



ANNUAL REPORT

2010



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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 second half of 2009, after the crisis, the sale of our products started to increase. This trend continued even in 2010. Production and sale in that year reached the level of 2008 and we perceived this very positively.

According to our customers' requests even in the year 2010 we offered 90 new products on the market. Implementation of investment activity i.e. production of the MgOC building materials for the steel mills continued. We successfully tested our new steel ladle slag lines linings.

I would like to thank to members of the Board of Directors, the Supervisory Board and all employees of Žiaromat a.s, whose proactive approach and initiative helped to achieve the results.

Ing. Ľubomír Kupec

Vice-chair of the Board of Directors and Managing Director





3. ASSESSMENT OF THE BUSINESS PLAN FOR THE YEAR 2010

The business plan for 2010 was based on assumption of continuing existing business relations, as well as acquiring new business contacts thanks to expansion of sales activities in EU markets and eastern markets.

- *INTENTION*

Due to the fact that market demands for products assortment changed in the course of the year sales activities in 2010 focused on alignment to current demand and situation in individual market segments.

- *SALES PLAN*

Overall sales plan for 2010 was adopted at the amount of € 6,593,844, which is an increase by € 587,284 this is 9.8 % compared to actual figures for 2009.

The actual output was € 8,090,330, which equals to performance at 122.7 % level. Out of that, fire clay amounted to € 3,335,703 this is 9.9 % growth compared to the planned revenues, heat resistant concretes to € 3,983,388 growth compared to the planned revenues represents 52.2%, substances to € 752, 035 this is 0.7 % growth and MgOC € 19,204.

- *SHARES OF MARKETS*

Shares of markets in 2010:

Domestic	46.4 %
Own export	41.2 %
Export through trade organisations	12.3 %



Five biggest segments in sales in 2010:

Steelworks	64.4 %
Ovens and fire-places	21.3 %
Other	4.4 %
Construction materials	4.0 %
Cement mills and lime works	2.9 %

Territories with the biggest percentage share in sales:

Slovakia	46.4 %
Czech Republic	24.4 %
Ukraine	10.2 %
Hungary	9.8 %
Croatia	3.0 %

Portfolio of fire-clay construction materials amounted to 41.2 % of the total revenues for 2010 (out of which fire-clay inserts to ovens and fireplaces constituted 16.6 %; cast fire-clay 12.3 %; fittings 12.4 %), refractory concrete mixtures and monoliths accounted for 49.2 % and substances reached 9.3 %.

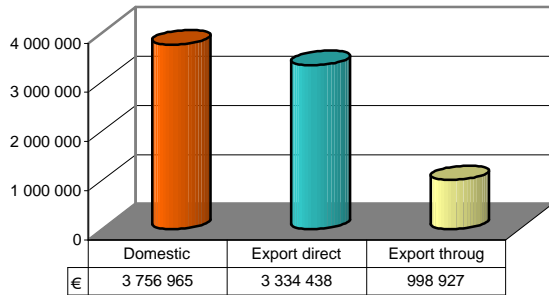
In 2009, the share of portfolio of fire-clay construction materials reached 45.7 % (out of which fire-clay inserts to ovens and fireplaces made 24.2 %; cast fire-clay 9.3 % and fittings 12.2 %), refractory concrete mixtures and monoliths accounted for 47.3 % and substances for 7.0 %.

- *CONCLUSIONS*

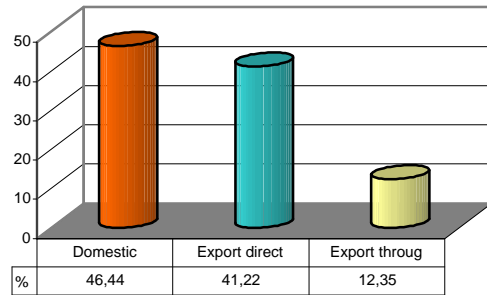
In 2011 it will be necessary to guarantee all conditions (technical, production, technological and sales) in order to safeguard implementation of new sales activities, especially in the field of MgOC building materials, heat resistant concrete monoliths for fireplace stoves, heat resistant concrete mixtures for steelworks and new qualities of synthetic slag.

OVERVIEW OF SALES FOR THE YEAR 2010

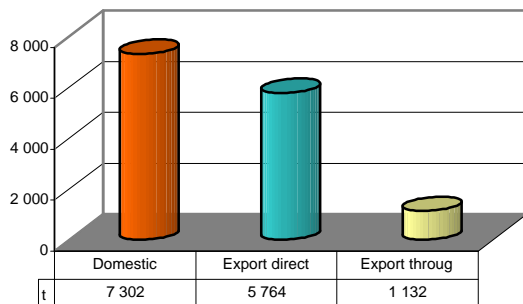
Sales broken down to destination 2010 in €



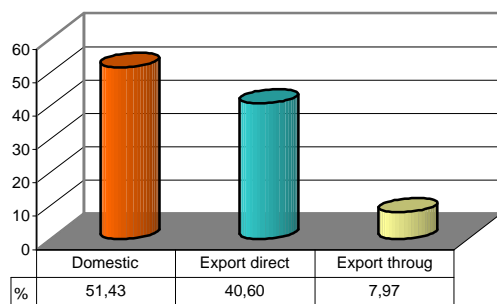
Share of sales broken down to destination 2010 in €(%)



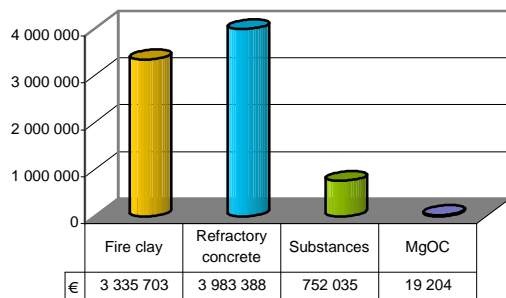
Sales broken down to destination 2010 (tons)



