology line for manufacturing of synthetic slag.

Within the structure of passives during the period of monitoring, the value of equity increased by SKK 21,086,000 and amounted to positive value of SKK 29,426,000.

Balance of liabilities in the period of monitoring:

Liabilities total	- SKK 5,674,000
Out of which:	
Provisions	+ SKK 880,000
Non-current liabilities	- SKK 615,000
Current liabilities	- SKK 75,869,000
- out of which liabilities from business relations	- SKK 73,089,000
Bank loans and subsidies	+ SKK 69,930,000

From the above we can conclude that the structure of receivables changed in 2008 since the company obtained credit from Slovenská sporiteľňa a.s. in the amount of SKK 75 million.

Accruals and deferrals, the third part of debit, achieved increase by SKK 676,000 due to billing of carbon dioxide emissions.

BALANCE SHEET Úč POD 1-01 as of 31 December 2008 (in SKK '000)

ASSETS	Line No.	As of 31 Dec 2007		As of 31 Dec 2006
		Gross Correction	Net	Net
Assets total I.002+003+032+062	001	311,991 157,790	154,201	138,113
Non-current assets I.004+013+023	003	189,077 137,933	51,144	46,301
Non-current intangible assets total (I.005 to 012)	004	1,809 1,207	602	717
Software	007	1,152 1,152		60
Appreciable rights	008	657 55	602	
Acquired non-current intangible assets	011			657
Non-current tangible assets total (I.014 to 022)	013	187,268 136,726	50,542	45,584
Land	014	4,604	4,604	4,605
Structures	015	73,765 54,707	19,058	21,209
Separate movable assets and sets of movable assets	016	101,927 81,869	20,058	13,352
Other non-current tangible assets	019	167	167	168
Acquired non-current tangible assets	020	6,805 150	6,655	6,250
Current assets I.033+041+048+056	032	122,545 19,857	102,688	91,330
Reserves total (I.034 to 040)	033	80,580 2,383	78,197	57,340
Material	034	38,959 2,383	36,576	29,548
Unfinished produce and semi-products	035	4,165	4,165	3,163
Products	037	37,309	37,309	24,282
Goods	039	147	147	347
Current receivables total (I.049 to 055)	048	36,660 17,474	19,186	22,091
Receivables from business relations	049	36,499 17,474	19,025	20,224
Tax receivables	054	134	134	1,842
Other receivables	055	27	27	25
Financial accounts total (I.057 to 061)	056	5,305	5,305	11,899
Cash	057	44	44	136
Bank accounts	058	3,094	3,094	11,763
Current liquid assets	060	2,167	2,167	
Accruals and deferrals I.063 and 064	062	369	369	482
Accrued costs	063	369	369	482

LIABILITIES	Line No.	As of 31 Dec 2008	As of 31 Dec 2007
EQUITY AND LIABILITIES TOTAL I.066+086+116	065	154,201	138,113
Equity I.067+071+078+082+085	066	29,426	8,340
Shareholders' equity total (I. 068 to 0470)	067	145,000	145,000
Shareholders' equity	068	145,000	145,000
Capital funds total (I. 072 to 077)	071		2
Other capital funds	073		2
Profit funds total (I. 079 to 081)	078	27,840	3,884
Mandatory reserve fund	079	27,840	3,884
Economic performance of previous years I. 083+084	082	-164,501	-380,101
Undistributed profit of previous years	083		5,947
Unsettled loss of previous years	084	-164,501	-386,048
Economic performance for the accounting period +/- I. 001- (067+071+078+082+086+116)	085	21,087	239,555
Liabilities I. 87+91+102+112	086	124,082	129,756
Provisions total (I. 088 to 090)	087	4,655	3,775
Current provisions	090	4,655	3,775
Non-current liabilities total (I. 092 to 101)	091	2,132	2,747
Liabilities from the social funds	099	50	25
Other non-current liabilities	100	1,324	1,800
Deferred tax liability	101	758	922
Current liabilities total (I. 103 to 111)	102	47,365	123,234
Liabilities from business relations	103	38,446	111,535
Non-invoiced supplies	104		98
Liabilities to employees	108	3,256	2,877
Liabilities of the social insurance scheme	109	2,071	2,609
Tax liabilities and subsidies	110	1,344	3,883
Other liabilities	111	2,248	2,232
Bank loans and subsidies total (I. 113 to 115)	112	69,930	
Long-term bank loans	113	40,000	
Current bank loans	114	29,930	25,207
Accruals total (I. 117 and 118)	116	693	17
Accrued expenses	117	36	17
Accrued revenues	118	657	



Economic performance

Economic performance – profit in the amount of SKK 21,087,000 is the result of the equation of revenues in the total amount of SKK 287,807,000 and total costs in the amount of SKK 266,720,000.

Share of revenues from sales of own products and services in total revenues of the company is 85.53 %. It is an increase compared to 2007 by SKK 14,882,000, which is 6.43 %.

The total amount of costs was substantially influenced by the following cost groups:

- Material consumption	SKK 119,424,000
Share in total costs	45.60 %
- Energy consumption	SKK 31,173,000
Share in total costs	11.90 %
- Personnel costs	SKK 71,679,000
Share in total costs	27.37 %

The above three groups of costs are dominant in the total structure and account for 84.87 %.

