



# ANNUAL REPORT

2009



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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

Economic performance of the company in 2009 was substantially influenced by the financial and economic crisis. Especially it affected our customers in the metallurgy industry, who were running at only 40 - 50% of their capacities. It was also reflected in the sales of our products. Compared to 2008, sales of fire clay products declined by 25% and sales of heat resistant concretes dropped by 26%. We launched 78 new products to the market.

Already when preparing the executive plan for 2009, we adopted the Set of measures aimed at reduction of crisis effects, which was fine-tuned in the first quarter of 2009. Adopted measures brought expected effect and the company reported profit also in that year.

I hope that the measures implemented in the fields of investments, labour management, human resources management and economic analyses will result in profits also in 2010.

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. Lubomir Kupec**  
Vice-chair of the Board of Directors and Managing Director

### 3. ASSESSMENT OF THE BUSINESS PLAN FOR THE YEAR 2009

The business plan for 2009 was based on assumption of continuing existing business relations, as well as acquiring new business contacts thanks to expansion of sales activities (production of a new sales commodity MgOC building materials) in EU markets and eastern markets.

- *INTENTION*

Due to the fact that market demands for products assortment changed in the course of the year, which was affected by the financial and economic crisis, sales activities in 2009 focused on alignment to current demand and situation in individual market segments.

- *SALES PLAN*

Overall sales plan for 2009 was adopted at the amount of € 8,051,645, which is an increase by € 21,975 compared to actual figures for 2008. The plan also included launch of a new product - MgOC building material, in the total amount of € 65,724. Due to production and technical reasons, production of building materials was not implemented and therefore, for the purposes of assessment of the sales plan, the reference value used is € 7,985,921 and it does not include the planned quantity of MgOC building materials.

The actual output was € 6,006,560, which equals to performance at 75.2% level. Out of that, fire clay amounted to € 2,747,422, heat resistant concretes to € 2,840,062 and materials to € 419,076.

Drop in sales, compared to projected revenues, amounted to 27.2 % for fire clay, 21 % for heat resistant concretes and 32.2 % for materials.

Revenues declines for 2009 amounted to 25.2 % compared to actual performance for 2008, which was caused by reduced demand, especially as a result of the economic crisis.

- *SHARES OF MARKETS*

Shares of markets in 2008:

Domestic	54.6 %
Own export	35.5 %
Export through trade organisations	9.9 %



Five biggest segments in sales in 2009:

Steelworks	53.0%
Ovens and fire-places	30.4 %
Construction materials	6.0 %
Other	3.8 %
Cement mills and lime works	2.8 %

Territories with the biggest percentage share in sales:

Slovakia	54.6 %
Czech Republic	17.7 %
Hungary	12.8 %
Ukraine	8.1 %
Germany	2.3 %

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

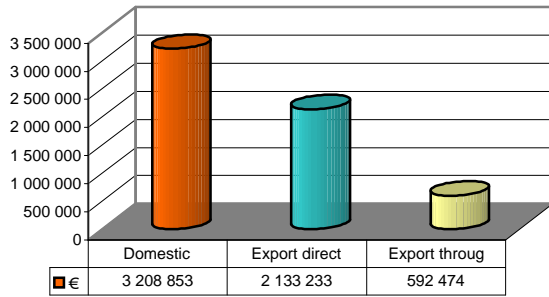
In 2007, the share of portfolio of fire-clay construction materials reached 46.1 % (out of which fire-clay inserts to ovens and fireplaces made 12.0 %; cast fire-clay 16.3 and fittings 17.8 %), refractory concrete mixtures and monoliths accounted for 46.4 % and substances for 7.5 %.

- *CONCLUSIONS*

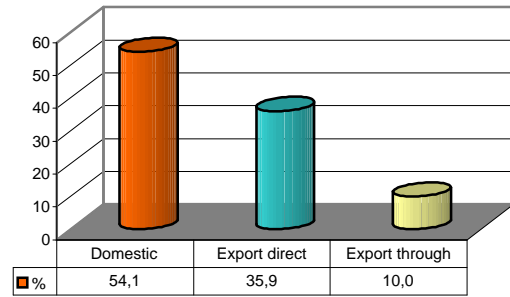
In 2010 it will be necessary to guarantee all conditions (technical, production, technological and sales) in order to safeguard implementation of new sales activities, especially in the field of MgOC building materials, heat resistant concrete monoliths for fireplace stoves, heat resistant concrete mixtures for steelworks and high aluminium cast materials.

# OVERVIEW OF SALES FOR THE YEAR 2009

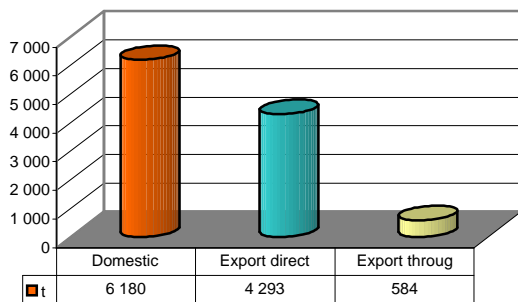
Sales broken down to destination 2009 in €



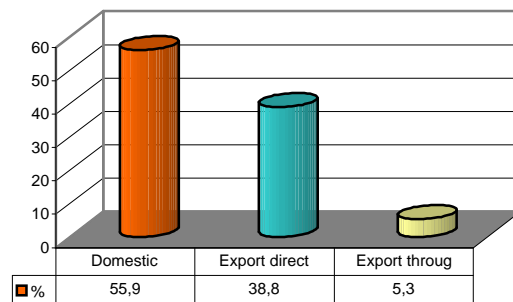
Share of sales broken down to destination 2009 in € (%)