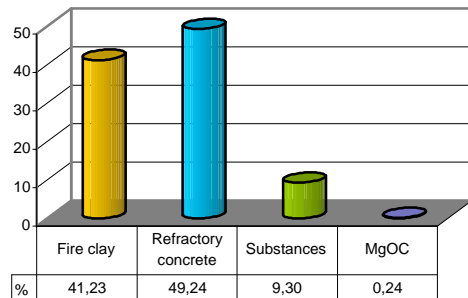
Share of sales broken down to destination 2010 in tons (%)



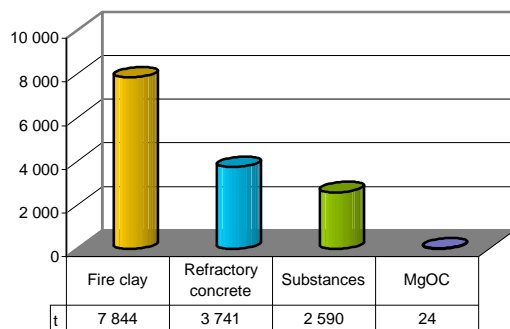
Sales broken down to assortment 2010 (€)



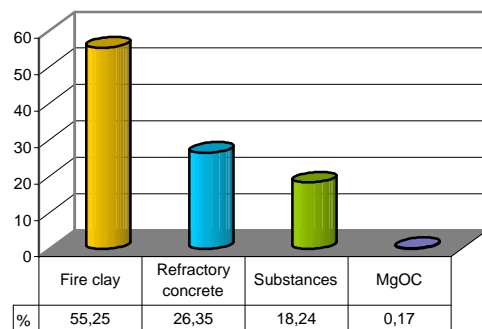
Share of sales broken down to assortment 2010 (%)



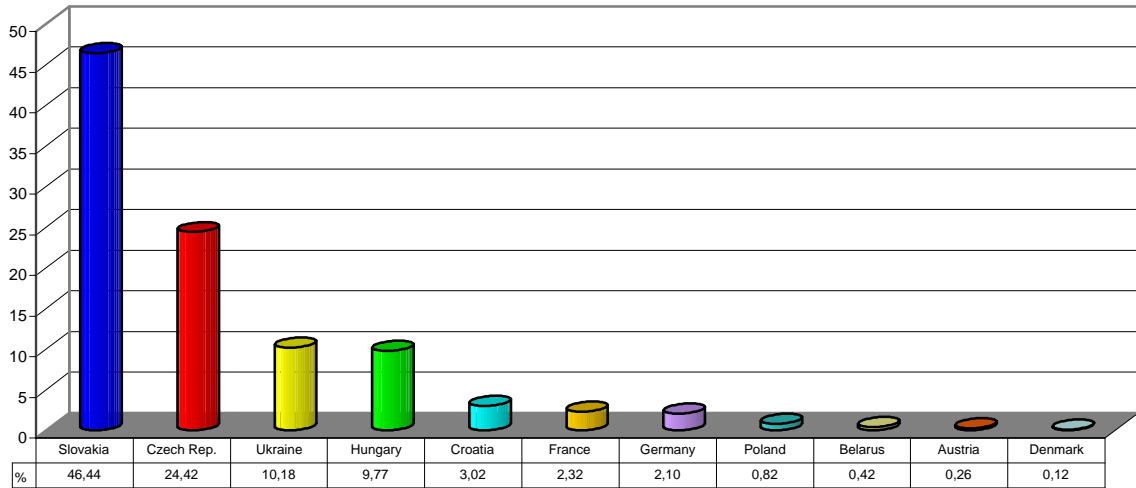
Sales broken down to assortment 2010 (tons)



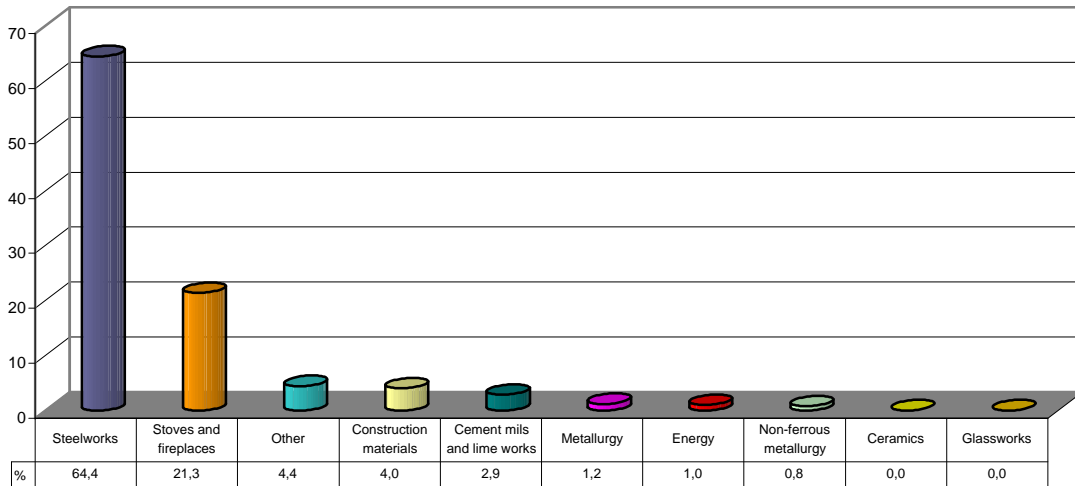
Share of sales broken down to assortment 2010 (%)



