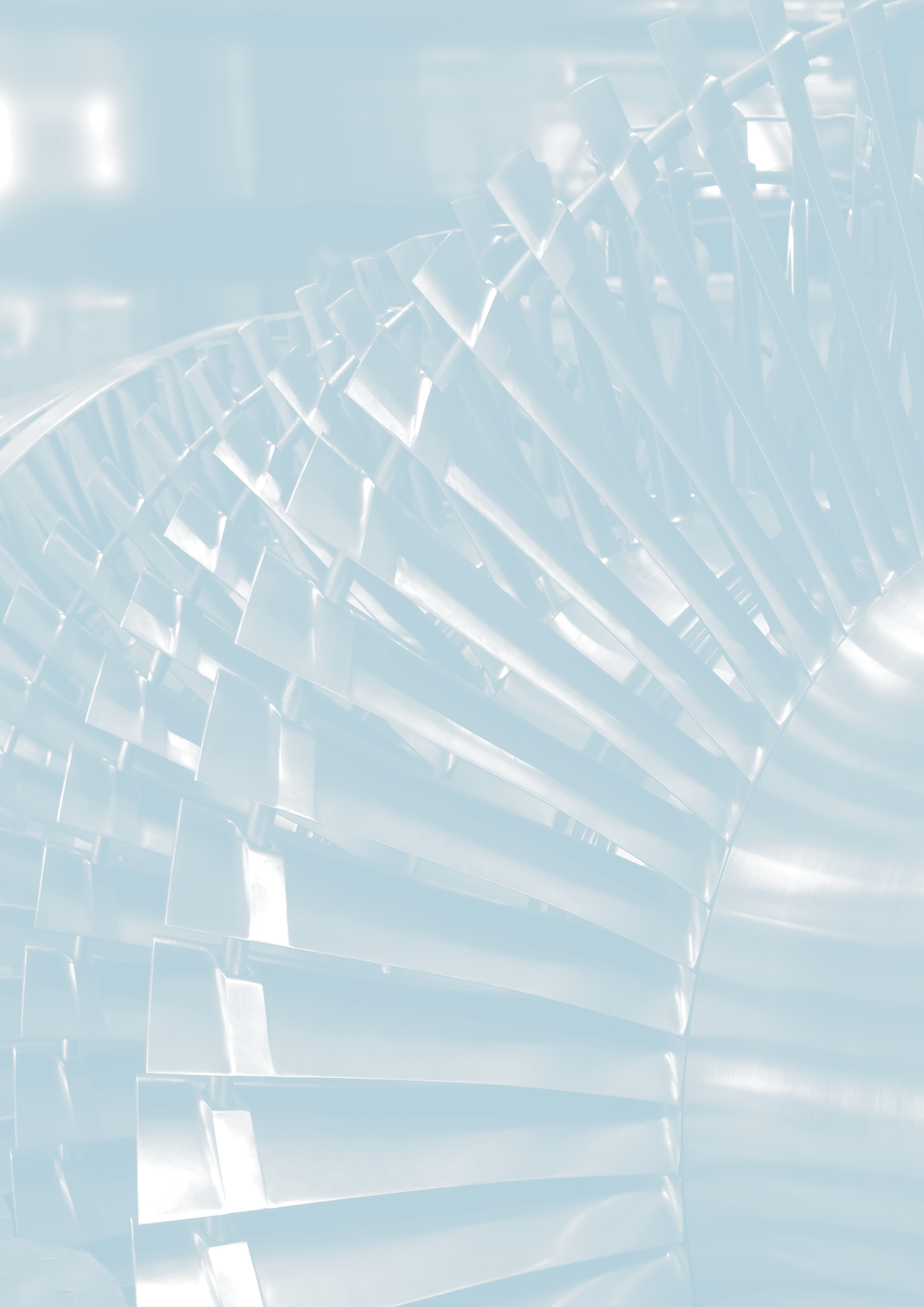


Výroční zpráva
2006 Annual Report







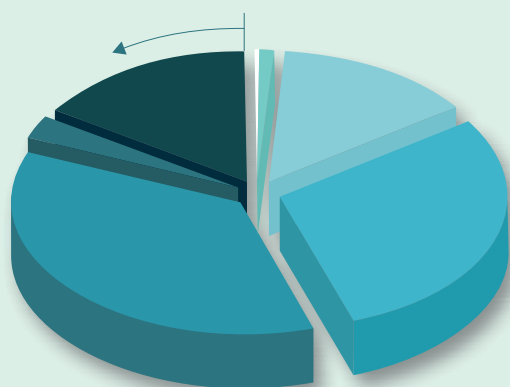
CONTENTS

1. Selected financial indicators	2
2. General manager's introduction	3
3. Development in the years 1996–2006	4
4. Financial manager's commentary	5
5. Officers of the company	6
6. Organization structure of the company	7
7. Company profile	8
8. Important contract of the year 2006	13
9. Important contract for the year 2007	14
10. Czech triathlon = EKOL	16
11. Certificates	17
12. Auditor's report	18
13. Financial statements	19
• Annex to the account statement for the year 2006	23
• Consolidated financial statement as of dec. 31, 2006	28

SELECTED FINANCIAL INDICATORS

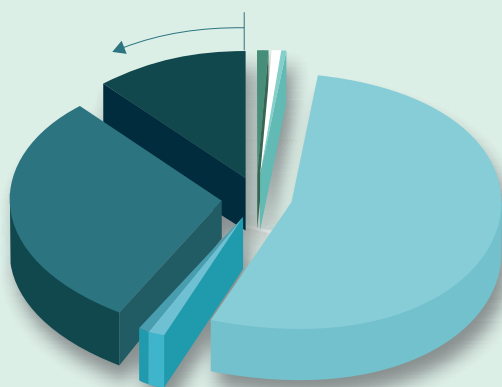
Indicator (in thousands of CZK)	2006	2005	2004
PRODUCTION AND GOODS SOLD	791 369	509 347	355 886
OUT OF WHICH: REVENUES	716 762	511 596	389 244
OUTPUT CONSUMPTION	628 299	349 198	261 533
VALUE ADDED	139 056	152 217	94 050
NET PROFIT	46 215	70 709	6 390
TOTAL ASSETS	654 277	600 783	483 884
CURRENT ASSETS	536 304	519 575	409 960
LIABILITIES	213 536	191 396	143 720
EQUITY	440 741	408 522	340 164

Structure of assets in 2006
(in thousands CZK): 654 277



- Inventory incl. work in progress 103 011
- Long-term financial assets 17 215
- Short-term financial assets 240 523
- Short-term receivables 192 770
- Long-term tangible assets 91 979
- Long-term intangible assets 7 419
- Accruals and deferrals 1 360

Structure of liabilities in 2006
(in thousands CZK): 654 277



- Profit from current year 46 215
- Payables 188 686
- Reserves 9 686
- Funds from net profit 500
- Capital funds 7 170
- Profit from previous years 381 856
- Accruals and deferrals 5 035
- Registered capital 5 000



GENERAL MANAGER'S INTRODUCTION

Dear Ladies and Gentlemen,

The year 2006 can be regarded as a turning point in several areas of EKOL, spol. s r.o. business. First and foremost, we celebrated the 15th anniversary of the company's foundation. The retrospection of the 15 years was also an opportunity for us to set the strategic objectives for at least the five years to come. The objectives can be summarized as follows:

- a) Make the company independent in the manufacture of major components and assemblies of steam and internal combustion turbines.
- b) Increase the yearly turnover above € 35 M.
- c) Improve the steam turbine export capabilities by cost reduction through unification and standardization.
- d) Extend the spare parts supplies for Frame series and other types of internal combustion turbines.

In order to achieve the objectives above a new plant had to be built. The decision to construct the new plant was made in 2006 scheduling the construction commencement for early 2007. The plan was fulfilled and by the end of 2007 EKOL will operate a new production shop with state-of-the-art equipment for the manufacture of rotors, casings and other steam and internal combustion turbine components.

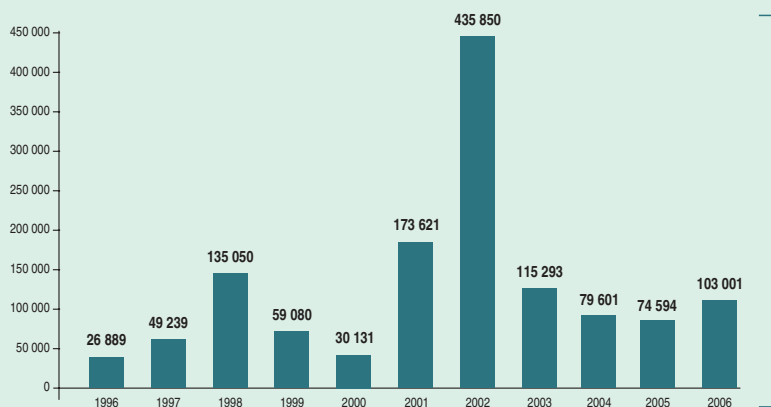
Another factor having influenced the company business is the development of global electric power and heat source market. In 2006 the shortage of sources both in Europe and other continents was increasingly higher which caused the market to change as a result of revival of investments in the energy segment. This favourable development confirmed our strategy built largely on the exports to Russia, Ukraine, Poland, Egypt, Slovakia, Romania, Thailand, Kazakhstan and other countries where we have been serving our customers for a long time was the right one.