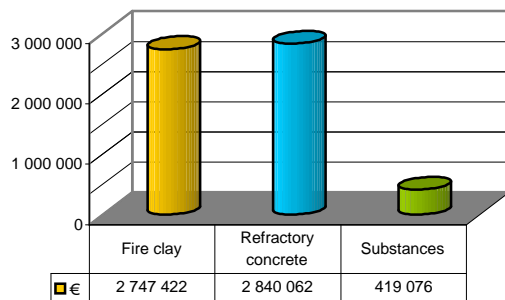
Sales broken down to destination 2009 (tons)



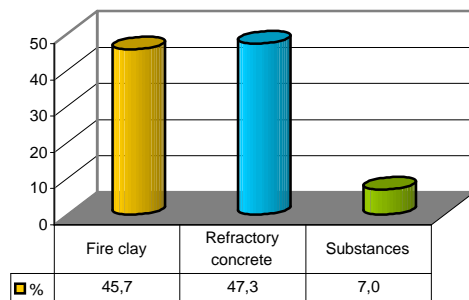
Share of sales broken down to destination 2009 in tons (%)



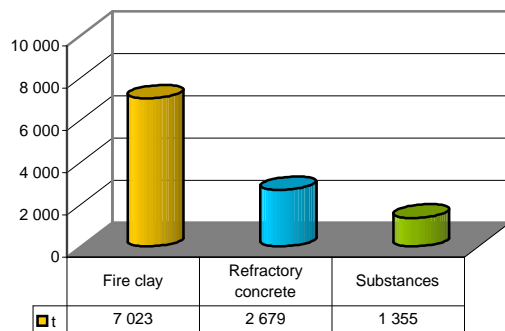
Sales broken down to assortment 2009 (€)



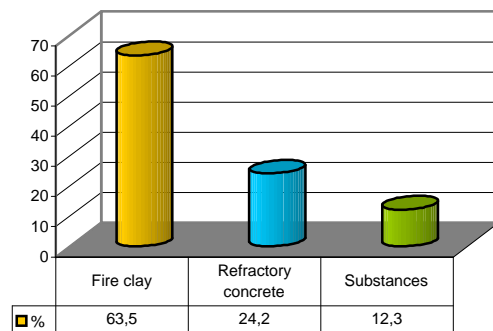
Share of sales broken down to assortment 2009 (%)



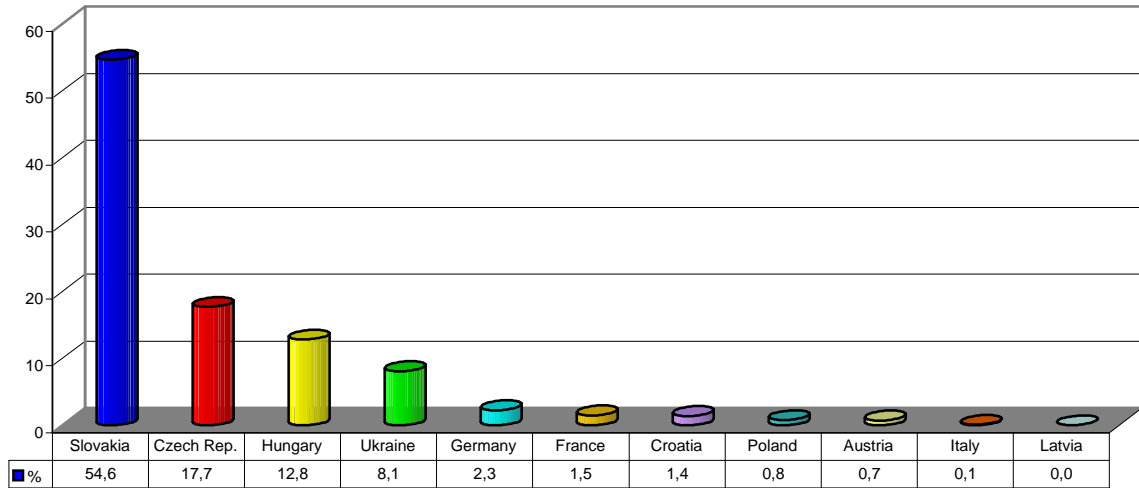
Sales broken down to assortment 2009 (tons)



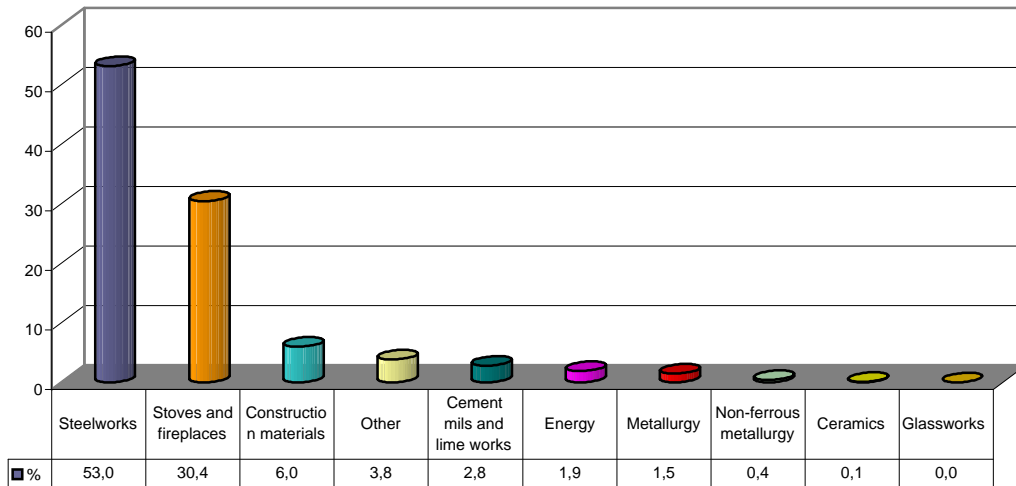
Share of sales broken down to assortment 2009 (%)