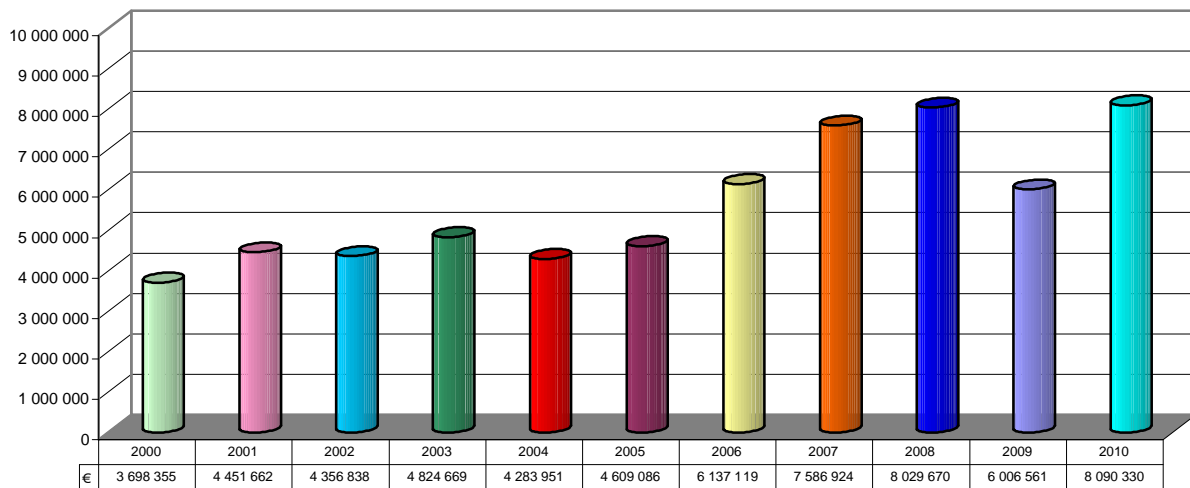
Share of sales broken down to countries in %



Share of sales broken down to segments for 2010 in %



Comparison of total sales - 2000 to 2010 (€)





4. Balance of Assets and Economic Performance



INDEPENDENT AUDITOR'S REPORT

for the year 2010

**on annual financial statements
of the joint stock company**

Žiaromat a.s., Kalinovo

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, 2010 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 of 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, 2010, 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 1, 2011

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 2010 the value of assets decreased by € 11,816. A breakdown of the decrease into particular classes of assets follows:

- Non-current assets grew by €16,377. In the structure of items of non-current assets, the individual items of personal property recorded as the only ones a growth by €81,118.00. Portfolio expansion of products necessitated a significant expansion of used forms and they are creating the majority of given growth.
- Current assets decreased by €23,707.
- To a substantial extent, this decrease is the result of decline in inventory, which was reduced by €8,713. In the area of a stockpile, it is a growth by €8,660.00, decrease in the stockpile of ready-made products by €4,052.00, a decrease of unfinished products by €13,202.00, and decrease in the stock of goods by €119. On the other hand, current receivables increased by € 4,462, with a considerable increase of receivables from business relations by €71,730. Tax receivables recorded a decrease by €69,500. We also recorded a decline on financial accounts, when their total value decreased by € 19,455.
- Accruals – accrued costs decreased by € 4,486.

Within the structure of passives during the period of monitoring, the value of equity increased by € 253,899 and amounted to positive value of € 1,288,556.

Balance of liabilities in the period of monitoring:

Liabilities total	- 235,753
Out of which:	
Provisions	+ €36,407
Non-current liabilities	- €15,907
Current liabilities	- € 447,250
- out of which liabilities from business relations	- € 482,276
Bank loans and subsidies	+ € 220,997

The result from the above mentioned is, that despite an increase of bank loans, the obligation overall went down significantly.

Accruals and deferrals, the third part of debit, achieved decreased by € 29,962.

BALANCE SHEET Úč POD 1-01 as of 31 December 2010 (in €)

ASSETS	Line No.	As of 31 Dec 2010		As of 31 Dec 2009
		Gross Correction	Net	Net
Assets total I.002+031+061	001	10,656,946 5,470,343	5,186,603	5,198,419
Non-current assets I.003+012+022	002	7,002,241 5,174,644	1,827,597	1,811,220
Non-current intangible assets total (I.004 to 011)	003	60,062 45,524	14,538	17,265
Software	006	38,254 38,254		
Appreciable rights	007	21,808 7,270	14,538	17,265
Non-current tangible assets total (I.013 to 021)	012	6,942,179 5,129,120	1,813,059	1,793,955
Land	013	149,472	149,472	148,311
Structures	014	2,468,354 1,995,709	472,645	558,335
Separate movable assets and sets of movable assets	015	3,816,065 3,120,681	695,384	614,266
Other non-current tangible assets	018	5,635	5,635	6,307
Acquired non-current tangible assets	019	436,031 12,730	423,301	466,736
Advances offered for a long-term tangible property	020	66,622	66,622	
Current assets I.032+040+047+055	031	3,652,421 295,699	3,356,722	3,380,428
Reserves total (I.033 to 039)	032	2,571,914 37,292	2,534,622	2,543,335
Material	033	1,191,885 25,615	1,166,270	1,157,610
Unfinished produce and semi-products	034	134,109	134,109	147,311
Products	036	1,242,526 11,677	1,230,849	1,234,901
Goods	038	3,394	3,394	3,513
Current receivables total (I.048 to 054)	047	1,005,337 258,407	746,930	742,468
Receivables from business relations	048	966,324 258,407	707,917	636,187
Tax receivables	053	35,815	35,815	105,315
Other receivables	054	3,198	3,198	966
Financial accounts total (I.057 to 061)	055	75,170	75,170	94,625
Cash	056	3,362	3,362	9,319
Bank accounts	057	19,750	19,750	9,742
Current liquid assets	059	52,058	52,058	75,564
Accruals and deferrals I.062 to 065	061	2,284	2,284	6,771
Accrued expenses, non-current	062			4,362
Accrued expenses, current	063	2,284	2,284	2,409