The year 2006 provided also an opportunity to meet our customers whom I thank for their confidence. All our employees together with their families could also meet at a party. I appreciate the work of all of them for the company and wish both to myself and to them the achievement of our objectives outlined above.

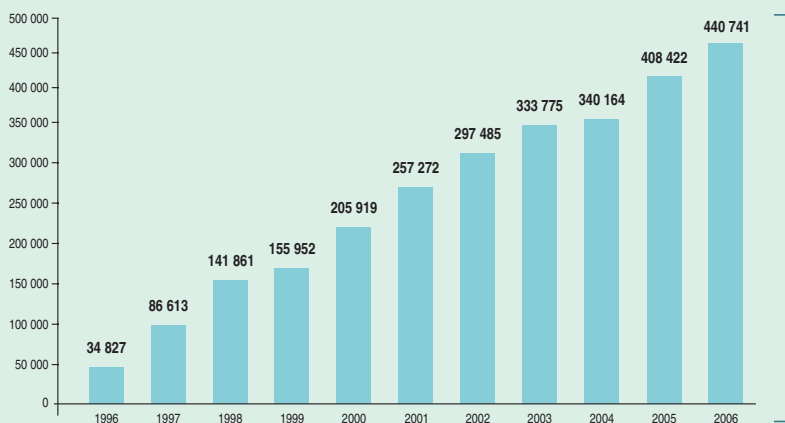
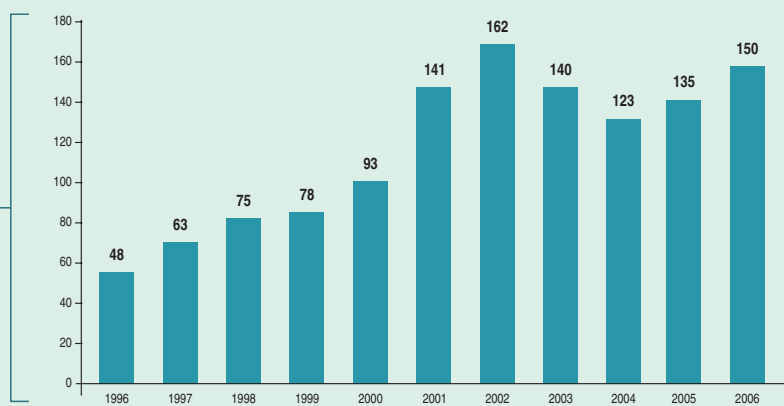
Prof. Ing. Stanislav Veselý, CSc
General Manager of EKOL, spol. s r. o.



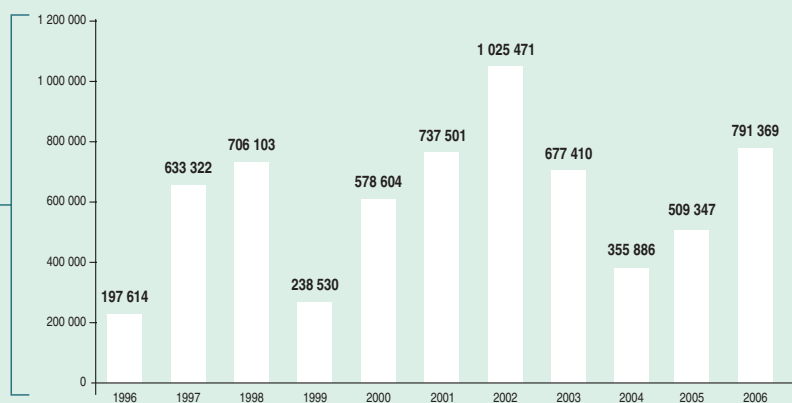
DEVELOPMENT IN THE YEARS 1996–2006



Number of employees (in persons)



Production and goods sold
(in thousands of CZK)





FINANCIAL MANAGER'S COMMENTARY

Dear business partners,

On the basis of the results achieved in 2005, I cannot start my commentary, but by thanking everyone that participated in these results. I thank to you, business partners, for the job orders you have given us and for your cooperation in their implementation and I also thank to the employees of our company who participated in the implementation of these job orders. The year 2005 has not been as unequivocal for the company as it may seem from the results. In the first months of the year, the company faced the lack of work for production professions, yet it was necessary to maintain the production basis. In the second half of 2004 we managed to contract job orders which showed that the company has prerequisites for the repeated growth of production and its economy. Thanks to the extreme effort as well as to certain losses, we managed to maintain the production basis.

The year 2005 represents the return to successful years of the past for the company EKOL after the fall in 2004. The production increased by 43% in comparison with 2004 and the company managed to achieve the highest profitability in all its history. The increase of export participated mainly in these good results – it represented 65% of all production. Another cause consisted in the change of the supply assortment structure in favour of gas turbine operators which amounted to the total sum of 290 million CZK. This development was the result of the investments of the EKOL company in the research and development in the field of gas turbines, see the introduction of the General Manager. In 2005 good results were also achieved in the field of trade. Deliveries of larger volumes were contracted, thus presenting a good basis for a favourable development of company's economy in 2006 and 2007.

Ing. Gustav Poslušný
Financial Manager of EKOL, spol. s r. o.

In the course of the years 2005 and 2006, the company EKOL successfully carried out the research and development task of a combined burner for combustion chambers of gas turbines with very low emissions. The company managed to get a grant from the Trade and Industry Operative Program of the European Union for this task.

The financing of all projects in 2005 was fully provided from our own resources. As for the bank services, only security products were used – bank guarantees, L/C and derivate operations etc.

On the basis of the above-mentioned facts, the strategic plan of company's growth was made, determining the increase of production in 2006 into 780 million CZK and in 2007 the achievement of production exceeding 1 billion CZK. At the end of 2005, the company's owners decided to expand company's production basis for the machining and assembly. Therefore a part of the premises of the ZETOR company was acquired in which a significant investment of approx. 250 million CZK will be implemented. The company is interested in using the incentive from the Ministry of Trade and Industry for this programme.

The overall assessment of the results in 2005 is very good. Thanks to the achieved results, the equity value has risen by 20 % and exceeded 400 million CZK.

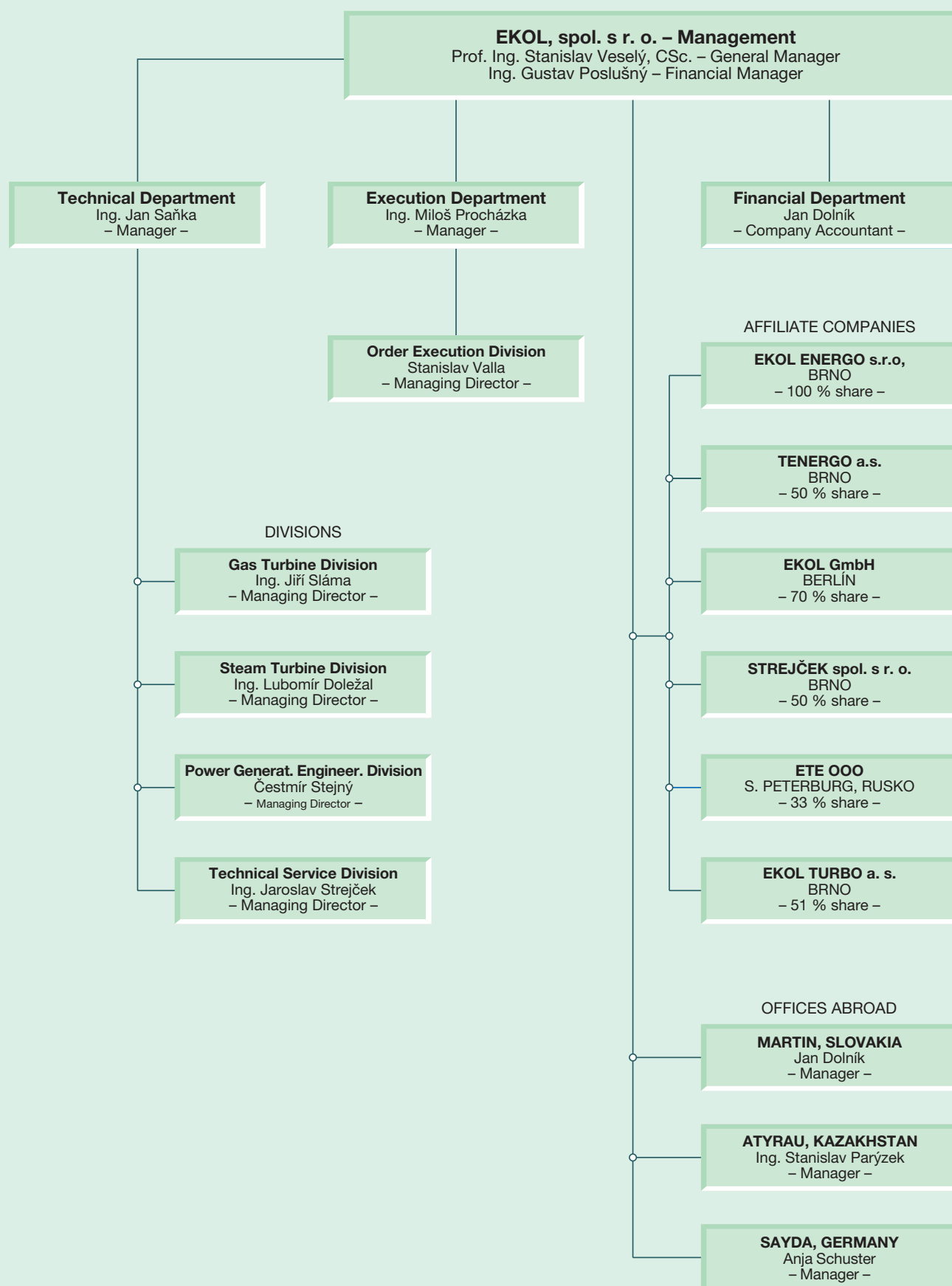
In the conclusion of this report, let me express a wish. In 2006 the company EKOL celebrates its 15th anniversary from its foundation. Hence I would like to wish it to be successful in this year and to achieve the objectives it has set.