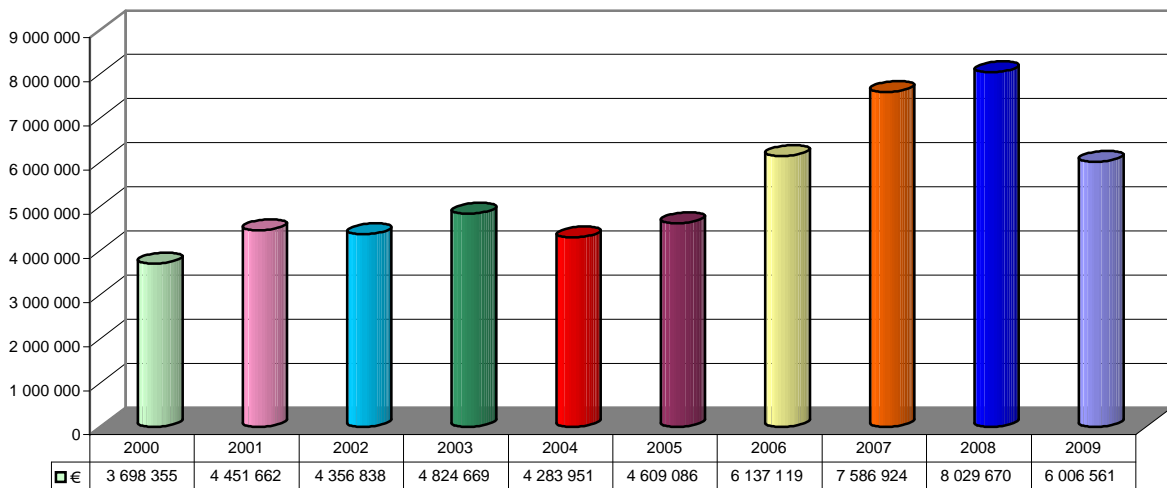
Share of sales broken down to countries in %



Share of sales broken down to segments for 2009 in %



Comparison of total sales - 2000 to 2009 (€)







## **4. Balance of Assets and Economic Performance**



# **INDEPENDENT AUDITOR'S REPORT**

**for the year 2009**

**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, 2009 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, 2009, 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 4, 2010

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 2009 the value of assets increased by € 79,869. A breakdown of the increase into particular classes of assets follows:

- Non-current assets increased by € 113,498. The increase of the assets was caused by an increase in acquired investments related to the build-up of production line for production of magnesite building materials.
- Current assets decreased by €28,154.  
To a substantial extent, this decrease is the result of decline in inventory, which was reduced by € 52,354. Out of that figure, material reserves dropped by € 56,505, stock of finished products by €3,534, unfinished products increased by €9,051 and goods inventory dropped by €1,367. On the other hand, current receivables increased by € 105,630, with a considerable increase of tax receivables by €100,880. We also recorded a decline on financial accounts, when their total value decreased by €81,429.
- Accruals – accrued costs decreased by € 5,471, 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 € 47,877 and amounted to positive value of € 1,034,657.

Balance of liabilities in the period of monitoring:

Liabilities total	+ € 1,157
Out of which:	
Provisions	- €64,883
Non-current liabilities	- €22,110
Current liabilities	+ €24,160
- out of which liabilities from business relations	+ €119,653
Bank loans and subsidies	+ €63,990

The above implies that the value as well as the structure of liabilities did not substantially change in 2009.

Accruals and deferrals, the third part of debit, achieved increase by € 20,835 due to billing of carbon dioxide emissions.

## BALANCE SHEET Úč POD 1-01 as of 31 December 2009 (in €)

ASSETS	Line No.	As of 31 Dec 2009		As of 31 Dec 2008
		Gross Correction	Net	Net
<b>Assets total I.002+031+061</b>	<b>001</b>	<b>10,675,314</b> <b>5,476,895</b>	<b>5,198,419</b>	<b>5,118,550</b>
<b>Non-current assets I.003+012+022</b>	<b>002</b>	<b>6,697,457</b> <b>4,886,237</b>	<b>1,811,220</b>	<b>1,697,727</b>
<b>Non-current intangible assets total (I.004 to 011)</b>	<b>003</b>	<b>60,062</b> <b>42,797</b>	<b>17,265</b>	<b>19,991</b>
Software	006	38,254 38,254		
Appreciable rights	007	21,808 4,543	17,265	19,991
<b>Non-current tangible assets total (I.013 to 021)</b>	<b>012</b>	<b>6,637,395</b> <b>4,843,440</b>	<b>1,793,955</b>	<b>1,677,736</b>
Land	013	148,311	148,311	15,231
Structures	014	2,464,012 1,905,677	558,335	632,624
Separate movable assets and sets of movable assets	015	3,547,050 2,932,784	614,266	665,813
Other non-current tangible assets	018	6,307	6,307	6,547
Acquired non-current tangible assets	019	471,715 4,979	466,736	220,920
<b>Current assets I.032+040+047+055</b>	<b>031</b>	<b>3,971,086</b> <b>590,658</b>	<b>3,380,428</b>	<b>3,408,582</b>
<b>Reserves total (I.033 to 039)</b>	<b>032</b>	<b>2,579,135</b> <b>35,800</b>	<b>2,543,335</b>	<b>2,595,689</b>
Material	033	1,193,410 35,800	147,311	1,214,115
Unfinished produce and semi-products	034	147,311	147,311	138,260
Products	036	1,234,901	1,234,901	1,238,435
Goods	038	3,513	3,513	4,880
<b>Current receivables total (I.048 to 054)</b>	<b>047</b>	<b>1,297,326</b> <b>554,858</b>	<b>742,468</b>	<b>636,838</b>
Receivables from business relations	048	1,191,045 554,858		631,514
Tax receivables	053	105,315	105,315	4,435
Other receivables	054	966	966	889
<b>Financial accounts total (I.057 to 061)</b>	<b>055</b>	<b>94,625</b>	<b>94,625</b>	<b>176,054</b>
Cash	056	9,319	9,319	1,446
Bank accounts	057	9,742	9,742	102,689
Current liquid assets	059	75,564	75,564	71,920
<b>Accruals and deferrals I.062 to 065</b>	<b>061</b>	<b>6,771</b>	<b>6,771</b>	<b>12,242</b>
Accrued expenses, non-current	062	4,362	4,362	8,723
Accrued expenses, current	063	2,409	2,409	3,518