PROPOSAL FOR DISTRIBUTION OF THE PROFIT

The Board of Directors proposes to distribute the profit in the amount of SKK 21,087,304.42 as follows:

- Mandatory reserve fund	SKK 2,108,731.00
- Unsettled loss of previous years	SKK 18,978,573.42

Profit and Loss Statement Úč POD 2-01 as of 31 December 2008(in SKK '000)

Text	Line No.	As of 31 Dec 2008	As of 31 Dec 2007
Revenues from sale of goods	01	1,449	3,298
Costs incurred on acquisition of goods sold	02	1,186	2,628
Sales margin I. 01 - 02	03	263	670
Production I. 05+06+07	04	266,377	248,447
Revenues from sale of own products and services	05	246,160	231,278
Change of the balance of internal company stock	06	14,030	13,217
Activation	07	6,187	3,952
Production consumption I. 09+10	08	164,923	149,448
Consumption of energy and other non-storable supplies	09	150,980	131,740
Services	10	13,943	17,708
Added value I. 03+04-08	11	101,717	99,669
Human resources costs total (I. 13 to 16)	12	71,679	68,039
Salary costs	13	49,902	47,578
Rewards to members of the company and cooperation bodies	14	768	734
Costs of social insurance scheme	15	17,891	16,753
Social costs	16	3,118	2,974
Taxes and fees	17	1,289	1,309
Depreciation and adjusting entries to non-current intangible assets and non-current tangible assets	18	8,584	7,639
Revenues from sale of non-current assets and material	19	836	348
Residual price of sold non-current assets and sold material	20	335	181
Other revenues from economic activity	21	8,511	14,818
Other costs on economic activity	22	8,906	18,604
Economic performance of economic activity I. 11-12-17-18+19-20+21-22+(-1.23)-(-1.24)	25	20,271	19,629
Revenue interests	37	12	10
Cost interests	38	1,046	1,198
Exchange rate profits	39	10,622	2,746
Exchange rate losses	40	3,610	2,369
Other costs of financial activity	42	295	212
Economic performance of financial activity I.26-27+28+32-33+34-35-36+37-38+39-40+41-42+(-1.43)-(-1.44)	45	5,683	-1,023
Income tax on current activity I.47+48	46	4,867	4,143
- due	47	5,031	4,400
- deferred	48	-164	-257
Economic performance of current activity I.25+45-46	49	21,087	14,463
Extraordinary revenues	50		225,092
Economic performance of extraordinary activity I.50-51-52	55		225,092
Economic performance for the accounting period I.49+55-56	57	21,087	239,555



ŽIAROMAT a. s.

Továrenská 1,
985 01 Kalinovo
Slovak Republic

Comments to Financial Statements as of 31 December 2008

10.03.2009

date

ŽIAROMAT
a. s.
KALINOVO

signature of the statutory body

Notes to the Financial Statements as of 31 December 2008

A. INFORMATION ABOUT ACCOUNTING UNIT

1. Business name and registered office of the company:

ŽIAROMA T a.s.
Továrenská 1
985 01 Kalinovo

Shareholding company established by the Deed of Foundation of 18 July 1995 and by decision of the founder in accordance with § 154 et seq. of Act No. 513/91 Coll. by a single application of §§ 172, 175. Old case file: Sa 894

2. Principal activities of the Company are:

- Manufacturing of refractory ceramic products
- Research and development of refractory materials
- Trading activity within the scope of free trading licence
- Mining activity in accordance with legal regulations
- Performance of engineering constructions
- Performance of industrial constructions
- Constructing
- Carpentry
- Metal- working
- Metal grinding and polishing
- Locksmithery, tools manufacturing
- Smithery
- motorized transportation – domestic long-haul trucking

3. Average number of employees

Average number of employees of the Company as of 31 December 2008 was 234, out of which 12 executive employees; as of 31 December 2007 there were 239 employees, out of which 13 executive employees.

4. Legal title for preparation of the Financial statements

The Financial statements of the Company for the fiscal year from 1 January 2008 until 31 December 2008 have been prepared as ordinary financial statements.

5. Data of approval of the Financial statements for the previous accounting period

The Financial Statements of the Company as of 31 December 2007 were approved by the General Meeting of the Company on 30 April 2008

B. INFORMATION ABOUT BODIES OF THE ACCOUNTING UNIT

Board of Directors: Ing. Marián Kurčák
Ing. Miroslav Hoška, until 16 May 2006
Ing. Ľubomír Kupec, since 16 May 2006
Ing. Dušan Brečka

Ing. Ivan Zemko, since 30 May 2005
Ing. Roman Gál, since 25 April 2007

Supervisory Board: Ing. Ľudovít Ihring
JUDr. Marián Zima, until 18 October 2006
Ing. Ján Banas, since 18 October 2006
Ing. Jozef Marčok
Ing. Vladimír Zvarík
Miroslav Milec
Dušan Ďalog

C. INFORMATION ABOUT SHAREHOLDERS OF THE ACCOUNTING UNIT

At the General Meeting held on 1 October 2007, Železiarne Podbrezová a.s., Kolkáre ň 35, Podbrezová became owner of 100 % shares of the Company, namely 145,000 shares.

Since 15 December 2004, HOLD s.r.o. was a 100 % shareholder and held 56 727 shares. In October 2007 Železiarne Podbrezová a.s. increased capital to 88 273 shares.

INFORMATION ABOUT CONSOLIDATION

Železiarne Podbrezová a.s., Kolkáreň 35, Podbrezová is the 100 % owner of shares and the accounting unit Žiaromat a.s. entered the group of accounting units of the consolidated unit.

Since 1 January 2008, ŽIAROMAT a.s. is processing their books by using accounting software from company DATALOCK a.s. Banská Bystrica. Company DATALOCK a.s. Banská Bystrica has contract through ŽP Informatika. Until 31 August 2008 we processed data parallel way i.e. also in the old program from company AURUS Bratislava. New program takes care of processing of the following subsystems: bank, taxes, billing, stock, cash register, wages, bookkeeping, fixed assets. Processed subsystem passes monthly directly into the accounting system. Accounting is processed by computers connected to the network. Required documentation is processed in the form of reports.