OFFICERS OF THE COMPANY

1. Ing. Jan Saňka
2. Ing. Miloš Procházka
3. Jan Dolník
4. Stanislav Valla
5. Ing. Lubomír Doležal
6. Čestmír Stejný
7. Ing. Jiří Sláma
8. Ing. Jaroslav Strejček



ORGANIZATION STRUCTURE OF THE COMPANY



COMPANY PROFILE

I. GAS TURBINES

- with power generator
- for power drive

For the purpose of EKOL deliveries, the gas turbines are purchased in Ukrainian plants. The "raw" disassembled turbines are furnished with all the necessary accessories in our company and delivered to the customer on supporting structure with a sound protecting shield incl. its design, assembly and putting into operation.

- **Accessories for the gas turbines**

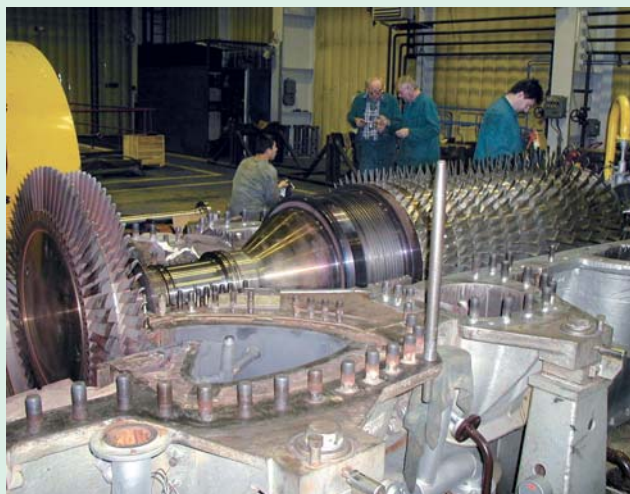
The company designs, produces and delivers accessories for the gas turbines, for its own deliveries as well as deliveries of other suppliers.

- **Spare parts**

for various types of gas turbines incl. spare parts for their accessories and new regenerators

- **Refurbishment of older turbines for the following purposes:**

- increase of new regenerator efficiencies
- power increase
- more comfortable operation by replacement of obsolete hydraulic systems by all-electronic systems
- eliminating adverse effects of gas turbines operation on environment by:
 - a) lowering methane emissions by replacement of the expansion starting turbine by electrical starting device
 - b) cut-down on oil steam escape and aerosols into the atmosphere using efficient separators
 - c) lowering NOx and CO emissions by modification of the combustion chamber burners and by supply of new burners with 3rd millennium technologies
 - d) lowering the noise emissions by installation of high-quality noise suppressors (suction, discharge and sound protecting shield)
 - e) lowering the power consumption by optimizing the oil-cooling system, oil pumping system; in cases where the turbine is used to drive the gas compressor, by optimizing the oil delivery to the gas compressor stuffing box.



II. STEAM TURBINES

The scope of delivery follows the customer's requests, from the standalone turbine plant to the delivery of a complete energetic centre.

– Power output up to 1 MW

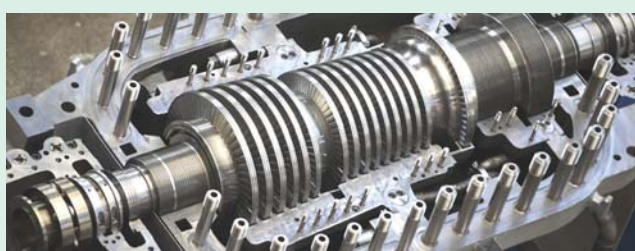
The assembly consists of a back-pressure turbine with an asynchronous or synchronous generator. The whole power unit is placed on a common supporting structure and has minimum operating requirements. The unit can be also used as a substitute to a pressure control valve, so that the steam pressure drop can be used for power generation.

– Power output up to 60 MW for generator drive

The assembly we deliver can contain back-pressure as well as steam condensing turbines. The demand for steam extraction can be either regulated or unregulated, depending on the customer's request. The speed of turbines with lower output can be up to 10 000 min⁻¹ and the gearbox is used. Turbines with higher outputs are connected directly to the double-pole generator.

– Power output up to 60 MW for mechanical drives

The concept of turbines for the drive of compressors and pumps is derived from the turbines for generator drive. The machine speed depends on the driven machine demands. The scope of the delivery follows the customer's requests, from the standalone turbine plant to the delivery of a complete energetic centre.



• Spare parts deliveries

We provide the deliveries of spare parts for the entire power unit with steam turbines. We mainly deliver the spare blades for steam turbines (rotor and stator ones); radial as well as axial bearings; regulating parts; oil system parts, etc.

• Regular checks and unit condition and operating life assessment

We perform complete checks of the turbine unit, i.e. unit disassembly, measuring, condition assessment, report on the results, provision of the necessary spare parts, repairs resulting from the condition assessment, reinstallation and putting the checked assembly back to operation.

• Repairs

We perform all turbine repairs during the regular checks, as well as in case of sudden breakdowns or accidents. We are able to perform medium repairs of individual components, as well as complete overhauls incl. auxiliary equipment.

• Reconditioning to new operation parameters

When the turbine operator wishes to change its operation parameters, we perform the adjustment of the turbine that includes calculation, structural design of the new blades and modification of the turbine flow channel with the optimization to the newly defined parameters. The new parameters may include the increase of the maximum operation flow, increase or decrease of pressure on demand, increase or decrease of the steam volume into demand, etc.

• Innovation

We perform innovation of the turbine plants, in order to adjust their technical level to the current state of art (replacement of individual components, increase in efficiency, adjustment to fully automatic operation, etc.).

• Relocation of the assembly

We are ready to solve the demands of turbine operators related to the replacement of their turbine plant with a new unit, while keeping the original structural design of the turbine building or complete displacement and/or sale of the turbine plant.

• Service jobs and repairs offer

The main scope of the company's operation are complex services in the field of power plant engineering. The main principle is to offer the best solution available. At present, mainly the cogeneration and trigeneration technologies are promoted, but, simultaneously, traditional boiler technologies and heat exchangers are innovated. After joining the EU, we can see the boom of biomass technologies. We try to follow all the latest trends in our business and to offer complex services in the investment construction within our market. That is why our division extended the services also to the field of construction – mainly the construction of factory buildings incl. technical equipment.