LIABILITIES	Line No.	As of 31 Dec 2010	As of 31 Dec 2009
EQUITY AND LIABILITIES TOTAL I.067+088+119	066	5,186,603	5,198,419
Equity I.068+073+080+084+087	067	1,288,556	1,034,657
Shareholders' equity total (I. 069 to 072)	068	4,812,550	4,812,550
Shareholders' equity	069	4,812,550	4,812,550
Capital funds total (I. 074 to 079)	073	568	568
Mandatory reserve fund	076	568	568
Profit funds total (I. 081 to 083)	080	999,901	994,113
Mandatory reserve fund	081	999,901	994,113
Economic performance of previous years I. 085+086	084	-4,778,362	-4,830,451
Unsettled loss of previous years	086	-4,778,362	-4,830,451
Economic performance for the accounting period +/- I. 001- (068+073+080+084+088+119)	087	253,899	57,877
Liabilities I. 89+94+105+116	088	3,884,155	4,119,908
Provisions total (I. 090 to 093)	089	126,036	89,629
Provisions, mandatory, current	091	114,199	69,690
Other current reserves	093	11,837	19,939
Non-current liabilities total (I. 095 to 104)	094	32,784	48,691
Liabilities from the social funds	102	4,296	1,688
Other non-current liabilities	103	13,266	23,490
Deferred tax liability	104	15,222	23,513
Current liabilities total (I. 106 to 114)	105	1,119,089	1,596,339
Liabilities from business relations	106	913,514	1,395,790
Non-invoiced supplies	107		540
Liabilities to employees	111	111,438	93,710
Liabilities of the social insurance scheme	112	71,013	56,267
Tax liabilities and subsidies	113	9,743	18,312
Other liabilities	114	13,381	31,720
Bank loans total (I. 117 + 118)	116	2,606,246	2,385,249
Long-term bank loans	117		
Current bank loans	118	2,606,246	2,385,249
Accruals total (I. 120 to 123)	119	13,892	43,854
Accrued expenses, current	121	1,664	5,737
Accrued revenues, current	123	12,228	38,117



Economic performance

Economic performance – profit in the amount of € 253,899 is the result of the equation of revenues in the total amount of € 8, 590,130 and total costs in the amount of € 8,336,231.

Share of revenues from sales of own products and services in total revenues of the company is 96,07 %. It is an increase compared to 2009 by € 2,095,359, which is 34,03 %.

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

- Material consumption	€ 4,211,561
Share in total costs	50.52 %
- Energy consumption	€ 759,622
Share in total costs	9.11 %
- Personnel costs	€ 2,412,550
Share in total costs	28,94 %

The above three groups of costs are dominant in the total structure and account for 88.57 % total costs of company.

PROPOSAL FOR DISTRIBUTION OF THE PROFIT

The Board of Directors proposes to distribute the profit in the amount of € 253,898.67 as follows:

- Mandatory reserve fund	€ 25,389.87
- Unsettled loss of previous years	€ 228,508.80

Profit and Loss Statement Úč POD 2-01 as of 31 December 2010 (in €)

Text	Line No.	As of 31 Dec 2010	As of 31 Dec 2009
Revenues from sale of goods	01	16,822	17,420
Costs incurred on acquisition of goods sold	02	15,157	15,958
Sales margin I. 01 - 02	03	1,665	1,462
Production I. 05+06+07	04	8,371,387	6,386,887
Revenues from sale of own products and services	05	8,252,489	6,157,130
Change of the balance of internal company stock	06	-17,254	5,518
Activation	07	136,152	224,239
Production consumption I. 09+10	08	5,359,315	3,919,211
Consumption of energy and other non-storable supplies	09	4,962,390	3,551,570
Services	10	396,925	367,641
Added value I. 03+04-08	11	3,013,737	2,469,138
Human resources costs total (I. 13 to 16)	12	2,412,550	2,034,518
Salary costs	13	1,705,299	1,369,020
Rewards to members of the company and cooperation bodies	14	25,493	25,387
Costs of social insurance scheme	15	599,670	483,582
Social costs	16	82,088	156,529
Taxes and fees	17	25,845	28,842
Depreciation and adjusting entries to non-current intangible assets and non-current tangible assets	18	315,370	313,085
Revenues from sale of non-current assets and material	19	12,872	30,237
Residual price of sold non-current assets and sold material	20	8,768	15,378
Posting and accounting of adjusting entries to receivables	21	-12,199	-1,913
Other revenues from economic activity	22	136,871	82,272
Other costs on economic activity	23	82,214	63,355
Economic performance of economic activity I. 11-12-17-18+19-20-21+22-23+(-1.24)-(-1.25)	26	330,932	128,382
Revenues from the sale of stocks and dividends	27	52,000	
Stocks and dividends sold	28	46,800	
Revenue interests	38	168	26
Cost interests	39	60,383	64,568
Exchange rate profits	40	10	1,354
Exchange rate losses	41	1,077	4,640
Other revenues from financial activity	42		21
Other costs of financial activity	43	7,568	4,434
Economic performance of financial activity I.27-28+29+33-34+35-36-37+38-39+40-41+42-43+(-1.44)-(-1.45)	46	-63,650	-72,241
Economic performance from ordinary activities before taxation I.26 + I.46	47	267,282	56,141
Income tax on current activity I.47+48	48	13,383	-1,656
- due	49	21,674	
- deferred	50	8,291	-1,656
Economic performance from ordinary activities after taxation I. 47 – I.48	51	253,899	57,797
Extraordinary revenues	52		80
Economic performance from extraordinary activities before taxation I. 52 – I.53	54		80
Economic performance from extraordinary activities after taxation I. 54 – I. 55	58		80
Economic performance for the accounting period before taxation (+/-) [I. 47 + I. 54]	59	267,282	56,221
Economic performance for the accounting period after taxation (+/-) [I. 51+ I. 58 – I.60]	61	253,899	57,877



ŽIAROMAT a. s.