D. INFORMATIONS ABOUT ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS

(a) Basis for preparation of the Financial Statements

The Financial Statements were prepared with the assumption that the Company is a going concern.

The accounting units applied accounting methods and general accounting principles in a consistent manner.

(b) Non-current intangible and non-current tangible assets

Non-current assets are valued at the acquisition price, which includes the price of acquisition and costs related to the acquisition (customs duty, transport costs, installation costs, insurance, etc.). as of 1 January 2003 the acquisition price does not include interests of third party funds nor realised exchange rate differences, which occurred until the moment of registration the non-current assets for use (until 31 December 2002 they made up part of the acquisition price).

Non-current assets created from own activities are valued at their own costs. Own costs are all costs incurred on manufacturing or another activity and indirect costs that are related to the manufacturing or another activity.

Depreciation of non-current assets depends on expected duration of use and expected course of wearing off of assets. Intangible assets of less than SKK 50,000 are, after being reviewed by the relevant authorised employee, posted to the account No. 518. Depreciation starts on the first day of the month following registration of non-current assets for use.

Depreciation of long-term tangible assets regarding the assumed period of use and the anticipated depreciation plan. Depreciation starts in the month the assets are put into use. Assets of which acquisition price is SKK 15,000 and less are charged to account No. 501. Land is not subject to depreciation. The assumed accounting period of use, the depreciation method and the depreciation rate are specified in the following table:

Depreciation class	Expected period of use	Method straightforward	Yearly depreciation rate in %
1	4		25,0000
2	6		16,6667
3	12		8,3334
4	20		5,0000

Land – stocktaking difference recorded while comparing with ownership certificate will be charged in 2009.

(c) Inventories

Purchased inventories are valued at the acquisition price that includes the price of inventories and the costs related to their acquisition (customs duty, transport, insurance, discounts, etc.). Interests from third party funds do not constitute part of the acquisition price. Purchased inventories are valued at the weighted arithmetic average of acquisition prices.

Inventories created from own activities are valued at their own costs. Own costs are direct costs (direct material, direct salaries and other direct costs) and part of indirect costs, imminently related to formation of inventories by own activities (production overhead costs). Production overhead costs are included to own costs depending on the level of readiness of such inventories. Administrative overhead costs and costs of sales are not part of own costs.

(d) Receivables

At their origin, receivables are valued at their nominal value; assigned receivables and receivables acquired by contribution to the shareholders' equity are valued at the acquisition price, including costs related to the acquisition. Such valuation is lowered by disputable and irrecoverable receivables. Adjusting entries are formed for doubtful and bad receivables.

(e) Cash and valuables

Cash and valuables are valued at their nominal price. Lowering of their value is done by adjusting entry.

(f) Accrued costs and accrued revenues

Accrued costs and accrued revenues are reported in the amount required in order to keep the principle of time and material reference with the accounting period.

(g) Provisions

Provisions are liabilities with indefinite time period or amount; they are formed in order to cover known risks or losses from business activities. They are valued at the expected amount of the liability.

(h) Liabilities

At their origin, liabilities are valued at the nominal value. Liabilities, at their assumption, are valued at the acquisition price. If the inventorying uncovers that the amount of liabilities is different from the amount reported in the accounting books, the liabilities are posted to the accounting books and such finding is recorded to the Financial Statement.

(i) Deferred taxes

Deferred taxes (deferred tax liability and deferred tax liability) refer to:

- a) Temporary differences between the accounting value of assets and accounting value of liabilities reported in the balance sheet and the tax base
- b) Possibility to depreciate tax loss in the future – possibility to depreciate the tax loss from the tax base in the future
- c) Possibility to transfer unused tax depreciations and other tax claims to future periods

(j) Accrued expenses and accrued revenues

Accrued expenses and accrued revenues are reported in the amount required in order to keep the principle of timely and material reference with the accounting period.

(k) Foreign exchange

Assets and liabilities reported in foreign exchange are converted to Slovak currency using the exchange rate of the National Bank of Slovakia applicable as of the date of posting of accounting case and, in the Financial Statements, using the exchange rate as of the date as of which the Financial Statements are prepared; they are posted with the impact of economic performance.

(l) Revenues

Revenues for own activities and goods do not include value added tax. They are also lowered by discounts and deductions (rebates, bonuses, discounts, credit notes, etc.) regardless of the fact whether the customer was entitled to the discount in advance or whether it is an additionally granted discount.

E. INFORMATION ABOUT DATA ON ASSETS PAGE IN THE BALANCE SHEET

1. Non-current intangible and tangible assets

Overview of movements is shown in the table at the end of Notes. Assets are insured with the insurance company ALLIANZ Slovenská poisťovňa a.s.

2. Inventories

Adjusting entries were posted for inventories in the amount of SKK 2,000,000.00 in 2004 and in 2008 these adjusting entries were increased by SKK 383,042.00. Inventories are insured. The company in order to guarantee increased production adopted measures to purchase raw material as a reserve and thus the amount of purchased inventory increased to SKK 38,959,000. Finished stock increased after completion of inventory for customers. Right of lien does not exist.

3. Receivables

Balance of adjusting entries in the course of the accounting period is illustrated in the following overview:

	Balance as of 31 Dec 2007 SKK '000	Formed (increase) SKK '000	Decreased (use) SKK '000	Cancelled reposted SKK '000	Balance as of 31 Dec 2008 SKK '000
Receivables from business relations	1 552	1 187	68	2 411	5 082
Receivables in bankruptcy	3 717	106	319		3 504
Other receivables HP servis	11 299			-2 411	8 888
Total	16 568 0	1 293 0	387	0	17 474

The age structure of receivables is laid down in the following overview: There is no lien on receivables. Adjusting entries are formed because there is no payment guarantee.