LIABILITIES	Line No.	As of 31 Dec 2009	As of 31 Dec 2008
<b>EQUITY AND LIABILITIES TOTAL I.067+088+119</b>	<b>066</b>	<b>5,198,419</b>	<b>5,118,550</b>
<b>Equity I.068+073+080+084+087</b>	<b>067</b>	<b>1,034,657</b>	<b>976,780</b>
<b>Shareholders' equity total (I. 069 to 072)</b>	<b>068</b>	<b>4,812,550</b>	<b>4,813,118</b>
Shareholders' equity	069	4,812,550	4,813,118
<b>Capital funds total (I. 074 to 079)</b>	<b>073</b>	<b>568</b>	
Mandatory reserve fund	076	568	
<b>Profit funds total (I. 081 to 083)</b>	<b>080</b>	<b>994,113</b>	<b>924,116</b>
Mandatory reserve fund	081	994,113	924,116
<b>Economic performance of previous years I. 085+086</b>	<b>084</b>	<b>-4,830,451</b>	<b>-5,460,425</b>
Unsettled loss of previous years	086	-4,830,451	-5,460,425
<b>Economic performance for the accounting period +/- I. 001- (068+073+080+084+088+119)</b>	<b>087</b>	<b>57,877</b>	<b>699,970</b>
<b>Liabilities I. 89+94+105+116</b>	<b>088</b>	<b>4,119,908</b>	<b>4,118,751</b>
<b>Provisions total (I. 090 to 093)</b>	<b>089</b>	<b>89,629</b>	<b>154,512</b>
Provisions, mandatory, current	091	69,690	96,091
Other current reserves	093	<b>19,939</b>	<b>58,421</b>
<b>Non-current liabilities total (I. 095 to 104)</b>	<b>094</b>	<b>48,691</b>	<b>70,801</b>
Liabilities from the social funds	102	1,688	1,671
Other non-current liabilities	103	23,490	43,961
Deferred tax liability	104	23,513	25,169
<b>Current liabilities total (I. 106 to 114)</b>	<b>105</b>	<b>1,596,339</b>	<b>1,572,179</b>
Liabilities from business relations	106	1,395,790	1,276,137
Non-invoiced supplies	107	540	
Liabilities to employees	111	93,710	108,066
Liabilities of the social insurance scheme	112	56,267	68,737
Tax liabilities and subsidies	113	18,312	44,621
Other liabilities	114	31,720	74,618
<b>Bank loans total (I. 117 + 118)</b>	<b>116</b>	<b>2,385,249</b>	<b>2,321,259</b>
Long-term bank loans	117		1,327,757
<b>Current bank loans</b>	<b>118</b>	<b>1,385,249</b>	<b>993,502</b>
<b>Accruals total (I. 120 to 123)</b>	<b>119</b>	<b>43,854</b>	<b>23,019</b>
Accrued expenses, current	121	5,737	1,201
Accrued revenues, current	123	38,117	21,818



## Economic performance

Economic performance – profit in the amount of € 57,877 is the result of the equation of revenues in the total amount of € 6,518,297 and total costs in the amount of € 6,460,420.

Share of revenues from sales of own products and services in total revenues of the company is 94.46 %. It is an decrease compared to 2008 by € 2,013,874, which is 24.65 %.

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

- Material consumption	€ 2,801,340
Share in total costs	43.16 %
- Energy consumption	€ 785,391
Share in total costs	12.16 %
- Personnel costs	€ 2,034,518
Share in total costs	31.49 %

The above three groups of costs are dominant in the total structure and account for 87.01 %.

### PROPOSAL FOR DISTRIBUTION OF THE PROFIT

The Board of Directors proposes to distribute the profit in the amount of € 57,877.27 as follows:

- Mandatory reserve fund	€ 5,787.73
- Unsettled loss of previous years	€ 52,089.54