Továrenská 1,
985 01 Kalinovo
Slovak Republic

Comments to Financial Statements as of 31 December 2010

28-02-2011

.....
date

A handwritten signature in blue ink, appearing to read "Vr Breita".

.....
signature of the statutory body

Notes to the Financial Statements as of 31 December 2010

A. INFORMATION ABOUT ACCOUNTING UNIT

1. Business name and registered office of the company:

ŽIAROMAT 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 2010 was 216, out of which 12 executive employees; as of 31 December 2009 there were 210 employees, out of which 12 executive employees.

4. Legal title for preparation of the Financial statements

The Financial statements of the Company for the fiscal year from 1 January 2010 until 31 December 2010 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 2009 were approved by the General Meeting of the Company on 18 March 2010

B. INFORMATION ABOUT BODIES OF THE ACCOUNTING UNIT

Board of Directors: Ing. Marián Kurčík
Ing. Eubomír Kupec
Ing. Dušan Brečka
Ing. Ivan Zemko
Ing. Roman Gál

Supervisory Board: Ing. Ľudovít Ihring
Ing. Ján Banas
Ing. Jozef Marčok
Ing. Vladimír Zvarík
Miroslav Milec
Pavol Dojčiar since 18. August 2009

C. INFORMATION ABOUT SHAREHOLDERS OF THE ACCOUNTING UNIT

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

Share type – unregistered. The nominal value of one share is EUR 33.190000. Shareholders' equity is EUR 4,812,550.00.

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

INFORMATION ABOUT THE CURRENCY CHANGE

The Slovak Republic introduced Euro as the exclusive legal tender as of 1 January 2009 by Act No. 659/2007 Coll. on Introduction of Euro Currency in the SR. The exchange rate between Euro and Slovak currency was fixed at 30.126 SKK/1 EUR. As of the date of introduction of Euro, individual items of assets and liabilities in the Slovak currency were converted to Euros, using the conversion exchange rate, in accordance with Decree of the Ministry of Finance of the Slovak Republic No. 75/2008 Coll., Laying Down Rules for Reporting, Conversion and Rounding of Financial Amounts in Relation to Conversion to Euro for the Purposes of Accounting, Taxes and Customs Purposes.

(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.

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

Depreciation of non-current assets depends on expected duration of use and expected course of wearing off of assets. Intangible assets of less than € 2,400 are, after being reviewed by the relevant authorised employee, posted to the account No. 518. Depreciation starts of the month 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 €500 and less (before 31. December 2002: € 664 and less) are charged to account No. 501. Land is not subject to depreciation.

Classification of products was changed in 2009 for forms from 29.56.24 to 25.73.5, where tax depreciation equals accounting depreciation and is rounded to integral numbers in Euros.

Tax depreciation is provided by depreciation classes:

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

(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. Provisions for costs are posted to relevant costs account.

(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 expressed the financial statements in foreign exchange are to be converted to Euros by the accounting entity, using the referential exchange rate determined and declared by the European Central Bank or the National Bank of Slovakia valid as at the date for which the financial statements are prepared and posted with the effect on the 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 the assets movement is shown in the table that is a part of attachment comments. Assets are insured with the insurance company ALLIANZ Slovenská poisťovňa a.s.

2. Inventories

As at 31 December 2010, the company had an adjusting entry for purchased inventories in the amount of EUR 25,614.80. It is an adjusting entry posted for inventories that were not moved for more than a year in the amount of 100 % of their value. The inventories are insured with ALLIANZ Slovenská poisťovňa a.s. The value of material stock slightly decreased from EUR 1,194,771.00 to EUR 1,191,884.00. The finished products inventory was also increased by EUR 7,625.00. For the products where there is an assumption of no implementation, a corrective item was created in the amount of €1,677. The company has no lien on inventory. We do not store any foreign stock nor we do not have our own stock stored in foreign storage.

3. Receivables

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

	Balance as of 31 Dec 2009 EUR	Formed (increase) EUR	Decreased (use) EUR	Cancelled reposted EUR	Balance as of 31 Dec 2010 EUR
Receivables from business relations	168 546		4 096	-11 440	153 010
Receivables in bankruptcy	110 445		4 289	-759	105 397
Other receivables HP servis	275 869			-19 157	0
Total	554 860	0	8 385	-288 068	258 407

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 2009 EUR	As of 31 Dec 2010 EUR
Due receivables	477 454	561 819
Overdue receivables	713 591	379 206
Total	1 191 045	941 025

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 2009 EUR	31 Dec 2010 EUR
Costs	0	0
Accrued costs, current	2 409	2 284
Accrued costs, non-current	4 362	0
Total	6 771	2 284

F. INFORMATION ABOUT LIABILITIES IN THE BALANCE SHEET

1. Equity

Information about equity is laid down in sections C and M.

2. Provisions

Overview of provisions is specified in the following table:

	Balance as of 31 Dec 2009 EUR	Formed EUR	Used EUR	Cancelled EUR	Balance as of 31 Dec 2010 EUR
Provisions					
Salary costs for vacations	28 038	66 680	28 038	0	66 680
Employee perquisites	10 879	4 600	10 879		4 600
Fines, claims,	8 300	7 000		8 300	7 000
Emissions	37 448	39 829	37 448	0	39 829
For mined minerals, water	760	237	760	0	237
Audit	4 204	7 690	4 204	0	7 690
Total	89 629 0	126 036 0	81 329 0	8 300 0	126 036

A provision in the amount of EUR 3,000 EUR was posted for penalisation for late payments of taxes and mandatory insurance premiums, EUR 39,829 for emissions, EUR 7,690 for audit, EUR 4,000 for claims, EUR 4,600 for employee perquisites and EUR 237 for mined minerals and water.