Account No. 311	As of 31 Dec 2007 SKK '000	As of 31 Dec 2008 SKK '000
Due receivables	11 190	9 486
Overdue receivables	24 224	25 651
Total	35 414	35 137

4. Financial accounts

Financial accounts include cash and accounts in banks. The Company can freely dispose of bank accounts.

5. Accruals

They are as follows:

	31 Dec 2007	31 Dec 2008 SKK '000
Costs	0	0
Other accrued costs	53	78
Complex accrued costs	429	291
Total	482	369

INFORMATION ABOUT CURRENCY CHANGE

The Slovak Republic has introduced the Euro as sole legal means of payment since 1 January 2009 by the Act No. 659/2007 Coll. on the introduction of the Euro currency in the Slovak Republic. Conversion rate is a fixed conversion rate between the Euro and the Slovak currency and is set at SKK 30.1260 per Euro. To the Euro adoption date particular components of assets and liabilities will be converted using the 30.1240SKK/Eur rate, according to the Regulation of the Ministry of Finance No. 75/2008 Coll. stipulating the Rules of Reporting, Conversion and Rounding of Monetary Figures in Relation to the Changeover to Euro for the Purposes of Taxes, Accounting and Customs. The conversion currency to Euro since 1 January 2009 will have insignificant impacts.

F. INFORMATION ABOUT LIABILITIES IN THE BALANCE SHEET

1. Equity

Information about equity is laid down in sections M.

2. Provisions

Overview of provisions is specified in the following table:

	Balance as of 31 Dec 2007 SKK '000	Formed SKK '000	Used SKK '000	Cancelled SKK '000	Balance as of 31 Dec 2008 SKK '000
Provisions					
Vacation leave salaries, including social security scheme	1 825	1 215	1 825	0	1 215
Fines and penalty	420	320		420	320
Emission	0	1 509	0	0	1 509
Extracted minerals	0	20	0	0	20
Other	1 530	1 590	550	980	1 590
Total	3 775 0	4 654 0	2 375 0	1 400 0	4 654

A provision in the amount of SKK 320,000 was set up for anticipated penalty in case of overdue payment to the tax office. Within other provisions were included provisions for audit SKK 170,000, for claims SKK 720,000 and for employment benefits SKK 700,000.

3. Liabilities

The structure of liabilities (except for bank loans) broken down to remaining due date is laid down in the following overview:

Account No. 321	31. 12. 2007 SKK '000	31. 12. 2008 SKK '000			
Due liabilities from business relations	23 216	15 068			
Overdue liabilities from business relations	88 308	18 328			
Curent liabilities total	111 524	33 396			
Leasing liabilities of up to 1 year	1 800	1 324			
Leasing liabilities of more than 1 year	810	896			
Liabilities from business relations applied for settlement within 1 year					
Liabilities from business relations applied for settlement of more than 1 year					
Liabilities with remaining due period of more than 5 years (assumed loan of ŽP)					
Non-current liabilities total	2 610	2 220			
Liabilities	from	leasing,	interests	and	VAT
683					

Žiaromat a.s. company paid its obligations to ŽP Podbrezova in September 2008 in the amount of SKK 71,700,303.00.

Calculation of deferred tax liability is laid down in the following overview:

	31 Dec 2007 SKK '000	31 Dec 2008 SKK '000
Temporary differences between the accounting value of assets and the accounting value of liabilities and their Accounting residual value	39 226	44 323
Tax residual value	33 103	38 552
Difference	6 123	5 771
amount of reserves not entering the process of taxation	-1 270	-1 780
Possibility to depreciate tax loss in the future	0	
Income tax rate (in %)	19	19
Deferred tax liability	922	758

4. Social fund

Forming and drawing from the social fund in the course of the accounting period are illustrated in the following overview:

	31.12.2007 SKK '000	31.12.2008 SKK '000
Balance as of 31 December	16	25
Formed at the expense of costs	245	420
Formed from the profit	0	0
Drawing	-236	-395
Balance as of 31 December	25	50

In accordance with the Act on Social Fund, part of the social fund is formed on mandatory basis at the expense of costs and part can be formed from the profit. In accordance with the Act on Social Fund, the social fund can be used for social, health, recreational and other needs of employees.

5. Credits

ŽIAROMAT a.s. signed credit contract with Slovenská sporiteľňa on 10 September 2008. On 22 September 2008 we obtained credit in the amount of SKK 75,000,000.00:

- 35,000,000.00 as bank overdraft
- 40,000,000.00 as time credit

From the mentioned credit obligations in the amount of SKK 71,700,303.00 were paid to Železiarne Podbrezová.

6. Accruals

The structure of accruals is laid down in the following overview:

	31. 12. 2007 SKK '000	31. 12. 2008 SKK '000
Accrued costs	17	36
Accrued revenues	0	657
Rent	0	0
negative balance form custom manufacturing	0	0
Total	17	693

The SKK 17,000 is a credit note issued in 2008 for the year 2007.

The SKK 36,000 is a credit note issued in 2009 for the year 2008.

