

2007

ANNUAL REPORT

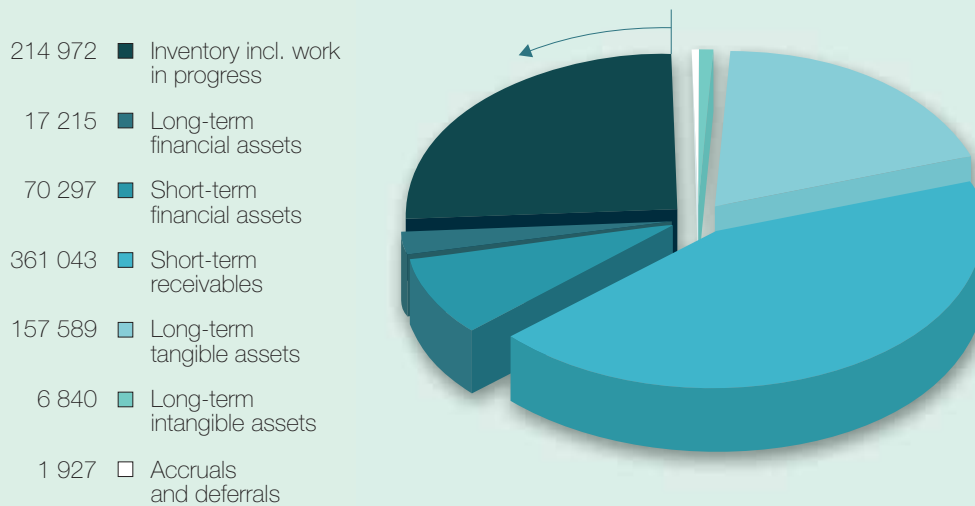


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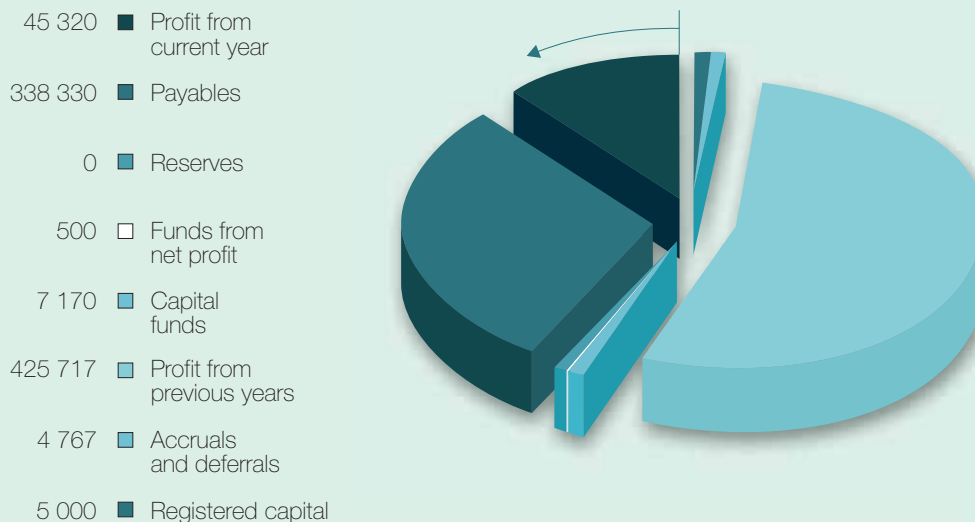
SELECTED FINANCIAL INDICATORS

Structure of assets in 2007 (in thousands CZK): 829 883



Indicator (in thousands of CZK)	2007	2006	2005
PRODUCTION AND GOODS SOLD	697 444	791 369	509 347
OUT OF WHICH: REVENUES	584 418	716 762	511 596
OUTPUT CONSUMPTION	566 585	628 299	349 198
VALUE ADDED	130 856	139 056	152 217
NET PROFIT	45 320	46 215	70 709
TOTAL ASSETS	829 883	654 277	600 783
CURRENT ASSETS	646 312	536 304	519 575
LIABILITIES	346 176	213 536	191 396
EQUITY	483 707	440 741	408 522

Structure of liabilities in 2007 (in thousands CZK): 829 883



GENERAL MANAGER'S INTRODUCTION

Dear Ladies and Gentlemen,

in 2007, we began test production at our new plant with the capacity of 15-20 new steam turbines and up to 60 MW per year.