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. 2009 EUR	31. 12. 2010 EUR
Due liabilities from business relations	818 761	634 467
Overdue liabilities from business relations	576 684	278 795
Curent liabilities total	1 395 445	913 262
Leasing liabilities of up to 1 year	20 471	10 223
Leasing liabilities of more than 1 year	23 490	13 266
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	43 961	23 489
Liabilities from leasing, interests and VAT		22 671
6 096		

Our liabilities from business relations decreased compared to 2009 by EUR 482,183.

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

	31 Dec 2009 EUR	31 Dec 2010 EUR
Temporary differences between the accounting value of assets and the accounting value of liabilities and their Accounting residual value	1 338 177	1 333 039
Tax residual value	1 194 487	1 190 298
Difference from tax unacknowledged provisions /receivable/	143 690	141 741
Possibility to depreciate tax loss in the future	-19 939	-61 622
Income tax rate (in %)	0	19
Deferred tax liability	23 513	15 222

4. Social fund

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

	31.12.2009 EUR	31.12.2010 EUR
Balance as of 31 December	1 671	1 688
Formed at the expense of costs	11 401	14 633
Formed from the profit	0	0
Drawing	-11 384	-12 025
Balance as of 31 December	1 688	4 296

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

As at 31 December 2010, ŽIAROMAT a.s. kept records of a bank loan signed on 10 September 2008 based on a contract on non-binding credit restrictions No. 346/AUCC/08 with Slovenská sporiteľňa a.s. A loan in the amount of EUR 2,489,544 (SKK 75,000,000) was provided on 22 September 2008:

- 1,161,787 EUR (35,000,000.00 SKK) as a current account overdraft
- 1,327,757 EUR (40,000,000.00 SKK) as time credit

The loan was used to pay liabilities to Železiarne Podbrezová in the amount of EUR 2,380,014 (SKK 71,700,303.00).

On 1 December 2008, we signed Amendment 1 to the contract on non-binding credit restrictions No. 346/AUCC/08, which regulated loan terms and conditions.

On 23 October 2009, we signed Amendment 2 to the contract on non-binding credit restrictions No. 346/AUCC/08, which extended the loan maturity until 31 January 2010.

On 28 January 2011, we signed Amendment 5 to the contract on non-binding credit restrictions No. 346/AUCC/08, which extended the loan maturity until 30 March 2011.

Credit balance as at 31 December 2010	time credit	EUR 2,500,000.00
	current account overdraft	EUR 106,246.00
	payable as at 31 December 2010	EUR 2,606,246.00

6. Accruals

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

	31. 12. 2009	31. 12. 2010
	EUR	EUR
Accrued expenses, non-current	0	0
Accrued expenses, current	5 737	1 664
Accrued revenues, current	38 117	12 228
Accrued revenues, non-current	0	0
Total	43 854	13 892

Future expenses are connected with an interest from a loan in the amount of €1,288 and they are shown in the bank statement for the month of January 2011.

Accrued revenues are related to posting of emission quotas.

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:

	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Slovakia	1 295 61€	1 297 397	1 652 667	1 865 73€	500 560	772 814	3 448 843	3 935 9
Serbia		5 154						5 1
Czech Republic	488 250	961 120	531 976	961 632	42 215	52 640	1 062 441	1 975 3
Austria	1 951	480	42 470	20 412	0	0	44 421	20 8
Germany	22 264	17 939	113 07€	151 87€	0	0	135 340	169 8
Belarus				33 840				33 8
Ukraine	353	0	485893	823 226	0	0	486 246	823 2
France	89025	187 797	0	0	0	0	89 025	187 7
Hungary	760536	661 841	6070	126 666	2968	1868	769 574	790 3
Slovenia	0	0	0	0	0	6238	0	6 2
Poland	47626	66706	0	0	0	0	47626	66 7
Denmark	0	9436					0	9 4
Croatia	41801	127833			41300	1 16660	83101	244 4
Italy	0	0	6224	0	23	0	6247	
Latvia	0	0	1 686	0	0 0	0	1 686	
Spolu	2 747 422	3 335 703	2 840 062	3 983 388	587 066 0	950 220	6 174 550	8 269 3

On account No. 648 Other revenues accounts in the amount of €133,172 were posted, namely:

- €3,030 for delivered scrap
- €28,361 obligations KOOPERATÍVA and other
- €39,829 emissions reserve
- €46,800 emissions sold
- €15,152 other total

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 decrease by €5,577. Regarding balance sheet items, there is a decrease of €5,577 of products and €11,677 of adjustment, as illustrated in the following table:

	32.12.2008	Balance as of		Change of the balance	
	EUR	31. 12. 2009 EUR	31. 12. 2010 EUR	31.12.2009 EUR	31.12.2010 EUR
Unfinished production	138 259	147 311	134 109	9 052	-13 202
Finished products	1 238 435	1 234 901	1 242 526	-3 534	7 625
Total	1 376 694	1 382 212	1 376 635	5 518	-5 577
194 Adjustment			-11 677		
611,612	33 277	9 052	-13 202		
613	432 429	-3 534	-4 052		
549	0	0			

3. Activation

Overview of activation:

	31.12.2009 EUR	31.12.2010 EUR
Non-current tangible assets formed by own activity	150 491	85 002
Other activation - manufacturing of spare parts	55 299	25 354
Other activation of intra-company services, transport to the warehouse	18 449	25 796
Total	224 239	136 152

4. Exchange rate profits

Overview of exchange rate profits:

	31.12.2009 EUR	31.12.2010 EUR
Realised exchange rate profits	1 217	10
Non-realised exchange rate profits	137	0
Total	1 354	10

H. INFORMATION ABOUT COSTS

1. Services

	31.12.2009 EUR	31.12.2010 EUR
Transport	54 950	77 218
Other activities of material nature	48 641	11 424
Other activities of non-material nature	101 913	97 239
Other activities of non-material nature-ŽP Informatika	74 684	88 546
Telecommunication activities	12 600	11 470
Promotion related activities	3 326	12 145
Mediation fees	3 923	8 722
Other	797	1017
Total account No. 518	300 834	307 781

There was €65,172 posted to account No. 548 Other costs; out of which:

€11,175 insurance of assets
 €4,632 mandatory motor third party liability insurance
 €2,982 insurance of leasing
 €587 air pollution
 €39,829 emissions
 €1,708 compensation liability for damages
 €4,259 others total

ŽIAROMAT a.s. entered into a contract on audit for the year 2010. The auditing company, BDR spol. s.r.o., provides our company accounting entity with no other services. The contract on audit for the year 2010 has been made at the amount of EUR 10,300.