G. INFORMATION ABOUT REVENUES

1. Revenues for own activities and goods

Revenues for own activities and goods, broken down to individual segments, i.e. to types of products and services and main territories are laid down in the following overview:

	Fire clay		Refractory concretes		Other and services		Total	
	31.12.2007 TSK K	31.12.2008 TSK K	31.12.2007 TSK K	31.12.2008 TSK K	31.12.2007 TSK K	31.12.2008 SKK '000	31.12.2007 SKK '000	31.12.2008 SKK '000
Slovak Republic	45 677	44 061	62 479	55 972	12 272	23 466	120 428	117 571
Czech Rep.	30 801	33 791	16 642	22 758	2 821	181	50 264	56 580
Austria	282	182	616	611	57	0	955	1 266
Germany	4 640	308	0	288	0	0	4 640	5 232
Ukraine	0	0	20 271	29 592	0	0	20 271	49 864
France	6 314	6 309	0	0	0	0	6 314	6 314
Hungary	21 699	20 989	2 656	2 915	201	196	24 556	26 005
Slovenia	2 332	57	0	0	0	0	2 332	2 332
Poland	1 267	4 415	0	149	0	0	1 267	4 564
Denmark	365	160					365	365
Croatia	538	1 272				7	538	1 279
Serbia	147	0	979	0	77	0	1 203	1 203
Peru	0	0	1 440	0	0	0	1 440	1 440
Total	114 062	111 544	105 083	112 285	15 428	23 850	234 573	246 030

On account No. 648 Other revenues accounts in the amount of SKK 4,870,000 were posted, namely:

SKK 198,000 for delivered scrap
SKK 2,766,000 written-off obligations SPED-TRANS
SKK 1,509,000 emissions

2. Change of the balance of inventory of own production

The change of the balance of inventory of own production reported in the Profit and Loss Statement is increase by SKK 13,217,000. regarding balance sheet items, there is an increase of SKK 13,168,000, as illustrated in the following table:

	Balance as of			Change of the balance	
	32.12.2006 SKK '000	31. 12. 2007 SKK '000	31. 12. 2008 SKK '000	31.12.2007 SKK '000	31.12.2008 SKK '000
Unfinished production	5 402	3 163	4 165	-2 239	1 002
Finished products	8 875	24 282	37 309	15 407	13 027
Total	14 277	27 445	41 474	13 168	14 029
611,612	-626	-2 239	1 002		
613	-4 997	15 407	13 027		
549		49			

3. Activation

Overview of activation:

	31.12.2007 SKK '000	31.12.2008 SKK '000
Non-current tangible assets formed by own activity	818	3103
Other activation - manufacturing of spare parts	2 346	2 717
Other activation of intra-company services, transportation to the warehouse	788	367
Total	<u>3 952</u>	<u>6 187</u>

4. Exchange rate profits

Overview of exchange rate profits:

	31.12.2007 SKK '000	31.12.2008 SKK '000
Realised exchange rate profits	1 225	10 128
Non-realised exchange rate profits	<u>1 521</u>	<u>494</u>
Total	<u>2 746</u>	<u>10 622</u>

H. INFORMATION ABOUT COSTS

1. Services

	31.12.2007 SKK '000	31.12.2008 SKK '000
Transport	2 888	2193
Other activities of material nature	240	1 633
Other activities of non-material nature	2 245	4 335
Other activities of non-material nature-legal	7596	0
Telecommunication activities	421	435
Promotion related activities	544	625
Mediation fees	546	205
Other	0	1386
Total account No. 518	<u>14 480</u>	<u>10 812</u>

There was SKK 2,294,000 posted to account No. 548 Other costs; out of which:

SKK 381,000 insurance of assets
SKK 128,000 mandatory motor third party
liability insurance
SKK 86,000 insurance of leasing
SKK 22,000 air pollution
SKK 1,509,000 emissions
SKK 168,000 others

INFORMATION ABOUT AUDIT

Audit works were realized by BDR s.r.o. Banská Bystrica on the basis of contract from 2008 in the amount of SKK 304,000.00. This audit company does not provide other services for our company.

I. INFORMATION ABOUT CORPORATE INCOME TAX

Conversion from theoretical corporate income tax to reported corporate income tax is laid down in the following table:

	31.12.2007			31.12.2008		
	Tax base	Tax	Tax	Tax base	Tax	Tax
	SKK '000	SKK '000	%	SKK '000	SKK '000	%
Profit before taxation	243 698			25 955		
Items adjusting tax base	-220 541			526		
Tax base	23 157		19,00 %	26 481		19,00 %
Out of which theoretical tax 19 %		4 400			5 031	
Depreciated loss						

Overview of items of deferred tax:

	31 Dec 2007 SKK '000	31 Dec 2008 SKK'000
Deferred tax liability	257 0	164
The balance constitutes deferred tax liability		0

J. INFORMATION ABOUT OTHER ASSETS AND OTHER LIABILITIES

18. Possible further liabilities

- Due to the fact that several areas of Slovak tax legislation have not sufficiently been proven in practice, there is an uncertainty regarding its application by tax authorities. The level of such uncertainty cannot be qualified and will diminish only when there are legal precedents or official interpretations of relevant authorities available there.

K. INFORMATION ABOUT DATA ON OFF-BALANCE SHEET ACCOUNTS

On off-balance sheet account No. 752.100 accounting entity records assets charged on material usage and which have the assumed period of use longer than one year in the amount of SKK 3,434,814.12. On account No. 757 meal tickets are recorded in the amount of SKK 246.55. On the basis of valid lease contracts it is necessary to pay value added tax and interests in the amount of SKK 830,554.00 recorded on accounts No. 562, 548 and 568.

L. REWARDS AND BENEFITS OF MEMEBERS OF STATUTORY AND OTHER BODIES OF THE COMPANY

In 2008, members of statutory bodies were paid bonuses on the amount of SKK 768,000.