## Profit and Loss Statement Úč POD 2-01 as of 31 December 2009 (in €)

Text	Line No.	As of 31 Dec 2009	As of 31 Dec 2008
Revenues from sale of goods	01	17,420	48,084
Costs incurred on acquisition of goods sold	02	15,958	39,376
<b>Sales margin I. 01 - 02</b>	<b>03</b>	<b>1,462</b>	<b>8,708</b>
<b>Production I. 05+06+07</b>	<b>04</b>	<b>6,386,887</b>	<b>8,842,078</b>
Revenues from sale of own products and services	05	6,157,130	8,171,004
Change of the balance of internal company stock	06	5,518	465,707
Activation	07	224,239	205,368
Production consumption I. 09+10	08	3,919,211	5,474,403
Consumption of energy and other non-storable supplies	09	3,551,570	5,011,614
Services	10	367,641	462,789
Added value I. 03+04-08	11	2,469,138	3,376,383
Human resources costs total (I. 13 to 16)	12	2,034,518	2,379,303
Salary costs	13	1,369,020	1,656,442
Rewards to members of the company and cooperation bodies	14	25,387	25,493
Costs of social insurance scheme	15	483,582	593,878
Social costs	16	156,529	103,490
Taxes and fees	17	28,842	42,787
Depreciation and adjusting entries to non-current intangible assets and non-current tangible assets	18	313,085	284,940
Revenues from sale of non-current assets and material	19	30,237	27,735
Residual price of sold non-current assets and sold material	20	15,378	11,116
Posting and accounting of adjusting entries to receivables	21	-1,913	42,942
Other revenues from economic activity	22	82,272	282,511
Other costs on economic activity	23	63,355	252,689
<b>Economic performance of economic activity I. 11-12-17-18+19-20-21+22-23+(-I.24)-(-I.25)</b>	<b>26</b>	<b>128,382</b>	<b>672,853</b>
Revenue interests	38	26	406
Cost interests	39	64,568	34,706
Exchange rate profits	40	1,354	352,598
Exchange rate losses	41	4,640	119,832
Other revenues from financial activity	42	21	
Other costs of financial activity	43	4,434	9,778
<b>Economic performance of financial activity I.27-28+29+33-34+35-36-37+38-39+40-41+42-43+(-I.44)-(-I.45)</b>	<b>46</b>	<b>-72,241</b>	<b>188,688</b>
Economic performance from ordinary activities before taxation I.26 + I.46	47	56,141	861,541
Income tax on current activity I.47+48	48	-1,656	161,571
- due	49		167,011
- deferred	50	-1,656	-5,440
Economic performance from ordinary activities after taxation I. 47 – I.48	<b>51</b>	<b>57,797</b>	<b>699,970</b>
Extraordinary revenues	52	80	
<b>Economic performance from extraordinary activities before taxation I. 52 – I.53</b>	<b>54</b>	<b>80</b>	
<b>Economic performance from extraordinary activities after taxation I. 54 – I. 55</b>	<b>58</b>	<b>80</b>	
<b>Economic performance for the accounting period before taxation (+/-) [I. 47 + I. 54]</b>	<b>59</b>	<b>56,221</b>	<b>861,541</b>
<b>Economic performance for the accounting period after taxation (+/-) [I. 51+ I. 58 – I.60]</b>	<b>61</b>	<b>57,877</b>	<b>699,970</b>





**ŽIAROMAT a. s.**

Továrenská 1,  
985 01 Kalinovo  
Slovak Republic

# Comments to Financial Statements as of 31 December 2009

03 -03- 2010

.....  
date

ŽIAROMAT  
a.s.  
KALINOVO

.....  
signature of the statutory body

## Notes to the Financial Statements as of 31 December 2009

### 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 2009 was 210, out of which 12 executive employees; as of 31 December 2008 there were 234 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 2009 until 31 December 2009 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 2008 were approved by the General Meeting of the Company on 4 June 2009

### B. INFORMATION ABOUT BODIES OF THE ACCOUNTING UNIT

Board of Directors: Ing. Marián Kurčík  
Ing. Ľubomír 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  
Dušan Ďalog since 18. August 2009  
Pavol Doj čiar 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., Kolkáre ň 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 (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 € 2,400 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 €500 and less (before 31. December 2002: € 664 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:

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

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 in 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 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**

As at 31 December 2009, the company had an adjusting entry for purchased inventories in the amount of EUR 35,800. 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 increased from EUR 1,293,217.00 to EUR 1,194,771.00. The finished products inventory was also reduced by EUR 3,534.00. The company has no lien on inventory.

### 3. Receivables

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

	Balance as of 31 Dec 2008	Formed (increase)	Decreased (use)	Cancelled reposted	Balance as of 31 Dec 2009
	EUR	EUR	EUR	EUR	EUR
Receivables from business relations	168 690	-1 912	20 251	22 019	168 546
Receivables in bankruptcy	116 321		3 014	-2 862	110 445
Other receivables HP servis	295 024			-19 157	275 867
<b>Total</b>	<b>580 035</b>	<b>-1 912</b>	<b>23 265</b>	<b>0</b>	<b>554 858</b>

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 2008 EUR	As of 31 Dec 2009 EUR
Due receivables	314 870	477 454
Overdue receivables	851 450	713 591
<b>Total</b>	<b>1 166 320</b>	<b>1 191 045</b>

### 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 2008 EUR	31 Dec 2009 EUR
Costs	0	0
Accrued costs, current	3 518	2 409
Accrued costs, non-current	8 723	4 362
<b>Total</b>	<b>12 241</b>	<b>6 771</b>

## 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 2008	Formed	Used	Cancelled	Balance as of 31 Dec 2009
	EUR	EUR	EUR	EUR	EUR
<b>Provisions</b>					
Salary costs for vacations	40 346	28 038	40 346	0	28 038
Employee perquisites		10 879			10 879
Fines and claims	57 757	8 300		57 757	8 300
Emissions	50 102	37 448	50 102	0	37 448
For mined minerals	664	760	664	0	760
Audit	5 643	4 204	5 643	0	4 204
<b>Total</b>	<b>154 512 0</b>	<b>89 629 0</b>	<b>96 755 0</b>	<b>57 757 0</b>	<b>89 629</b>

A provision in the amount of EUR 3,300 EUR was posted for penalisation for late payments of taxes and mandatory insurance premiums, EUR 37,448 for emissions, EUR 4,204 for audit, EUR 5,000 for claims, EUR 10,879 for employee perquisites and EUR 760 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. 2008 EUR	31. 12. 2009 EUR
Due liabilities from business relations	500 165	818 761
Overdue liabilities from business relations	608 378	576 684
<b>Current liabilities total</b>	<b>1 108 543</b>	<b>1 395 445</b>
Leasing liabilities of up to 1 year	43 961	20 471
Leasing liabilities of more than 1 year	29 744	23 490
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)		
<b>Non-current liabilities total</b>	<b>73 705</b>	<b>43 961</b>
<b>Liabilities from leasing, interests and VAT</b>		
<b>22 671</b>		

Our liabilities from business relations increased compared to 2008, by EUR 286,902.