CH. INFORMATION ABOUT CORPORATE INCOME TAX

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

	31.12.2009			31.12.2010		
	Tax base EUR	Tax EUR	Tax %	Tax base EUR	Tax EUR	Tax %
Profit before taxation	56 222			283 864		
Items adjusting tax base	-121 471			-104 541		
Depreciated loss				-65 250		
Tax base	-65 250		19,00 %	114 073		19,00 %
Out of which theoretical tax 19 %		0			21 674	

Overview of items of deferred tax:

	31 Dec 2009 EUR	31 Dec 2010 EUR
Deferred tax liability	1 656	8291
The balance constitutes deferred tax liability	0	0

I. INFORMATION ABOUT OTHER ASSETS AND OTHER LIABILITIES

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.

Position of the legal department

Company adheres to the legislative requirements and in timely manner pays taxes and fees and in this regard, no other subjects have any claims in this area except those that are indicated in the accounting.

During the inventory with the health insurance companies, one of them, DOVERA, stated unpaid balance in the amount of €281,012.96 as fines. This is the amount they claimed in order for them to zero out the balance. Although in letter dated 22.2.2011 the health insurance company was informed, that by a resolution of the District Court in Banska Bystrica dated 25.10.2004, the court considered that the case was closed and the fines were not a subject of being paid out.

J. INFORMATION ABOUT DATA ON OFF-BALANCE SHEET ACCOUNTS

In the off-balance sheet, there are tangible assets recorded on account 752 in the amount of EUR 113,952.78 and lunch vouchers on account 757 in the amount of EUR 4,75. There is an outstanding amount of EUR 23,489.65 to be paid on VAT and interests from leasing contract.

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

In 2010, members of statutory bodies were paid bonuses on the amount of €25,493.

L. ECONOMIC RELATIONS OF THE COMPANY AND CONNECTED PERSONS

	2009 EUR	2010 EUR
ŽP Podbrezová – revenues: for goods for assigned receivables	1,347,921 -	1,829,963 3,296
costs: purchase of material services investments	1,027,008 12,213	1,419,147 12,541 4,416
Liabilities from business relations	906,289	669,395
Other subsidiaries		
receivables as of 31 December 2010		revenues
ŽP EKO-QELET a.s.	-	2,570.80
ŽP PRAKO s.r.o.	-	-
ŽP TRADE Bohémia a.s.	-	-
ŽDAS a.s.	90,684,09	1,316,061.01
liabilities as of 31 December 2010		costs
ŽP Informatika s.r.o.	-	85,770.00
ZANINONI s.r.o.	702,10	5,655.00
ŽP TRADE Bohémia a.s.	-	25,91
ŽDAS a.s.	-	4,439,12
ŽP TRADE s.r.o.	23,489.65	6,096.30
HOLD s.r.o.	-	-
Tále	-	5,162.73

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

	Balance as of 31 December 2009	Increments EUR	Transfers EUR	Balance as of 31 December 2010
Shareholders' equity	4,812,550			4,812,550
Other capital funds	568			568
Mandatory reserve fund	994,113	5,788		999,901
Undistributed profit				0
Undistributed loss of previous years	-4,830,451	52,089		-4,778,362
Economic performance for the current accounting period	57,877	253,899	- 57,877	253,899
Equity total	1,034,657	311,776	- 57,877	1,288,556

During the accounting period for the year 2010, the fixed assets did not change and its value is €4,812,550.

Proposal for distribution of economic performance for the year 2009 in the amount of €57,877.27

- Accounting of unsettled loss EUR 52,089.54
- mandatory reserve fund EUR 5,787.73

Proposal for distribution of the profit for 2010 in the amount of EUR 253,898.67

- reposting to unsettled debt EUR 228,508.80
- to mandatory provisions fund EUR 25,389.87

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

ŽIAROMAT a.s. signed, on 28 January 2011, Amendment 5 to contract on non-binding credit restrictions No. 346/AUCC/08 with Slovenská sporiteľňa a.s., which extended the loan maturity until 30 March 2011.

In Kalinovo, on 28 February 2011
Prepared by: Jablonská Anna

Adjustments broken down to asset types	Balance sheet line	Residual price as of Jan 1, 2010	Residual price as of Dec 31, 2010
B.			
B.I.			
B.I.1.			
1. Non-current assets I. 04+13+23	003	1 811 220	1 827 597
2. Non-current intangible assets	004	17 265	14 538
B.I.1.1.	005		
1. Set-up costs (011)	006		
2. Activated costs of development (012)	007		
3. Software (013)	008	17 265	14 538
4. Appreciable rights (014)	009		
5. Goodwill (015)	010		
6. Other non-current intangible assets (019)	011		
7. Acquired non-current intangible assets (041)	012		
8. Received advance payments for STA (051)	013	1 793 955	1 813 059
B.II.			
B.II.1.			
1. Non-current tangible assets I. 14 to 22	014	148 311	149 472
Land (031)	015	558 335	472 645
2. Structures (021)	016	614 266	695 384
3. Separate movable assets (022)	017		
4. Growing units of permanent copses (025)	018		
5. Basic herd and draft animals (026)	019	6 307	5 635
6. Other non-current tangible assets (029,032)	020	471 715	436 031
7. Acquired non-current tangible assets (042)	021		66 622
8. Received advance payments for STA (052)	022	-4 979	-12 730
9. Adjusting entry to acquired assets			