COMPANY PROFILE



III. ENERGY MANAGEMENT

- **Conceptual decisions**
technical/economical studies and analyses
- **Work preparation**
all stages of the project documentation
- **Work implementation**
complex deliveries or sub-deliveries
- **Long-term operation and service of the work**
warranty service as well as extended service, possibility of operation of the delivered technologies
- **Hot-water and steam gas plants**
outputs from 10 kW to 50 MW
- **Cogeneration facilities**
electric output from 10–5000 kW, incl. all accessories
- **Heat exchanger**
stations of any output
- **Residential delivery stations**
incl. all accessories
- **Combined deliveries**
of boilers, cogeneration units and heat exchanger stations
- **Solid fuel boilers**
wood, coal
- **Natural gas boilers**
- **Biomass boilers**
incl. process equipment for preparation of biomass boiling mixture
- **Gas fixtures**
low-pressure, medium-pressure, high-pressure, incl. gas regulation stations
- **Discharge of combustion products**
- **Heat distributions**
internal and external piping, fittings, detention basins
- **Air-conditioning**
boiler plants, heating stations, hotels, hospitals, public facilities, sports facilities
- **Cooling technologies**
compressor cooling, absorption cooling
- **Compressors**
screw-type compressors, piston compressors, incl. exhaust heat utilization
- **Heat pumps**
with outputs from 4 to 300 kW
- **Measuring, regulation and conducting the electric output**
switchboards, cable lines, transformer stations
- **Construction activities incl. earthworks**
reconstruction of hot water systems, delivery of the pre-isolated piping as well as common piping, construction of factory buildings





IV. MACHINE DIAGNOSTICS

The VIBROSERVIS division offers services in the field of vibration measurement of industrial equipment, vibration diagnostics, balancing operations and positioning of the machine clutch.

- Broadband vibrations measurement
- Frequency analyses of mechanical vibrations
- Vibration analyses depending on the machine speed and evaluation of transmission functions using various methods for determining resonance regions
- Balancing of rigid and flexible rotors without the disassembly of the machine
- Positioning of the machine clutches using laser equipment
- Assessment of the bearing condition

Regular diagnostics using data collector in order to create a comprehensive summary of the vibration conditions of the on-site machinery. Long-term data archiving on PC, trends modelling, tracking changes after repairs performed, etc.

Parallel “on-line” tracking of up to 16 measurement channels for detailed analysis of complex units behaviour, mainly that of steam and gas turbines.

Based on the measurement results, we further offer:

- Evaluation of the equipment status according to standards in force
- Identification of the cause of the aggravated or unsatisfactory vibration conditions of the machine, which is usually caused by:
 - a) Imbalance of the rotating parts
 - b) Incorrect positioning of machine clutch
 - c) Incorrect positioning of the machine (e.g. loosened or damaged base, loose connections, etc.)
 - d) Damaged bearings
 - e) Gearing wear
 - f) Improper structural design (e.g. operation in resonating environment, poor rigidity of housing, etc.)



- Recommendation of corrective actions based on the specific situation:

On-site cooperation with the operator, performance of the corrective action and check of its overall impact

In the case of complex actions, repeated measurements shall be made to determine the status after the implementation of the actions

V. MACHINING OF PARTS

- We provide manufacturing of the parts using CNC machines turning machines, turntables, milling machines, grinders and boring machines in particular



COMPANY PROFILE

VI. EKOL ENERGO s.r.o.

Based on the decision of EKOL, spol. s r.o. owners from the end of 2005 to buy a part of ZETOR, a.s. premises a decision not only to implement a construction project but also to buy the necessary rotor, spacer and turbine casing manufacturing equipment was made in the first half of 2006. This investment exceeds CZK 113 M. The leading local and foreign CNC machine-tool manufacturers were addressed and purchase contracts for the delivery of HAAS milling centre, Waldrich planner type milling machine, SUA 125/6000 CNC lathe, renovated DP 2/8000 CNC lathe and other equipment were made.

In the second half of 2006 the design documentation for building permit was prepared based on the initial design of reconstruction of the existing production shop and construction of a lean-to containing sanitary accommodation and offices. This was followed by execution documentation for the reconstruction and extension of the production facilities. The shop floor area is 2,700 m². It is divided into heavy machining shop, light machining shop and assembly shop. The lean-to includes locker rooms and bathrooms for workmen, canteen, refreshment room, tool issuing room, tool grindery and offices. The production shop is heated using heat pumps with heat recovery system ensuring constant temperature of 20 °C ± 2 °C throughout the year. This provides ideal working conditions for achieving the maximum accuracy in machining the rotors, casings and other precision turbine components.

The commencement of the construction works was planned for early 2007. The mild winter allowed us to fulfil the plan without any problems. The construction was commenced on 20 March, 2007 following the necessary preparation and the new production plant was open at a special event arranged for 14 June, 2007.

The investment in the new facilities and equipment represents stage 1 of the building of new company. The investment in stage 2 scheduled for early 2008 will be spent predominantly for the extension of the existing reconstructed production shop by another module of 70 × 15 m size. This section will include warehouse, testing room and welding shop. The investment in the construction stage 2 will amount to about CZK 20 M.

It is also planned to build staff quarters in EKOL Energo, s.r.o. premises for the employees commuting from remote districts. The building made of "UNIMO" containers will be used for this purpose. In stage 1 the envelope and roof were rebuilt and by the end of 2007 the exterior will be renovated. The company will thus be able to offer the non-resident employees a very cheap accommodation inside the premises.

For 2007 EKOL Energo, s.r.o. plans to complete the reconstruction and extension, remove the existing machinery, equipment and tools from the rented ŠMERAL BRNO a.s. premises, recruit and train qualified personnel for the existing and purchased equipment to be able to operate in at least two shifts. In 2008, after the personnel have acquired the necessary training and mastered the advanced equipment, contracts for the utilization of the free capacity are to be made with external companies so that the purchased high tech equipment is operated in three shifts or continuously.

By the rebuilding and construction of own production facilities and purchase and use of the advanced machining equipment EKOL, spol. s r.o. remarkably strengthened its position of major steam and internal combustion turbine manufacturer in the global markets. The new manufacturing plant of EKOL Energo, s.r.o. subsidiary enables to offer the customers a high quality production base using top technology and very good working conditions for the employees.



IMPORTANT CONTRACTS OF THE YEAR 2006

STEAM TURBINES

Hiang Seng Fibre Container Co., Ltd., Thailand
Delivery, installation and commissioning of turbine-generator unit with 25 MW back-pressure steam turbine for a paper mill.

GETEC AG, Germany
Delivery, installation and commissioning of turbine-generator unit with 6.5 MW condensing turbine for BORKEN biomass centre.

Sokolovská uhelná právní nástupce, a.s.
General overhaul of PT 55 MW steam turbine.
General overhaul of PT 67 MW steam turbine in steam-gas cycle.

Nobaria Sugar and Refining Co., Egypt
Delivery, installation and commissioning of two new 8 MW back-pressure steam turbines with accessories for NOBARIA sugar refinery.

Adato, s.r.o. Levice, Slovakia
Delivery, installation and commissioning of 1.54 MW back-pressure steam turbine with generator and accessories for BANSKÁ BYSTRICA.

Adato, s.r.o. Levice, Slovakia
Delivery of 5.4 MW condensing steam turbine with generator and accessories for BANSKÁ BYSTRICA.

Energetika Třinec, a.s.
General overhaul and re-blading of T17 turbine.

Teplárna Tábor, a.s.
Commencement of work on delivery of turbine-generator unit with 11 MW condensing steam turbine including delivery of air condensation system and steam piping of machine room.

ENERGY MANAGEMENT

M5 TRADE s.r.o., Slovakia
Completion of construction of production shop and office building. A section without thermal insulation is used as a warehouse featuring a special customized design, while a section provided with thermal insulation is used as production shop and office block.

WWTP Nitra, Slovakia
Delivery and installation of two 800 kW cogeneration units. Dual-fuel type for natural gas and biogas. Requirement for super-emission limits.

GAS TURBINES

RWE Transgaz, a.s. , Czech Republic

- Regeneration heat exchangers for GT 750 – 6 turbines
- Input neck inserts
- Low-emission burners
- Compensators
- Electrical starting systems
- Assembly thermal insulation
- Retrofit of central pillow blocks of gas turbines, oil filters replacement

Klyetushkin Volodymyr, Ing., Ukraine
Deliveries of spare parts for GT 750–6 internal combustion turbines.

S.P.P, Slovtransgaz Division, Slovakia
Deliveries of spare parts.

Cooperation with the EU
Completion of development of combustion chamber burner operating based on a brand new principle with very low NO_x and CO emissions in combustion products.

Energy Found Group LLC, Kazakhstan
General overhaul of GTK10–4 internal combustion turbine.

ResursGlobalExpert, Kazakhstan
Repair of GT10-I (FRAME 3) internal combustion turbines.

Lovochemie a.s.
Repair of ST 1 CH internal combustion turbine.

Synthesisia, a.s. , Semtín
Repair of ST 1 CH internal combustion turbine.

S.I.I.C, Cairo, Egypt
Biomass boiler of 100 t/h capacity for ARMANT sugar refinery.



IMPORTANT CONTRACTS IMPLEMENTED IN THE YEAR 2007

STEAM TURBINES

Teplárna Tábor, a.s.