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

	31 Dec 2008 EUR	31 Dec 2009 EUR
Temporary differences between the accounting value of assets and the accounting value of liabilities and their Accounting residual value	1 471 259	1 338 177
Tax residual value	1 279 707	1 194 487
Difference from tax unacknowledged provisions /receivable/	191 562	143 690
Possibility to depreciate tax loss in the future	-59 085	-19 939
Income tax rate (in % )	0	0
	19	19
<b>Deferred tax liability</b>	<b>25 169</b>	<b>23 513</b>

### 4. Social fund

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

	31.12.2008 EUR	31.12.2009 EUR
Balance as of 31 December	830	1 671
Formed at the expense of costs	13 942	11 401
Formed from the profit	0	0
Drawing	-13 101	-11 384
<b>Balance as of 31 December</b>	<b>1 671</b>	<b>1 688</b>

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 2009, 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 SKK 75,000,000 was provided on 22 September 2008:

- 35,000,000.00 as a current account overdraft
- 40,000,000.00 as time credit

The loan was used to pay liabilities to Železiarne Podbrezová in the amount of 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.

Credit balance as at 31 December 2009 time credit	EUR 1,327,757.00
current account overdraft	EUR 1,057,492.00
payable as at 31 January 2010	EUR 2,385,249.00

## 6. Accruals

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

	31. 12. 2008 EUR	31. 12. 2009 EUR
Accrued expenses, non-current	0	0
Accrued expenses, current	1 201	5 737
Accrued revenues, current	21 818	38 117
Accrued revenues, non-current	0	0
<b>Total</b>	<b>23 019</b>	<b>43 854</b>

Accrued expenses are related to the credit note of January 2010 for the WAMSLER Company.

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:

	Fire clay		Refractory concretes		Other and services		Total	
	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR
Slovak Republic	1 462 557	1 295 616	1 857 930	1 652 667	776 581	500 560	4 097 068	3 448 8
Czech Rep.	1 121 655	488 250	755 427	531 976	6 009	42 215	1 883 091	1 062 4
Austria	6 042	1 951	20 282	42 470	0	0	26 324	44 4
Germany	10 224	22 264	9 559	113 076	0	0	19 783	135 3
Ukraine	0	353	982 274	485 893	0	0	982 274	486 2
France	209 420	89 025	0	0	0	0	209 420	89 0
Hungary	696 707	760 536	96 760	6 070	6 506	2 968	799 973	769 5
Slovenia	1 892	0	0	0	0	0	1 892	
Poland	146 551	47 626	4 946	0	0	0	151 497	47 6
Denmark	5 311	0					5 311	
Croatia	42 223	41 801			232	41 300	42 455	83 1
Italy	0	0	0	6 224	0	23	0	6 2
Latvia	0	0	0	1 686	0	0	0	1 6
<b>Total</b>	<b>3 702 582</b>	<b>2 747 422</b>	<b>3 727 178</b>	<b>2 840 062</b>	<b>789 328</b>	<b>587 066</b>	<b>8 219 088</b>	<b>6 174 5</b>

On account No. 648 Other revenues accounts in the amount of €1,019 were posted, namely:

€1,019 for delivered scrap  
€33,628 obligations ALLIANZ  
€37,448 emissions  
€10,177 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 increase by €5,518. regarding balance sheet items, there is an increase of €5,518, as illustrated in the following table:

	32.12.2007	Balance as of	31. 12. 2009	Change of the balance	
	EUR	31. 12. 2008		31.12.2008	31.12.2009
	EUR	EUR	EUR	EUR	EUR
Unfinished production	104 982	138 259	147 311	33 278	9 052
Finished products	806 006	1 238 435	1 234 901	432 429	-3 534
<b>Total</b>	<b>910 988</b>	<b>1 376 694</b>	<b>1 382 212</b>	<b>465 707</b>	<b>5 518</b>
611,612	-74 321	33 277	9 052		
613	511 419	432 429	-3 534		
549	1 626	0			

### 3. Activation

Overview of activation:

	31.12.2008	31.12.2009
	EUR	EUR
Non-current tangible assets formed by own activity	103 017	150 491
Other activation - manufacturing of spare parts	90 182	55 299
Other activation of intra-company services, transport to the warehouse	<b>12 169</b>	<b>18 449</b>
<b>Total</b>	<b>205 368</b>	<b>224 239</b>

### 4. Exchange rate profits

Overview of exchange rate profits:

	31.12.2008	31.12.2009
	EUR	EUR
Realised exchange rate profits	336 199	1 217
Non-realised exchange rate profits	16 399	137
<b>Total</b>	<b>352 598</b>	<b>1 354</b>

The amount of EUR 1,217, as at 31 December 2009, is made up of:

Implemented exchange rate differences	EUR 1,211.75
Conversion to EUR	EUR 5.91

## H. INFORMATION ABOUT COSTS

### 1. Services

	31.12.2008	31.12.2009
	EUR	EUR
Transport	72 799	54 950
Other activities of material nature	54 218	48 641
Other activities of non-material nature	143 866	101 913
Other activities of non-material nature-ŽP Informatika	0	74 684
Telecommunication activities	14 429	12 600
Promotion related activities	20 756	3 326
Mediation fees	6 805	3 923
Other	46 003	797
<b>Total account No. 518</b>	<b>358 876</b>	<b>300 834</b>

There was €34,801 posted to account No. 548 Other costs; out of which:

€12,322 insurance of assets
€4,469 mandatory motor third party liability insurance
€802 insurance of leasing
€666 air pollution
€37,448 emissions
€8,094 others total

ŽIAROMAT a.s. entered into a contract on audit for the year 2009. The auditing company, BDR spol. s.r.o., provides our company accounting entity with no other services. The contract on audit for the year 2009 has been made at the amount of EUR 10,090.