ŽIAROMAT
a.s.
KALINOVÓ

Jakšová

213.81.184.2 16		Balance sheet line	Adjustments and adjusting entries as of Jan 1, 2010	Increment of adjustments and adjusting entries	Decrement of adjustments and adjusting entries	Transfers (+/-)	Adjustments and adjusting entries as of Dec 31, 2010
B.	Non-current assets I. 04+13+23	003	4 886 237	307 620	26 964		5 174 644
B.I.	Non-current intangible assets	004	42 797	2 727			45 524
B.I.1.	Set-up costs (011)	005					
2.	Activated costs of development (012)	006					
3.	Software (013)	007	38 254				38 254
4.	Appreciable rights (014)	008	4 543	2 727			7 270
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	4 843 440	312 644	26 964		5 129 120
B.II.1.	Land (031)	014					
2.	Structures (021)	015	1 905 677	90 032			1 995 709
3.	Separate movable assets (022)	016	2 932 784	214 861	26 964		3 120 681
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					
7.	Acquired non-current tangible assets (042)	020					
8.	Received advance payments for STA (052)	021					
9.	Adjusting entry to acquired assets	022	4 979	7 751			12 730

CASH FLOW STATEMENTS
(using indirect reporting method)




as of 31. December 2010

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

Des.	Item	No.	Actual in EUR	
			current accounting period	previous accounting period
	Cash flow from operating activities			
Z/S	Economic performance of usual activities before taxation (+/-)	1	283 864	56 222
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	337 485	395 046
A.1.1.	Depreciation of non-current intangible assets and non-current tangible assets	3	307 619	313 085
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	-25 475	26 306
A.1.7.	Dividends and other shares in profit posted to revenues (-)	9		
A.1.8.	Interests posted to costs (+)	10	60 383	64 568
A.1.9.	Interests posted to revenues (-)	11	-168	-26
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	1 077	4 640
A.1.12.	Sale of non-current assets, with exception of assets deemed as cash equivalent (+/-)	14	-5 951	-13 527
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	-432 028	-86 364
A.2.1.	Change of the balance of receivables from operating activity (-/+)	17	-4 463	-105 629
A.2.2.	Change of the balance of liabilities from business activities (+/-) current and non-current liabilities and provisions for current liabilities	18	-436 278	-33 089
A.2.3.	Change of the balance of inventory (-/+)	19	8 713	52 354
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	189 321	364 904
A.3.	Received interests, with the exception of those that are included to investment	22	168	26
A.4.	Expenses on interests paid, with the exception of those that are included to financial activities (-)	23	-60 384	-64 568
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	-154 759	244 140
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	-29 965	1 656

Des.	Item	No.	Actual in EUR	
			current accounting period	previous accounting period
A.8.	Revenues of extraordinary nature related to operating activity (+)	28		
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	99 140	302 018
	Cash flow from investment activity			
B.2.	Expenses on acquisition of non-current tangible assets (-)	32	-370 795	-431 100
B.5.	Revenues from sale of non-current tangible assets (+)	35	52 751	18 047
B	Net cash flow from investment activity (sum of B.1. to B.20.)	51	-318 044	-413 053
	Cash flow from financial activity			
C.1.	Cash flow in the equity (sum of C.1.1 to C.1.8.)	52	0	0
C.1.1.	Revenues from subscribed shares and tradable shares (+)	53		
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	0	0
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	0	
C.2.	Cash flow originating from non-current liabilities and current liabilities from financial activity (sum of C.2.1 to C.2.10) Pe ňážné toky vznikajúce z	61	200 526	34 246
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	220 997	63 990
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		
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	-20 471	-29 744
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		

Des.	Item	No.	Actual in EUR	
			current accounting period	previous accounting period
D.	Net increase or net reduction of cash (+/-) (sum of A + B + C)	80	-18 378	-76 789
E.	Balance of cash and cash equivalents at the beginning of the accounting period (+/-)	81	94 625	176 054
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	76 247	99 265
G.	Exchange rate differences calculated for cash and cash equivalents as at the date of preparation of the Financial Statements (+/-)	83	-1 077	-4 640
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	75 170	94 625

Prepared on: 28-02-2011	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 2010 entered into between the Trade Union of Workers in Mines, Geology and Petroleum Industry and the Board of Directors of Žiaromat a.s..

In comparison with the year 2009 where the fulfillment of obligations implicit from the collective labor agreement was influenced by the consequences of the economic crises, these were in 2010 fulfilled either in the social or wage area to the full extent. Stabilization of the production volume and product sales were shown in the area of the wage policy, showing a growth of the average monthly income by 17.34 % compared to year 2009 (an increase by 9.4% in comparison with year 2008). The increase was secured by paying the vacation wages in the month of May 2010 and paying the 13th month wages (Christmas bonus) in the month of November 2010. By the end of 2010 (31.12.2010) the company employed total of 216 employees where the average number of employees in 2010 as the physical entity was 201 employees. During the year 31 employees were hired and 17 employees were released. Inter-department transfers amounted to 20 employees due to the operational management of production with the aim of effectively utilize the human resources.

In 2010 we had fitness stays, we provided meals in our own kitchen and cafeteria and the potable regime providing beverage machines, preventive health check ups for employees working in the risky areas and for employees exposed to PCs'.



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 the law, the company performs monitoring and regular assessment of produced emissions of carbon dioxide, sulphur dioxide and solid pollutants into the air and submits reports to bodies of ŽP.

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.