M. ECONOMIC RELATIONS OF THE COMPANY AND CONNECTED PERSONS

	2007 SKK '000	2008 SKK '000
ŽP Podbrezová – revenues: for goods	41,278	41,119
for assigned receivables	2,451	2,376
costs: purchase of material	36,157	47,118
services	6,407	908
interests	1,000	-
Liabilities from business relations	92,152	27,911
Other subsidiaries		
receiving as of 31 December 2008		revenues
ŽP EKO-QELET a.s.	-	191
ŽP PRAKO s.r.o.	-	602
ŽP TRADE Bohémia a.s.	-	
ŽĎAS a.s.	1,906	29,051
liabilities as of 31 December 2008		costs

ŽP Informatika s.r.o.	-	1,617
ZANINONI s.r.o.	84	798
ŽP TRADE Bohémia a.s.	2,642	4,467
ŽĎAS a.s.	-	31
ŽP TRADE s.r.o.	2,2197	306
HOLD s.r.o.	2,467	

N. OVERVIEW OF MOVEMENTS OF THE EQUITY IN THE COURSE OF THE ACCOUNTING PERIOD IS SHOWN IN THE FOLLOWING TABLE:

	Balance as of 31 December 2007	Increments SKK '000	Transfers SKK '000	Balance as of 31 December 2008
Shareholders' equity	145,000			145,000
Other capital funds	2		-2	0
Mandatory reserve fund	3,884	23,956		27,840
Undistributed profit	5,947		-5,947	0
Undistributed loss of previous years	- 386,048	-	-221,547	-164,501
Economic performance for the current accounting period	239,555	21,087	-239,555	21,087
Equity total	8,340	21,086		29,426

In the course of accounting period 2008, basic capital did not change.

Proposal for distribution of economic performance in the amount of SKK 21,087.

- Accounting of unsettled loss SKK 21,087,000

Part of the annual financial statement is CASH FLOW statement. The indirect method is used for the cash flow statement.

o. THE FACTS WHICH CAME AFTER THE DATE TO WHICH FINANCIAL STATEMENT IS CLAIMED AND BEFORE THE DATE OF FINANCIAL STATEMENT

- In October 2008 ŽIAROMAT a.s. submitted an expert opinion on selected assets of the company to Slovenská sporiteľňa a.s., provider of credit in the amount SKK 75 million, the general value of which represents the sum SKK 45,797,081.85. The expert opinion will create the basis for signing the contract for establishing the right of lien.

In Kalinovo, on 10 March 2009
Prepared by: Jablonská Anna

Adjustments broken down to asset types	Balance sheet line	Residual price as of Jan 1, 2008	Residual price as of Dec 31, 2008
B.			
B.I.			
B.I.1.			
1. Non-current assets I. 04+13+23	003	46 301	51 144
2. Non-current intangible assets	004	717	602
B.I.1.1.	005		
1. Set-up costs (011)	006		
2. Activated costs of development (012)	007	60	
3. Software (013)	008		602
4. Appreciable rights (014)	009		
5. Goodwill (015)	010		
6. Other non-current intangible assets (019)	011	657	
7. Acquired non-current intangible assets (041)	012		
8. Received advance payments for STA (051)	013	45 584	50 542
B.II.			
B.II.1.			
1. Non-current tangible assets I. 14 to 22	014	4 605	4 604
2. Land (031)	015	21 209	19 058
3. Structures (021)	016	13 352	20 058
4. Separate movable assets (022)	017		
5. Growing units of permanent crops (025)	018		
6. Basic herd and draft animals (026)	019	168	167
7. Other non-current tangible assets (029,032)	020	6 250	6 655
8. Acquired non-current tangible assets (042)	021		
9. Received advance payments for STA (052)	022		
Adjusting entry to acquired assets			

ZIAROMAT
a.s.
KALINGOVO
Jelena

Type of assets		Balance sheet line	Acquisition price as of Jan 1, 2008	Increments	Decrements	Transfers (+/-)	Acquisition price as of Dec 31, 2008
B.	Non-current assets I. 04+13+23	003	178 033	27 060	16 016	0	189 077
B.I.	Non-current intangible assets	004	1 809			0	1 809
B.I.	Set-up costs (011)	005					
2.	Activated costs of development (012)	006					
3.	Software (013)	007	1 152				1 152
4.	Appreciable rights (014)	008		657			657
5.	Goodwill (015)	009					
6.	Other non-current intangible assets (019)	010					
7.	Acquired non-current intangible assets (041)	011	657		657		657
8.	Received advance payments for STA (051)	012					
B.II.	Non-current tangible assets I. 14 to 22	013	176 224	26 403	15 359	0	187 268
B.II.	Land (031)	014	4 605		1		4 604
2.	Structures (021)	015	73 056	709			73 765
3.	Separate movable assets (022)	016	92 045	12 265	2 383		101 927
4.	Growing units of permanent copses (025)	017					
5.	Basic herd and draft animals (026)	018					
6.	Other non-current tangible assets (029,032)	019	168		1		167
7.	Acquired non-current tangible assets (042)	020	6 350	13 429	12 974		6 805
8.	Received advance payments for STA (052)	021					
9.	Adjusting entry to acquired assets	022					

Active tangible fixed assets:

Solar and gas heating SKK 1,344,309.00
 Cornudum dryer SKK 1,858,461.90
 Trademark SKK 657,000.00
 Universal loader SKK 544,000.00
 VZV SKK 461,200.00
 Forms SKK 3,249,904.00
 Cutter Freymatic SKK 420,464.00
 Scale bridge SKK 1,041,683.00
 Jaw crusher SKK 315,225.00
 ŠKODA OCTAVIA SKK 519,639.00
 Press LŠV VINCENTINI SKK 954,478.00
 Mixer MN 250: SKK 245,546.00