## 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:

	31.12.2008			31.12.2009		
	Tax base EUR	Tax EUR	Tax %	Tax base EUR	Tax EUR	Tax %
Profit before taxation	861 548			56 222		
Items adjusting tax base	1 746			-121 471		
Tax base	879 008		19,00 %	-65 250		19,00 %
Out of which theoretical tax 19 %		166 999			0	
Depreciated loss						

#### Overview of items of deferred tax:

	31 Dec 2008 EUR	31 Dec 2009 EUR
Deferred tax liability	5 440	1 656
	0	
The balance constitutes deferred tax liability		0

### J. 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.

### K. 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 6.51. There is an outstanding amount of EUR 22,671 to be paid on VAT and interests from leasing contract.

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

In 2009, members of statutory bodies were paid bonuses on the amount of €25,387.

### M. ECONOMIC RELATIONS OF THE COMPANY AND CONNECTED PERSONS

	2008 EUR	2009 EUR
ŽP Podbrezová – revenues: for goods	1,364,901	1,347,921
for assigned receivables	78,869	-
costs: purchase of material	1,564,031	1,027,008
services	30,143	12,213
investments		45,438
Liabilities from business relations	926,475	906,289

Other subsidiaries	receivables as of 31 December 2009	revenues
ŽP EKO-QELET a.s.	-	61.90
ŽP PRAKO s.r.o.	-	-
ŽP TRADE Bohémia a.s.	-	-
ŽĎAS a.s.	58,800.76	717,657.57
	liabilities as of 31 December 2009	costs
ŽP Informatika s.r.o.	25,479.09	72,045.98
ZANINONI s.r.o.	505.75	3,495.30
ŽP TRADE Bohémia a.s.	-	-
ŽĎAS a.s.	-	1,685.75
ŽP TRADE s.r.o.	43,960.68	8,936.30
HOLD s.r.o.	81,898.53	-
Tále	1,112.01	6,380.85
ŽP Tažírny Svínov	4,247.27	4,247.27

**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 2008	Increments EUR	Transfers EUR	Balance as of 31 December 2009
Shareholders' equity	4,813,118		-568	4,812,550
Other capital funds	0		+568	568
Mandatory reserve fund	924,116	69,997		994,113
Undistributed profit				0
Undistributed loss of previous years	-5,460,425	629,973		-4,830,451
Economic performance for the current accounting period	690,970	57,877	-699,970	57,877
<b>Equity total</b>	<b>976,780</b>	<b>757,847</b>	<b>-699,970</b>	<b>1,034,657</b>

The shareholder's equity was converted in the course of the accounting period of 2009 due to transition to EUR from SKK 145,000,000 to EUR 4,812,550.

**Proposal for distribution of economic performance for the year 2008 in the amount of €699,970**

- Accounting of unsettled loss EUR 629,973
- mandatory reserve fund EUR 69,997

**Proposal for distribution of the profit for 2009 in the amount of EUR 57,877.27**

- reposting to unsettled debt EUR 52,089.54
- to mandatory provisions fund EUR 5,787.73

**o. 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 2010, Amendment 3 to contract on non-binding credit restrictions No. 346/AUCC/08 with Slovenská sporiteľňa a.s., which increased the credit restrictions to EUR 3,000,000.
- Expert opinion for company's assets was prepared in December 2009 by ZNALEX s.r.o., Zvolen, which will serve as the base for entering into contract on establishing a lien.

Adjustments broken down to asset types	Balance sheet line	Residual price as of Jan 1, 2009	Residual price as of Dec 31, 2009
B.			
Non-current assets I. 04+13+23	003	1 697 728	1 390 015
B.I.			
Non-current intangible assets	004	19 991	17 265
B.I.1.			
Set-up costs (011)	005		
2. Activated costs of development (012)	006		
3. Software (013)	007		
4. Appreciable rights (014)	008	19 991	17 265
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	1 677 737	1 793 955
B.II.1.			
Land (031)	014	152 831	148 311
2. Structures (021)	015	632 625	558 335
3. Separate movable assets (022)	016	665 814	614 266
4. Growing units of permanent crops (025)	017		
5. Basic herd and draft animals (026)	018		
6. Other non-current tangible assets (029,032)	019	5 547	6 307
7. Acquired non-current tangible assets (042)	020	220 920	466 736
8. Received advance payments for STA (052)	021		
9. Adjusting entry to acquired assets	022		

ŽIAROMAT  
a.s. *Žabovce*  
KALINOVCO

Type of assets	Balance sheet line	Acquisition price as of Jan 1, 2009	Increments	Decrements	Transfers (+/-)	Acquisition price as of Dec 31, 2009
B.	Non-current assets I. 04+13+23	6 276 252				6 276 252
B.I.	Non-current intangible assets	60 062				60 062
B.I.	Set-up costs (011)					
2.	Activated costs of development (012)					
3.	Software (013)	38 254				38 254
4.	Appreciable rights (014)	21 808				21 808
5.	Goodwill (015)					
6.	Other non-current intangible assets (019)					
7.	Acquired non-current intangible assets (041)					
8.	Received advance payments for STA (051)					
B.II.	Non-current tangible assets I. 14 to 22	6 216 190	620 310	199 106		6 637 395
B.II.	Land (031)	152 831		4 520		148 311
2.	Structures (021)	2 448 551	18 702	3 241		2 464 012
3.	Separate movable assets (022)	3 383 362	170 494	6 806		3 547 050
4.	Growing units of permanent copscs (025)					
5.	Basic herd and draft animals (026)					
6.	Other non-current tangible assets (029,032)	5 547	777	17		6 307
7.	Acquired non-current tangible assets (042)	225 899	430 337	184 522		471 715
8.	Received advance payments for STA (052)					
9.	Adjusting entry to acquired assets					