Delivery, installation and commissioning of turbine-generator unit with 11 MW condensing steam turbine including delivery of air condensation system and steam piping of machine room.

Anwil s.a., Poland

Delivery, installation and commissioning of turbine-generator unit with 1.6 MW back-pressure steam turbine with accessories.

Nobaria Sugar and Refining Co., Egypt

Completion of installation and commissioning of two 8 MW back-pressure steam turbines with generators and accessories for NOBARIA sugar refinery.

Adato, s.r.o. Levice, Slovakia

Completion of installation and commissioning of 1.54 MW back-pressure steam turbine with generator and accessories for BANSKÁ BYSTRICA.

Adato, s.r.o. Levice, Slovakia

Completion of installation and commissioning of 5.4 MW condensing steam turbine with generator and accessories for BANSKÁ BYSTRICA.

DOTEC ENERGO Intl., Kolín

Delivery of 5.6 MW condensing steam turbine with generator and accessories for biomass processing project.

Hiang Seng Fibre Container Co., Ltd., Thailand

Commencement of delivery of back-pressure steam turbine reconstruction to increase the capacity from 25 to 36 MW for paper mill.



P.E.C. SUWALKI, Poland

Commencement of delivery of 7 MW back-pressure steam turbine with generator, heat exchanger and accessories for Suwalki municipality.

E.S.I.I.C CAIRO, Egypt

Deliveries of spare parts for steam turbines, boilers and control systems in sugar refineries. Commencement of delivery of 6 MW back-pressure steam turbine with generator and accessories for EDFU sugar refinery.

ZRE KATOWICE, Poland

Commencement of delivery of 10 MW back-pressure steam turbine with generator, heat exchanger and accessories for biomass in Kielce.

ACTERM a.s., Chomutov

Commencement of delivery of 20 MW condensing steam turbine with generator and accessories including rebuilding of machine room and switching station in Chomutov.

NILE SUGAR Co., Egypt

Commencement of delivery of two 8 MW back-pressure steam turbines with generators and accessories, two boilers of 80 and 65 t/h capacity, respectively and by-pass station for new sugar refinery in Nubaria region.

GAS TURBINES

RWE Transgaz Net, a.s., Czech Republic

- Delivery and installation of 3 sets of recovery heat exchangers for GT 750-6 turbines for KS Veselí nad Lužnicí
- Delivery and replacements of inlet branch liners
- Delivery and installation of low-emission burners for GT750-6 turbines
- Delivery and installation of expansion joints
- Delivery and installation of thermal insulation of generating set
- Delivery and installation of reconstruction of gas turbine medium bearing pedestals and oil filter replacement
- Reconstruction of flue gas ducting for KS Kralice and Kourim

UKRTRANSGAZ, Ukraine

Deliveries of spare parts for GT 750-6 gas turbines. Inspections of GT 750-6 gas turbines to the relevant standards.

FILCOM, Brno

Delivery of suction ducting for a project in India.



IMPORTANT CONTRACTS IMPLEMENTED IN THE YEAR 2007

Klyetushkin Volodymyr, Ing., Ukraine

Deliveries of spare parts for GT 750-6 gas turbines.

S.P.P a.s., Slovakia

Deliveries of spare parts for GT 750-6 gas turbines.

Delivery and installation of low-emission burners for GT750-6 turbines. Delivery and installation of electronic control systems for GT750-6 turbines. Complete rebuilding of GT 750-6 turbines for KS Velké Zlievce.

ResursGlobalExpert, Kazakhstan

Repair of GT10-I (FRAME 3)
internal combustion turbines.



CZECH TRIATHLON = EKOL

Already in 1997 the company EKOL s.r.o. connected its name with one of the most progressive sports – triathlon.

Since the end of 2005, the company EKOL, spol. s r.o. has been the headline partner of the elite triathlon EKOL TEAM. The logo of the company EKOL is on the chest of top world triathletes Filip Ospalý (European Triathlon Champion, two-times European Vice-Champion, two-times winner of the World Cup and two-times World University Champion), Martin Krňávek (three-times winner of the World Cup), Vendula Frintová (Junior World Vice Champion) Lenka Zemanová (winner of the the ITU Premium European Cup) and other 50 talented triathletes.



At the end of 2006 the company EKOL, spol. s r.o. became a general advertising partner of the Czech Triathlon Federation!



The Brno contest EKOL SUPERPRESTIGE has always belonged to the elite category of triathlon races, it was included in the World Series contests three times.

The company EKOL, spol. s r.o. is also a traditional partner of the representative sports and social event Brno Sports Stars and supports the biggest Moravian mountain bike race BIKE TOUR in which over 1,300 riders participated.



CERTIFICATES

Certificate
ČSN ISO 14001:2005



Certificate
ČSN EN ISO 9001:2001



Certificate
OHSAS 18001:1999



AUDITOR'S REPORT

AUDITOR'S REPORT

EKOL, spol. s r. o.
Křenová 65
602 00 Brno
Id. No.: 41600983

I have audited the financial statement of your company for the year ended 31 December 2006. The Company's statutory body is responsible for the preparation of the financial statement. My responsibility is to express an opinion on this financial statement based on the audit.

The audit has been conducted in accordance with Act No. 254/2000 on Auditors and Chamber of Auditors of the Czech Republic and in compliance with International Standards. These auditing standards require that the audit is planned and conducted so as to obtain reasonable assurance as to whether the financial statement is free of material misstatement. The audit includes examining, on a test basis, of the completeness and evidence supporting the amounts and disclosures in the financial statement. The audit also includes the evaluation of the used accounting policies and significant estimates made by the company and of the overall presentation of the financial statement. I believe that the audit conducted by me provides a reasonable background for forming audit opinion. The conducted audit gives a reasonable basis for giving the following audit opinion: without any reservations.

In my opinion, the financial statement presents truly and fairly and in all material respects the assets, liabilities, equity and financial situation of the company EKOL, spol. s r. o. with its registered office in Brno, Křenová 65, Id. No.: 41600983 as of December 31, 2006 and its profit/loss for the fiscal period 2006 in compliance with Accounting Act No. 563/1991 Coll. and relevant regulations in force in the Czech Republic. I verified the conformity of information about the audited company for the preceding period presented in this annual report. In my opinion, the information is consistent in all significant aspects with this financial statement it was based on.

In Brno, on July 17, 2007



Ing. Vilém Buček
Auditor No. 1605
M. Kudeřkové 2
636 00 Brno

Auditors' Report
as of December 31, 2006

AUDITOR'S REPORT

For: EKOL, spol. s r. o.
Křenová 65
602 00 Brno
Id. No.: 41600983

I have audited the accompanying consolidated financial statement of your company for the year ended 31 December 2006. The Company's statutory body is responsible for the preparation of the financial statement. My responsibility is to express an opinion on this financial statement based on the audit.

The audit has been conducted in accordance with Act No. 254/2000 on Auditors and Chamber of Auditors of the Czech Republic and in compliance with International Standards. These auditing standards require that the audit is planned and conducted so as to obtain reasonable assurance as to whether the financial statement is free of material misstatement. The audit includes examining, on a test basis, of the completeness and evidence supporting the amounts and disclosures in the financial statement. The audit also includes the evaluation of the used accounting policies and significant estimates made by the company and of the overall presentation of the consolidated financial statement. I believe that the audit conducted by me provides a reasonable background for forming audit opinion.

I would like to point out that, in my opinion, the assertion of majority rights in EKOL GmbH Berlin has not been solved entirely yet which would partly influence some facts in the consolidated financial statement. However, these are replaced to a certain amount by adjustment to receivables from the aforementioned company in the individual financial statement and the net sums of these receivables are included into the consolidated financial statement.

In my opinion, the consolidated financial statement nevertheless presents truly and fairly and in all material respects the assets, liabilities, equity and financial situation of the company EKOL, spol. s r. o. with its registered office in Brno, Křenová 65, Id. No.: 41600983 as of December 31, 2006 and its profit/loss for the fiscal period 2006 in compliance with Accounting Act No. 563/1991 Coll. and relevant regulations in force in the Czech Republic.

I verified the conformity of information about the audited company for the preceding period presented in this annual report. In my opinion, the information is consistent in all significant aspects with this financial statement it was based on.