Non-active tangible fixed assets:

High-lift truck SKK 121,953.00
 Scale bridge SKK 22,639.00
 Labor. analyzer SKK 1,209,500.00
 Charging trolley SKK 25,858.00
 Loader UNC 06 SKK 162,390.00
 Througning biprism SKK 134,167.00
 Box feeder SKK 133,211.00
 Box feeder SKK 140,820.00
 Dispatch strip SKK 199,647.00

ŽIAROMAT
 a.s.
 KALINOVŇO

Jalton

213.81.184. 216		Balance sheet line	Adjustments and adjusting entries as of Jan 1, 2008	Increment of adjustment s and adjusting entries	Decrement of adjustment s and adjusting entries	Transfers (+/-)	Adjustments and adjusting entries as of Dec 31, 2008
B.	Non-current assets I. 04+13+23	003	131 732	8 530	2 384	0	137 878
B.I.	Non-current intangible assets	004	1 092	60	0	0	1 152
B.I.1.	Set-up costs (011)	005					
2.	Activated costs of development (012)	006					
3.	Software (013)	007	1 092	60			1 152
4.	Appreciable rights (014)	008					
5.	Goodwill (015)	009					
6.	Other non-current intangible assets (019)	010					
7.	Acquired non-current intangible assets (041)	011					
8.	Received advance payments for STA (051)	012					
B.II.	Non-current tangible assets I. 14 to 22	013	130 640	8 470	2 384	0	136 726
B.II.1.	Land (031)	014					
2.	Structures (021)	015	51 847	2 860			54 707
3.	Separate movable assets (022)	016	78 693	5 560	2 384		81 869
4.	Growing units of permanent coppes (025)	017					
5.	Basic herd and draft animals (026)	018					
6.	Other non-current tangible assets (029,032)	019					
7.	Acquired non-current tangible assets (042)	020	100	50			150
8.	Received advance payments for STA (052)	021		-			
9.	Adjusting entry to acquired assets	022					

ZIAROMAT
a.s.
KALINOVO
Jalilov

CASH FLOW STATEMENTS
(using indirect reporting method)


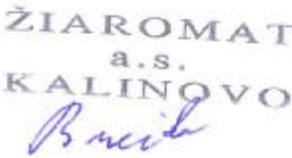

as of 31. December 2008

Business name Žiaromat a.s.
Registered office Továrenská 1, Kalinovo
Company ID No. (IČO) 31633803

Des.	Item	No.	Actual in SKK '000	
			current accounting period	previous accounting period
	Cash flow from operating activities			
Z/S	Economic performance of usual activities before taxation (+/-)	1	25 954	18 606
A.1.	Non-financial operations with influence on the economic performance of usual activities before taxation (sum of A 1.1 to A1.13) (+/-)	2	8 500	6 333
A.1.1.	Depreciation of non-current intangible assets and non-current tangible assets	3	8 534	7 073
A.1.2.	Residual value of non-current intangible assets and non-current tangible assets posted at deregistration of the assets to costs of usual activities, with the exception of their sale (+)	4		
A.1.3.	Depreciation of adjusting entry to acquired assets (+/-)	5		
A.1.4.	Change of the balance of non-current provisions (+/-)	6		
A.1.5.	Change of the balance of adjusting entries (+/-)	7		
A.1.6.	Change of the balance of accrued costs and accrued revenues (+/-)	8	-789	-1 961
A.1.7.	Dividends and other shares in profit posted to revenues (-)	9		
A.1.8.	Interests posted to costs (+)	10	1 046	1 198
A.1.9.	Interests posted to revenues (-)	11	-12	-10
A.1.11.	Exchange rate loss calculated to cash and cash equivalents as at the date as at which the Financial Statements are prepared (+)	13	126	87
A.1.12.	Sale of non-current assets, with exception of assets deemed as cash equivalent (+/-)	14	-405	-54
A.2.	Influence of changes in balance of the working capital on economic performance. For the purposes of this measure, it is deemed as the difference between current assets and current liabilities with the exception of current assets that form a part of cash and cash equivalents.	16	-93 821	-290 021
A.2.1.	Change of the balance of receivables from operating activity (-/+)	17	2 905	2 975
A.2.2.	Change of the balance of liabilities from operating activity (+/-)	18	-75 869	-271 282
A.2.3.	Change of the balance of inventory (-/+)	19	-20 857	-21 714
A.2.4.	Change of the balance of current financial assets with the exception of assets that form a part of cash and cash equivalents (-/+)	20		
	Cash flow from operating activity with the exception of revenues and costs reported separately in other sections of the Cash Flow Statements (+/-). (sum of P/L + A.1.+ A.2.)	21	-59 367	-265 082
A.3.	Received interests, with the exception of those that are included to investment	22	12	10
A.4.	Expenses on interests paid, with the exception of those that are included to financial activities (-)	23	-1 046	-1 198
A.5.	Revenues from dividends and other shares in profit, with the exception of those that are included to investment activities (+)	24		
A.6.	Expenses on dividends and other shares in profit, with the exception of those that are included to financial activities (-)	25		
	Cash flow from operating activity (+/-), (sum of A.1. to A.6.)	26	-86 355	-284 876
A.7.	Expenses on corporate income tax of the accounting unit, with the exception of those that are included to investment activities or financial activities (-/+)	27	-997	-757
A.8.	Revenues of extraordinary nature related to operating activity (+)	28		225 092