This has significantly contributed to improve the image of the company and it also relates to the achievement of long-term goals, which are the following:

- a) independence of the company in the production of fundamental functional parts and units of steam and combustion turbines
- b) turnover exceeding EUR 45 million per year
- c) improved exportability in the field of steam turbines as a result of reduction of internal costs by unification and standardization
- d) extended deliveries of spare parts for the Frame combustion turbines and other types.



The prerequisite for the achievement of the above goals was construction of a new plant. This was decided in 2006 and the commencement of the construction was planned for the beginning of 2007.

That was accomplished and since the second half of 2007, EKOL can use a new production hall equipped with modern technologies for the production of rotors, casings and other parts of steam and combustion turbines.

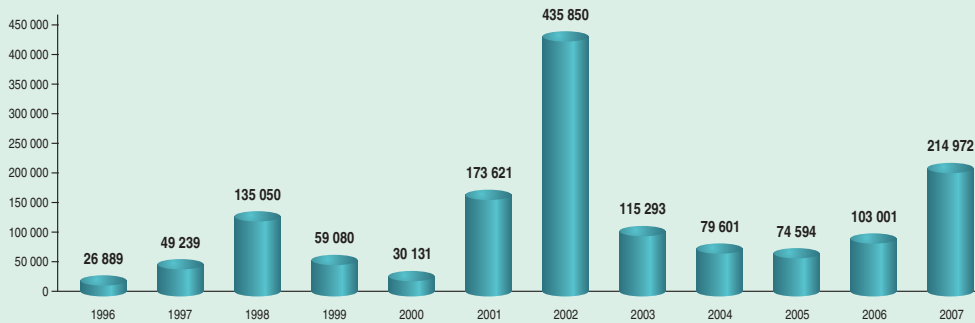
Another factor that has influenced the activities of the company is the situation in the global market of power sources and heat sources. In 2007, Europe and other continents began to witness insufficiency of sources, and this gradually led to a change in the situation in the market by reviving investments in the segment of power industry. This favorable situation confirmed the correctness of our strategy based especially on export, in particular to Germany, Russia, Ukraine, Poland, Egypt, Slovakia, Romania, Thailand, Kazakhstan and other countries where we have our traditional customers.

An important element of our activities is improving our technological standards and quality at all levels. The primary objective is the satisfaction of our customers, whom I thank for their cooperation and trust.

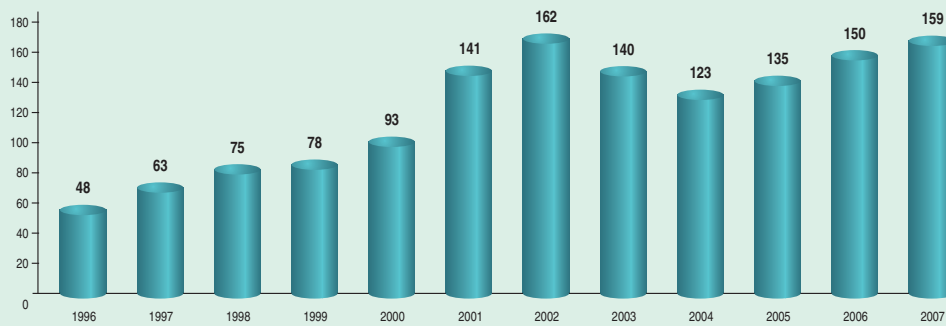
Prof. Ing. Stanislav Veselý, CSc
General Manager of EKOL, spol. s r. o.

DEVELOPMENT IN THE YEARS 1996–2007

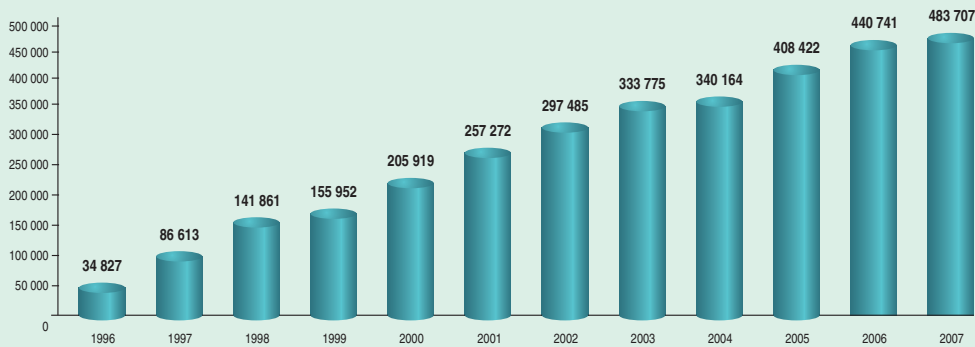
Inventory incl. work in progress (in thousands of CZK)