In Brno, on July 17, 2007



Ing. Vilém Buček
Auditor No. 1605
M. Kudeřkové 2
636 00 Brno

Audit
Consolidated financial statements
as of December 31, 2006

FINANCIAL STATEMENTS

ANNEX TO THE ACCOUNT STATEMENT FOR THE YEAR 2006

ATTACHMENT TO THE CONSOLIDATED FINANCIAL STATEMENT



BALANCE SHEET AS OF DEC. 31, 2006 – Assets

(in thousands of CZK)

	gross	Year 2006 correction	net	Year 2005 net	Year 2004 net
TOTAL ASSETS	733 987	133 204	600 783	483 884	529 169
B. LONG-TERM ASSETS	204 842	88 229	116 613	78 038	72 490
B.I. Long-term intangible assets	23 787	16 368	7 419	10 138	6 968
B.I.2 Research and development	0	0	0	57	49
B.I.3. Software	13 244	9 277	3 967	7 017	4 947
B.I.4. Valuable rights	10 543	7 091	3 452	1 489	397
B.I.7. Intangible assets under construction	0	0	0	1 575	1 575
B.II. Long-term tangible assets	163 840	71 861	91 979	60 685	61 327
B.II.1. Land	14 880	0	14 880	244	244
B.II.2. Buildings, halls and structures	53 176	15 996	37 180	38 790	40 414
B.II.3. Machinery, equipment, vehicles, furniture and fixtures	79 965	55 860	24 100	20 502	20 669
B.III. Long-term financial investments	15 819	0	15 819	7 215	4 195
B.III.1. Shares and ownership interests in enterprises with controlling influence	17 215	0	17 215	1 660	640
B.III.2. Shares and ownership interests in enterprises with substantial influence	11 660	0	11 660	5 555	3 555
C. CURRENT ASSETS	590 841	54 537	536 304	519 575	409 960
C.I. Inventory	103 011	0	103 011	74 594	79 601
C.I.1. Materials	37 349	0	37 349	36 380	36 953
C.I.2. Work in progress and semi-finished products	65 662	0	65 662	38 214	42 648
C.III. Short-term receivables	247 307	54 537	192 770	179 870	139 756
C.III.1. Trade receivables	137 437	54 537	82 900	166 074	93 333
C.III.2. Receivables from enterprises with controlling influence	89 372	0	89 372	725	22 997
C.III.3. Receivables from enterprises with substantial influence	3 800	0	3 800	3 800	5 800
C.III.4. Receivables from partners and participants in an association	0	0	0	0	0
C.III.6. Due from state – tax receivables	3 889	0	3 889	1 436	2 925
C.III.7. Short-term provided advances	3 931	0	3 931	3 832	11 213
C.III.8. Estimated accrued revenues	0	0	0	5	0
C.III.9. Other receivables	8 878	0	8 878	3 998	3 488
C.IV. Short-term financial assets	240 523	0	240 523	265 111	190 603
C.IV.1 Cash	2 439	0	2 439	1 797	1 261
C.IV.2. Bank accounts	226 654	0	226 654	263 314	189 342
D.I. ACCRUALS	1 360	0	1 360	3 170	1 434
D.I.1. Deferred expenses	1 243	0	1 243	3 165	1 006
D.I.2. Accrued revenues	117	0	117	5	428

BALANCE SHEET
AS OF DEC. 31, 2006 – Liabilities

(in thousands of CZK)

Year 2006

Year 2005

Year 2004

TOTAL LIABILITIES		654 277	600 783	483 884
A.	EQUITY	440 741	408 522	340 164
A.I.	Registered capital	5 000	5 000	5 000
A.I.1.	Registered capital	5 000	5 000	5 000
A.II.	Capital funds	7 170	7 170	7 170
A.II.2.	Other capital funds	7 170	7 170	7 170
A.III.	Reserve funds and other funds created from net profit	500	500	500
A.III.1.	Legal reserve fund	500	500	500
A.III.2.	Statutory and other funds	0	0	0
A.IV.	Profit (loss) of previous years	381 856	325 143	321 104
A.IV.1.	Retained earnings from previous years	381 856	325 143	321 104
A.IV.2.	Accumulated losses from previous years	0	0	0
A.V.	Profit (loss) (+/-)	+ 46 215	+ 70 709	+ 6 390
B.	LIABILITIES	208 501	188 661	138 587
B.I.	Reserves	9 686	4 925	10 153
B.I.1.	Legal reserves	9 686	4 925	10 153
B.I.4	Other reserves	0	0	0
B.II.	Long-term payables	3 079	3 080	2 127
B.II.9	Other payables	2	3	4
B.II.10.	Due to state - deferred taxes	3 077	3 077	2 123
B.III.	Short-term payables	195 736	177 709	123 382
B.III.1.	Trade payables	91 742	106 873	104 342
B.III.2.	Payables to enterprises with controlling influence	8 317	0	0
B.III.4.	Payables to partners and participants in an association	81	81	82
B.III.5.	Payables to employees	2 811	2 391	2 043
B.III.6.	Payables to social security	1 653	1 240	1 267
B.III.7.	Due to state – taxes and subsidies	6 615	28 334	2 117
B.III.8.	Short-term received advances	63 683	34 143	9 810
B.III.10.	Estimated accrued expenses	20 595	4 041	1 361
B.III.11.	Other payables	239	606	2 360
B.IV.	Bank loans	0	947	2 925
B.IV.1.	Long-term bank loans	0	947	2 925
C.I.	ACCRUALS	5 035	5 600	5 133
C.I.1.	Accrued expenses	5 035	4 735	5 133
C.I.2.	Deferred revenues	0	865	0

PROFIT AND LOSS ACCOUNT AS OF DEC. 31, 2006

(in thousands of CZK)		Year 2006	Year 2005	Year 2004I.
	Revenues from goods	33 090	10 671	858
A.	Cost of goods sold	24 014	7 932	303
+	Sale margin	9 076	2 739	555
II.	Production	758 279	498 676	355 028
II.1.	Revenues from own products and services	716 762	500 925	388 386
II.2.	Change in inventory of own production	27 259	- 4 434	- 33 674
II.3.	Capitalization	14 258	2 185	316
B.	Production consumption	628 299	349 198	261 533
B.1.	Consumed material and utilities expenses	420 565	171 553	103 378
B.2.	Services	207 734	177 645	158 155
+	Added value	139 056	152 217	94 050
C.	Personnel expenses	64 492	56 503	46 773
C.1.	Wages and salaries	47 121	41 664	34 566
C.2.	Remuneration of board members	0	0	0
C.3.	Social security expenses	16 312	14 153	11 729
C.4.	Social security expenses	1 059	686	478
+	Taxes and fees	318	1 031	532
E.	Depreciation of intangible and tangible fixed assets	13 063	9 552	12 135
III.	Revenues from disposals of long-term assets and materials	5 372	24 756	10 428
III.1.	Revenues from disposals of long-term assets	130	547	430
III.2.	Revenues from disposals of materials	5 242	24 209	9 998
F.	Net book value of disposed long-term assets and materials sold	0	10 189	7 344
F.1.	Net book value of disposed long-term assets	0	0	63
F.2.	Materials sold	0	10 189	7 281
G.	Accounting for reserves and adjustments in operating area	3 049	6 345	11 919
IV.	Other operating revenues	3 487	1 486	150
H.	Other operating expenses	4 711	2 673	6 090
*	Operating profit (loss)	62 277	92 166	19 835
M.	Accounting for reserves and adjustments in financial area	0	0	0
X.	Interest received	4 325	3 094	3 099
N.	Interest paid	8	66	198
XI.	Other financial revenues	436 696	304 068	118 532
O.	Other financial expenses	441 137	298 660	130 315
*	Profit (loss) from financial operations	- 122	8 436	- 8 882
Q.	Income tax on ordinary income	15 976	29 966	5 273
Q.1.	Due	15 976	29 013	4 585
Q.2.	Deferred	0	953	688
**	Ordinary income	+ 46 179	+ 70 636	+ 5 680
XIII.	Extraordinary revenues	37	94	989
R.	Extraordinary expenses	1	0	0
S.	Income tax on extraordinary income	0	21	279
S.1.	Due	0	21	279
S.2.	Deferred	0	0	0
*	Extraordinary income	+ 36	+ 73	+ 710
***	Profit (loss) of current accounting period (+/-)	+ 46 215	+ 70 709	+ 6 390
****	Profit (loss) before tax	+ 62 191	+ 100 696	+ 11 942

ANNEX TO THE ACCOUNT STATEMENT FOR THE YEAR 2006

1. GENERAL DATA

The company is subject to audit in compliance with Accountancy Act No. 563/91 Coll.

EKOL, spol. s r.o., Brno, Id. No.: 41600983

Brno, Křenová 65, CAP 602 00

Legal entity incorporated in the Commercial Register of the Regional Court Brno, section C, file 1070

Persons with more than 20 % participation in the registered capital

Prof. Ing. Stanislav Veselý, CSc.	39%
Ing. Gustav Poslušný	31%
The shares of the above-mentioned shareholders make up in total	97%

The shares of the shareholders in the registered capital are fully paid up.

The company was awarded the ISO 9001:2000 certificate No. 154080.

The primary scope of business is defined as "construction of machines with mechanical drive, mainly of heat and power generation equipment", production of steam turbines, components of gas turbines, delivery and assembly of power generation systems equipped with cogeneration units.