Des.	Item	No.	Actual in SKK '000	
			current accounting period	previous accounting period
A.9.	Expenses of extraordinary nature related to operating activity (-)	29		
A	Net cash flow from operating activity (sum of A.1. to A.9.)	30	-61 398	-41 935
	Cash flow from investment activity			
B.2.	Expenses on acquisition of non-current tangible assets (-)	32	-13 382	-10 199
B.5.	Revenues from sale of non-current tangible assets (+)	35	405	138
B	Net cash flow from investment activity (sum of B.1. to B.20.)	51	-12 977	-10 061
	Cash flow from financial activity			
C.1.	Cash flow in the equity (sum of C.1.1 to C.1.8.)	52	0	88 273
C.1.1.	Revenues from subscribed shares and tradable shares (+)	53		88 273
C.1.2.	Revenues from other contributions to the equity by shareholders or natural person that is an accounting unit (+)	54		
C.1.3	Received cash donations (+)	55		
C.1.4	Revenues from settlement of the loss by associates (+)	56		
C.1.5.	Expenses on acquisition or repurchase of own shares and own business shares (-)	57		
C.1.6.	Expenses related to lowering of funds established by the accounting unit (-)	58		
C.1.7.	Expenses on payment of the share in the equity by associates of the accounting unit and a natural person that is an accounting unit (-)	59		
C.1.8	Expenses on other reasons related to lowering of the equity (-)	60		
C.2.	Cash flow originating from non-current liabilities and current liabilities from financial activity (sum of C.2.1 to C.2.10) Peňažné toky vznikajúce z	61	67 906	-26 774
C.2.1.	Revenues from emission of debt securities (+)	62		
C.2.2.	Expenses on settlement of liabilities from debt securities (-)	63		
C.2.3.	Revenues from loans granted by a bank or local subsidiary of a bank, with the exception of loans granted in order to ensure the main subject-matter of activity (+)	64	69 930	
C.2.4.	Expenses on repayment of loans granted to the accounting unit by a bank or local subsidiary of a bank, with the exception of loans granted in order to	65		
C.2.5.	Revenues from received borrowings (+)	66		
C.2.6.	Expenses on repayment of borrowings (-)	67		-25 000
C.2.7.	Expenses on settlement of liabilities from use of assets that are subject-matter of the contract on purchase of leased assets (-)	68	-2 024	-1 774
C.2.8.	Expenses on settlement of liabilities from rental of a set of movable assets and immovable assets used and depreciated by the tenant (-)	69		
C.2.9.	Revenues from other non-current liabilities and current liabilities resulting from the financial activity of the accounting unit, with the exception of those that are reported separately in another section of the Cash Flow Statements (+)	70		
C.2.10	Expenses on repayment of other non-current liabilities and current liabilities resulting from the financial activity of the accounting unit, with the exception of those that are reported separately in another section of the Cash Flow	71		
C.3.	Expenses on paid interests, with the exception of those that are included to operating activities (-)	72		
C.4.	Expenses on paid dividends and other shares in profit, with the exception of those that are included to operating activities (-)	73		
C.5.	Expenses related to derivatives, unless they are intended for sale or trading, or if such expenses are deemed as cash flow from investment activity (-)	74		
C.6.	Revenues related to derivatives, unless they are intended for sale or trading, or if such expenses are deemed as cash flow from investment activity (+)	75		
C.7.	Expenses on corporate income tax of the accounting unit, if they can be included to financial activities (-)	76		
C.8.	Revenues of extraordinary nature related to financial activity (+)	77		
C.9.	Expenses of extraordinary nature related to financial activity (-)	78		
C.	Net cash flow from financial activity (sum of C.1. to C.9.)	79	67 906	61 499

Des.	Item	No.	Actual in SKK '000	
			current accounting period	previous accounting period
D.	Net increase or net reduction of cash (+/-) (sum of A + B + C)	80	-6 469	9 503
E.	Balance of cash and cash equivalents at the beginning of the accounting period (+/-)	81	11 899	2 483
F.	Balance of cash and cash equivalents at the end of the accounting period before application of exchange rate differences calculated as at the date of preparation of the Financial Statements (+/-)	82	5 430	11 986
G.	Exchange rate differences calculated for cash and cash equivalents as at the date of preparation of the Financial Statements (+/-)	83	-125	-87
H.	Balance of cash and cash equivalents at the end of the accounting period after application of exchange rate differences calculated as at the date of preparation of the Financial Statements (+/-)	84	5 305	11 899

Prepared on: <i>10.03.2009</i>	Signature of the member of the statutory body of the accounting unit or natural person that is an accounting unit: 	Signature of the person responsible for preparation of the Financial Statements: 	Signature of the person responsible for book-keeping: 
Approved on:			



5. Human Resources



Human resources

The strategy of human resources management stems from the idea that employees are the most important resource at all. The business strategy is closely related to the human resources strategy. The scheme of human resources, salary and social policies and the health and safety protection at work policy have been incorporated to the Collective Labour Agreement for 2008 entered into between the Trade Union of Workers in Mines, Geology and Petroleum Industry and the Board of Directors of Žiaromat a.s. The company met its obligations resulting from the Collective Labour Agreement in full extent. In 2008 we provided our employees with recreational stays and preventive medical examinations to employees at exposed workplaces. A matter of course is boarding provided to employees and offer of drinks in beverage machines.



6. Environmental policy



Environmental policy

The Board of Directors of the Company publicly declares its positive relationship to the environment and its commitment to its continuous improvement. Care for the environment focuses on improvement of the status in protection of the air, water and waste management, as well as reduction of the risk of ecological accidents.

In accordance with requirements of the law, the company monitors and performs regular assessment of produced emissions of carbon dioxide.

In accordance with Act on integrated prevention and inspection of pollution of the environment, the Company has been granted the integrated permission for performance of those activities.