Active tangible fixed assets: € 6,701.00  
 Passenger car € 13,510.19  
 Fencing € 1,748.32  
 Conveyor € 5,192.19  
 Parking lot € 93,324.71  
 Forms

Non-active tangible fixed assets: Forklift € 4,627.40  
 Rotary sink drain € 479.15  
 Hydraulic jack lift € 1,699.53  
 Land plots € 4,519.56  
 Residential house € 3,240.82

**ZIAROMAT**  
 a.s. *Záhon*  
 KALINOVŮ

213.81.184. 216		Balance sheet line	Adjustments and adjusting entries as of Jan 1, 2009	Increment of adjustments and adjusting entries	Decrement of adjustments and adjusting entries	Transfers (+/-)	Adjustments and adjusting entries as of Dec 31, 2009
B.	Non-current assets I. 04+13+23	003	4 578 524	317 760	10 047		4 886 237
B.I.	Non-current intangible assets	004	40 071	2 726			42 797
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	1 817	2 726			4 543
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	4 538 453	315 034	10 047		4 843 440
B.II.1.	Land (031)	014					
2.	Structures (021)	015	1 815 926	92 992	3 241		1 905 677
3.	Separate movable assets (022)	016	2 717 548	222 042	6 806		2 932 784
4.	Growing units of permanent crops (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	4 979				4 979
8.	Received advance payments for STA (052)	021		-			
9.	Adjusting entry to acquired assets	022					

ŽIAROMAT  
a.s. *Jahodník*  
KALINOVÓ

**CASH FLOW STATEMENTS**  
**(using indirect reporting method)**

as of 31. December 2009




**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
	<b>Cash flow from operating activities</b>			
Z/S	Economic performance of usual activities before taxation (+/-)	1	56 222	861 515
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	<b>395 046</b>	<b>282 148</b>
A.1.1.	Depreciation of non-current intangible assets and non-current tangible assets	3	313 085	283 277
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	26 306	-26 190
A.1.7.	Dividends and other shares in profit posted to revenues (-)	9		
A.1.8.	Interests posted to costs (+)	10	64 568	34 721
A.1.9.	Interests posted to revenues (-)	11	-26	-398
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	4 640	4 182
A.1.12.	Sale of non-current assets, with exception of assets deemed as cash equivalent (+/-)	14	-13 527	-13 444
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	<b>-86 364</b>	<b>-3 114 287</b>
A.2.1.	Change of the balance of receivables from operating activity (-/+)	17	-105 629	96 428
A.2.2.	Change of the balance of liabilities from business activities (+/-) current and non-current liabilities and provisions for current liabilities	18	-33 089	-2 518 389
A.2.3.	Change of the balance of inventory (-/+)	19	52 354	-692 326
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		
	<b>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.)</b>	21	<b>364 904</b>	<b>-1 970 624</b>
A.3.	Received interests, with the exception of those that are included to investment	22	26	398
A.4.	Expenses on interests paid, with the exception of those that are included to financial activities (-)	23	-64 568	-34 721
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		
	<b>Cash flow from operating activity (+/-), (sum of A.1. to A.6.)</b>	26	<b>244 140</b>	<b>-2 866 462</b>
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	1 656	-33 094



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		
<b>A</b>	<b>Net cash flow from operating activity (sum of A.1. to A.9.)</b>	<b>30</b>	<b>302 018</b>	<b>-2 038 041</b>
	<b>Cash flow from investment activity</b>			
B.2.	Expenses on acquisition of non-current tangible assets (-)	32	-431 100	-444 201
B.5.	Revenues from sale of non-current tangible assets (+)	35	18 047	13 444
<b>B</b>	<b>Net cash flow from investment activity (sum of B.1. to B.20.)</b>	<b>51</b>	<b>-413 053</b>	<b>-430 757</b>
	<b>Cash flow from financial activity</b>			
C.1.	Cash flow in the equity (sum of C.1.1 to C.1.8.)	52	<b>0</b>	<b>0</b>
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		
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) Pe ňážné toky vznikajúce z	61	<b>34 246</b>	<b>2 254 067</b>
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	63 990	2 321 251
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	-29 744	-67 184
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	-76 789	-214 731
E.	Balance of cash and cash equivalents at the beginning of the accounting period (+/-)	81	176 054	394 974
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	99 265	180 243
G.	Exchange rate differences calculated for cash and cash equivalents as at the date of preparation of the Financial Statements (+/-)	83	-4 640	-4 188
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	94 625	176 055

Prepared on:  03 -03- 2010	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:  ŽIAROMAT a.s. KALINOVOC 	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 2009 entered into between the Trade Union of Workers in Mines, Geology and Petroleum Industry and the Board of Directors of Žiaromat a.s. Performance of obligations arising under the collective labour agreement in 2009 was influenced by outcomes of the economic crisis, which led to a significant and long-term drop in sales of products. As a result of that development, our company had to adopt appropriate measures in the 1<sup>st</sup> half of 2009, namely to reduce weekly working hours and dismiss employees. Altogether, there were 52 employees reported to be dismissed. Out of that number, 35 employees terminated the employment; 17 dismissals were called off in the 2<sup>nd</sup> half of 2009 thanks to stabilisation of sales. Effects of the economic crisis were also reflected in the salary policy and the average salary reduced, compared to 2008, by 6.75%. In 2009 we provided recuperation stays, preventive medical examinations for employees at exposed workplaces, catering services and supply of beverages in drink vending 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 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.