2. ORGANIZATION STRUCTURE DESCRIPTION

The company is directed by:

Prof. Ing. Stanislav Veselý, CSc., General Manager and the Company's Secretary

Ing. Gustav Poslušný, Financial Manager and the Company's Secretary

FURTHER DIVISIONS

Technical Department	Ing. Jan Saňka
Production Department	Stanislav Valla
Gas Turbine Division	Ing. Jiří Sláma
Steam Turbine Division	Ing. Lubomír Doležal
Energy Management Division	Čestmír Stejný
Technical Service Division	Ing. Jaroslav Strejček

A permanent plant in Slovakia was established in 1996.

EKOL, spol. s r.o., organization unit
Hečková 2, Martin 036 01,
VAT No.: 35676957.
Manager Jan Dolník.

A permanent plant in Kazakhstan was established in 2001

ATYRAU
Manager Ing. Stanislav Parýzek

A permanent plant in Germany was established in 2002

SAYDA
Manager Anja Schuster

ATTACHMENT TO THE CONSOLIDATED FINANCIAL STATEMENT

3. The company participates in the registered capital of other companies with the share of more than 20 %

Strejček spol. s r.o. Brno, IČO 25346245	50%
Equity as of Dec. 31, 2006	3 952 thousand CZK
Profit in 2006	194 thousand CZK
Revenues in 2006	10 636 thousand CZK

The company operates as a designing office.

TENERGO Brno, a.s. Brno	50%
Equity in 2006	29 952 thousand CZK
Profit in 2006	7 112 thousand CZK
Revenues in 2006	188 148 thousand CZK

TENERGO obtained a licence for heat production and distribution in the territory of Devínská Nová Ves and Snina.

EKOL GmbH Energiesysteme, Aachen, BRD	70%
Loss in 2001	7 685 thousand CZK

There were serious disagreements in the management of this German company and it was impossible to assert the influence in right of a majority partner. The 2001 financial statement was not approved by the general meeting. The 2002, 2003, 2004 and 2005 financial statements were not submitted by this company yet. For this serious material reason, the provision of Act No. 563/91 Coll., Section 27 on real asset pricing cannot be fulfilled. In compliance with Art. 5 of this Section, the valuation by real value shall be carried out for all subsidiary companies. Since basic documents of EKOL GmbH Berlin are missing, the task cannot be fulfilled.

ETE OOO, S. Petersburg, Russian Federation	33%
has not been operating yet	

EKOL TURBO, a.s. Brno	51%
Equity in 2006	1 945 thousand CZK
Profit in 2006	-55 thousand CZK
Revenues in 2006	122 thousand CZK
has not been operating yet	

EKOL Ergo, s.r.o. Brno	100%
Equity in 2006	9 926 thousand CZK
Profit in 2006	-74 thousand CZK
Revenues in 2006	171 thousand CZK

4. Personnel and wage data	2005	2006
Average number of employees	135	150
Wages and salaries	41 665 thousand CZK	47 121 thousand CZK
Managers	10	11
Wages and salaries	4 386 thousand CZK	5 106 thousand CZK

5. Receivables	2005	2006
In total	236 677 thousand CZK	255 425 thousand CZK
Out of which trade receivables	170 165 thousand CZK	137 437 thousand CZK

Our company takes a great care of receivables after the maturity date. There are four customers in bankruptcy and legal proceedings whose receivables cannot endanger the financial stability of the company. According to the Reserve Act, adjustments amounting to the total sum of 4 565 thousand CZK (as of Dec. 31, 2006) were created for these and other receivables. In the expenses of 2006 the adjustment creation amounts to 474 thousand CZK.

Receivables overdue over 180 days (incl. EKOL GmbH Berlin)	36 997 thousand CZK
The following amounts were invoiced to the subsidiary company EKOL GmbH Berlin: (in the original value):	
– Construction supplies	38 106 thousand CZK
– Loan granting	27 168 thousand CZK
In total	65 274 thousand CZK
(After the conversion in the exchange rate as of Dec. 31, 2006)	50 894 thousand CZK

ATTACHMENT TO THE CONSOLIDATED FINANCIAL STATEMENT

As there were problems in connection with the assertion of the controlling influence in this company that was made impossible for us and because of difficult balance situation of this company, an accounting adjustment was created in the 100 % total amount of the trade receivable and loan (52 716 thousand CZK) and added to the total sum. In 2005 an adjustment of 11 189 thousand CZK was created and the expenses of the company EKOL Brno were encumbered with this adjustment. Adjustments are created in two ways: they are created in compliance with Act No. 593/1992 Coll. and accounting adjustments are created depending on the overdue date elapsed.

6. Payables	2005	2006
In total	177 709 thousand CZK	188 686 thousand CZK
Out of which trade payables	106 873 thousand CZK	91 741 thousand CZK
The cause of the increase of payables consists in the increase of volume of job orders.		
Payables over 180 days		0 thousand CZK
All payables are real. Liabilities outside accounting amount to 1 998 thousand CZK for the reason of leasing		
There are no long-term payables with the exception of the deferred tax payables.		

7. Ordinary revenues:	
In total	716 762 thousand CZK
Czech Republic	227 372 thousand CZK
Thailand	59 061 thousand CZK
Egypt	204 003 thousand CZK
Slovakia incl. org. unit	88 142 thousand CZK
Poland	288 thousand CZK
Kazakhstan incl. org. unit	36 516 thousand CZK
Ukraine	1 056 thousand CZK
Germany incl. org. unit	100 281 thousand CZK
Bulgaria	43 thousand CZK

8. Changes in equity	State as of Dec 31, 2005	Changes	State as of Dec 31, 2006
Registered capital	5 000	0	5 000
Capital funds	7 170	0	7 170
Reserve funds	500	0	500
Other funds	0	0	0
Retained earnings from previous years	325 143	+ 4 039	381 855
Accumulated losses from previous years –			
deferred taxes from all previous years	0	0	0
Profit of the current year	70 709	+ 64 319	61 384
In total	408 522	+ 68 358	455 909

9. Other company data	
Research and development:	
The research and development work as of December 31, 2006 was completed and capitalized in the total amount of 14 258 thousand CZK.	
Liabilities towards health insurance institutions, social welfare and state budget:	
All liabilities that have arisen during 2006 were paid in the statutory due dates. The liabilities as of Dec. 31, 2006 were paid before January 31, 2007.	
Environmental issues and work safety:	
No penalties or sanctions have arisen during 2006. The illness rate and the accident rate lies within the common range.	

10. Changes after the date of financial statement

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2006

BALANCE SHEET AS OF DEC. 31, 2006 – Assets

(in thousands of CZK)		Year 2006	Year 2005
TOTAL ASSETS		678 604	682 185
B.	LONG-TERM ASSETS	186 103	138 704
B.I.	Long-term intangible assets	8 812	10 314
B.II.	Long-term tangible assets	176 557	126 638
B.III.	Long-term financial investments	734	1 752
C.	CURRENT ASSETS	481 856	531 030
C.I.	Inventory	104 375	74 974
C.III.	Short-term receivables	122 637	182 851
C.IV.	Short-term financial assets	254 844	273 205
D.I.	ACCRUALS	10 645	12 451

BALANCE SHEET AS OF DEC. 31, 2006 – Liabilities

(in thousands of CZK)		Year 2006	Year 2005
TOTAL LIABILITIES		678 604	682 185
A.	EQUITY	452 115	416 323
A.I.	Registered capital	5 000	5 000
A.II.	Capital funds	7 170	7 170
A.III.	Reserve funds and other funds created from net profit	1 058	846
A.IV.	Profit (loss) of previous years	339 070	331 427
A.V.	Profit (loss) (+/-) without minority interests	+ 49 817	+ 71 880
B.	LIABILITIES	210 772	257 425
B.I.	Reserves	9 686	4 925
B.II.	Long-term payables	12 540	13 449
B.III.	Short-term payables	144 493	197 906
B.IV.	Bank loans	44 053	41 145
C.I.	ACCRUALS	15 717	8 437

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2006

PROFIT AND LOSS ACCOUNT AS OF DEC. 31, 2006

(in thousands of CZK)

	Year 2006	Year 2005
I. Revenues from goods	33 090	10 671
A. Cost of goods sold	24 014	7 932
+ Sale margin	9 076	2 739
II. Production	843 943	591 842
II.1. Revenues from own products and services	802 745	593 767
II.2. Change in inventory of own production	26 933	-4 121
II.3. Capitalization	14 265	2 196
B. Production consumption	690 995	424 102
B.1. Consumed material and utilities expenses	486 197	235 597
B.2. Services	204 798	188 505
+ Added value	162 024	170 479
C. Personnel expenses	73 161	64 386
C.1. Wages and salaries	53 370	47 371
C.2. Remuneration of board members	0	0
C.3. Social security expenses	18 483	16 118
C.4. Social security expenses	1 308	897
+ Taxes and fees	478	1 084
E. Depreciation of intangible and tangible fixed assets	19 500	14 958
III. Revenues from disposals of long-term assets and materials	5 417	24 757
III.1. Revenues from disposals of long-term assets	175	547
III.2. Revenues from disposals of materials	5 242	24 210
F. Net book value of disposed long-term assets and materials sold	262	10 189
F.1. Net book value of disposed long-term assets	0	0
F.2. Materials sold	262	10 189
G. Accounting for reserves and adjustments in operating area	3 049	6 145
IV. Other operating revenues	3 820	1 500
H. Other operating expenses	4 732	2 713
* Operating profit (loss)	70 079	97 261
M. Accounting for reserves and adjustments in financial area	0	0
X. Interest received	4 362	3 098
N. Interest paid	3 393	3 247
XI. Other financial revenues	436 951	304 085
O. Other financial expenses	441 611	299 210
* Profit (loss) from financial operations	- 3 691	4 726
Q. Income tax on ordinary income	16 607	30 130
Q.1. Due	16 011	29 049
Q.2. Deferred	596	1 081
** Ordinary income	+ 49 781	+ 71 857
XIII. Extraordinary revenues	37	123
R. Extraordinary expenses	1	79
S. Income tax on extraordinary income	0	21
S.1. Due	0	21
S.2. Deferred	0	0
* Extraordinary income	+ 36	+ 23
*** Profit (loss) of current accounting period (+/-)	+ 49 817	+ 71 880
**** Profit (loss) before tax	+ 66 424	+ 102 031

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2006



1. Consolidation unit definition

The following companies are included in the CFS:

- EKOL spol. s r. o. Brno, Id. No. 41600983 – controlling company with the participation in the companies
- EKOL Energo s.r.o. Brno, Id. No. 27686884 with 100% share in registered capital
- EKOL Turbo a.s. Brno, Id. No. 26968258 with 51% share in registered capital
- Strejček spol. s r. o. Brno, Id. No. 25346245 with 50% share in registered capital
- Tenergo a. s. Brno, Id. No. 26219417 with 50% share in registered capital

The financial statements of the above-mentioned companies were made as of December 31, 2006 in compliance with Czech regulations.

The following companies were not included in the consolidation unit:

ETE OOO S. Petersburg, Russian Federation, in which EKOL Brno has 33% share in registered capital. The reason consists of the fact that this firm did not make any business activity in 2006.

EKOL GmbH Energiesysteme Aachen BRD, in which EKOL Brno has a 70% share in registered capital, because:

- EKOL Brno as a majority shareholder is denied the possibility of interference in the management.
- There is conflicting information about mutual financial relations.
- Even though its Company's Secretary was invited to submit financial statements for 2006, s/he did not do so.

The consolidation system is determined according to the capital interest in the associated companies, i.e.

The full consolidation form is used with the companies EKOL Energo and EKOL Turbo

The proportionate consolidation form is used with the companies Tenergo Brno a.s. and Strejček Brno s.r.o.

There were no financial incomes from profit distribution for the parent company from holding the shares of associated companies.

2. General data

2.1. Average number of employees in the group:

Employees in total	201
Wages and salaries in thousands of CZK	53 370
Managers	14
Wages and salaries in thousands of CZK	5 700

2.2. Overview and method of transformation of data from individual financial statements into the CFS (in thousands of CZK):

- The amounts from each items of the Balance Sheet and Profit and Loss Account are allotted in the above-mentioned quotient values from the associated companies to the CFS.
- The shares deposits and loans are excluded from the CFS:

Assets in thousands of CZK	EKOL Energo	EKOL Turbo	Strejček s.r.o.	Tenergo a.s.	Total
Loan from EKOL				3 800	3 800
Registered Capital	10 000	1 020	463	5 000	16 483
Shares	10 000	1 020	463	5 000	16 483

– The following data are inserted in the CFS:

Liabilities in thousands of CZK	EKOL Energo	EKOL Turbo	Strejček s.r.o.	Tenergo a.s.	Total
Profit/loss 2006		23	132	4 152	4 307

as the profit share of the second partner in these companies.

As the balance of inter-company outstanding invoices (incl. organization units), the amount of 78,540 thousand CZK is excluded bilaterally from the overview of short-term payables and receivables for all companies.

2.3. Consolidation regulations for 2006:

- All accounting units shall keep accounts according to Czech regulations (the transformation into the Czech accounting system is made for the foreign organization units).
- Accounting systems and entry positions are identical
- Evaluation of property and liabilities is made in compliance with the Accounting Act
- Incoming invoices in foreign currency are valued by the fixed exchange rate of ČNB bank on the first day of the month in which the invoice was received
- Outgoing invoices in foreign currency are valued by the exchange rate of ČNB of the date of fulfilment

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2006

- Financial statements of companies will be submitted to the parent company by June 30, 2007
- The complete consolidated financial statement of the subsidiary company EKOL GmbH Aachen will be made by 3 months after the discussion and approval of the financial statement of the subsidiary company EKOL GmbH Aachen

- 2.4. Information about accounting methods and general accounting principles:
- There were no changes of purchase prices and net book values of previous accounting period in connection with exchange rate conversion of the company with its registered office abroad
 - Share in the profit (loss) of associated companies is stated in Clause 1
 - No long-term inventory was sold among the companies of the consolidation unit
 - The consolidation was carried out in compliance with Decree No. 500/02 Coll. and the Czech Accounting Standard No. 20

3. Additional information

3.1. Additional data:

- Receivables after the due date exceeding 180 days in EKOL Brno of 36 997 thousand CZK with additions to adjustments (incl. EKOL GmbH Berlin)
- No receivables and payables to companies of the consolidation unit for over 5 years
- The companies Ekol and Tenergo carry out mortgages with commercial banks in their receivables when providing letters of credits and eventual credits

- 3.2. Liabilities outside accounting amount to 1 998 thousand CZK and are for leasing contracts in the parent company

3.3. Revenues from ordinary activities for the whole unit (thousands of CZK)

In total	849 795
Out of which Czech Republic	237 060
Abroad	612 735

4. Annual report

4.1. Primary scope of business

EKOL spol. s r. o. Brno	"Construction of mechanically-driven machines in particular of heat energy equipment"
STREJČEK spol. s r. o. Brno	"Construction activity in machining industry"
TENERGO a.s. Brno	"Operated for the purpose of heat production and distribution in Slovakia"
EKOL Energo s.r.o. Brno	"In 2006 intermediation of trade and services only, in 2007 it expands to machining and technological activities"
EKOL Turbo a.s. Brno	"Intermediation of trades and services"

4.2. In comparison with 2005, in 2006 the parent company increased the following entries:

Available profit	by 46 215 thousand CZK
Equity	by 32 216 thousand CZK

In 2006 the associated companies achieved the following revenues from ordinary activities:

- The subsidiary TENERGO a. s. operated in the line of heat production and sale of in Slovakia D. N. Ves and Snina, it obtained revenues of 180 680 thousand CZK.
 - The company STREJČEK spol. s r. o. obtained revenues of 10 636 thousand CZK.
 - EKOL Energo s.r.o. obtained revenues in the amount of 171 thousand CZK
- EKOL Turbo a.s. obtained revenues in the amount of 121 thousand CZK

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2006



- 4.3. The parent company completed research and development work in 2006 and capitalized into tangible assets 14 258 thousand CZK, out of which 13,717 th. CZK was for the super-emission combustion chamber for which the subsidy of 2 783 th. CZK was received.
- 4.4. An important fact is that the ill-defined and unregulated relation in the management of the subsidiary company EKOL GmbH Aachen continues due to obstacles created by the Company's Secretary of this firm. The parent company was not successful in executing its rights despite several legal notices.
- 4.5. In 2006 profit shares in the amount of 14 mil. CZK were paid at the parent company.
- 4.6. Partners, shareholders and statutory representatives were paid no financial remunerations.
- 4.7. After the balancing day, there was a significant event – the foundation of the 100% subsidiary company EKOL Energo, s.r.o. as mentioned above,
- 4.8. No proceeding in the matter of environment violation is carried on against the companies.
- 4.9. No labour-law suit is carried on against the companies.
- 4.10. The data about the organization units abroad are described in the Attachment to the 2006 financial statements – in the case of the parent company and the company Tenergo.
- 4.11. The further development is described in the commentaries of the company's partners in the introduction of the 2006 Annual Report.



EKOL, spol. s r. o.
Křenová 65, 602 00 Brno
Czech Republic
Tel.: +420 543 531 701
Fax: +420 543 242 912
E-mail: ekolsro@ekolbrno.cz
www.ekolbrno.cz