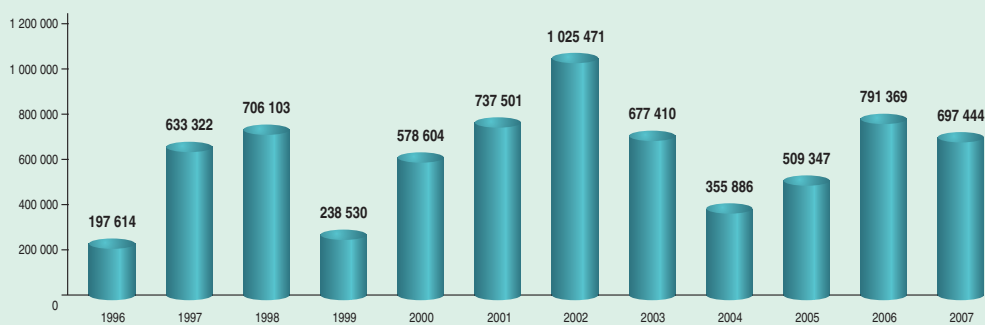
Number of employees (in persons)



Equity (in thousands of CZK)



Production and goods sold (in thousands of CZK)



FINANCIAL MANAGER'S COMMENTARY

Dear trading partners,

we are presenting to you this Annual Report, which is to provide you with information about the company with respect to the year 2007 and its development in the previous 10 years.

It is not easy for me, as the Financial Manager, to provide evaluation of the company for 2007. On one hand, the company has not achieved economic results that would allow me to evaluate it positively with regard to the plan, but on the other hand, the position of the EKOL company has been strengthened in terms of extending its capacities and thus having a greater influence on the market of steam and combustion turbines.

In 2007, the primary planned economic indicators have not been accomplished and there has even been a drop in comparison with the year 2006. Activities which should have reached CZK 1 billion according to the plan have been carried out only in the amount of CZK 697.4 million and the planned profit amounting to CZK 106 million has been accomplished only in the amount of CZK 61.5 million. From the point of view of the evaluation of these two primary indicators, the year 2007 cannot be evaluated as successful.

The main reason of the failure to accomplish the planned indicators is a time delay in realization of 3 projects caused by bad cooperation of clients in the Czech Republic, Uzbekistan and Poland.

This is, however, only a pessimistic view of the numbers, which say that the plan has not been accomplished, but they do not say whether the development of the company has made any progress or not during the evaluation period.

As you can see from the comments of the General Manager, the company has undergone great development in 2007, which has given the EKOL company an opportunity to become even a bigger player in the market of steam and combustion turbines. I believe that thanks to extension of the production program, the companies EKOL and EKOL Energo will be able to offer you even greater variety of services of even better quality than before.

The construction of our own production plants was carried out during the first half of 2007 and the production in these new premises, whose total investment costs amounted to CZK 230 million, was ceremonially launched on July 15. The investment was financed from our own funds, from a loan granted for the essential machinery in the amount of CZK 67 million and from an incentive of the Ministry of Industry and Trade in the amount of CZK 157 million.

From my point of view, the prospects for 2008 are optimistic. This prediction is based on increased unfinished production at the end of 2007, fulfillment of production capacities and at the time I am writing these comments, fully functional production facilities, which are now represented by EKOL Energo, s.r.o. as a 100 % subsidiary of the company EKOL s.r.o.

At the end of this report, I would like to thank you, our trading partners, for all your orders and your cooperation in their execution, and also all employees of the companies EKOL and EKOL Energo, who are responsible for the execution of the orders.



A handwritten signature in black ink, appearing to be 'G. Poslušný', written in a cursive style.

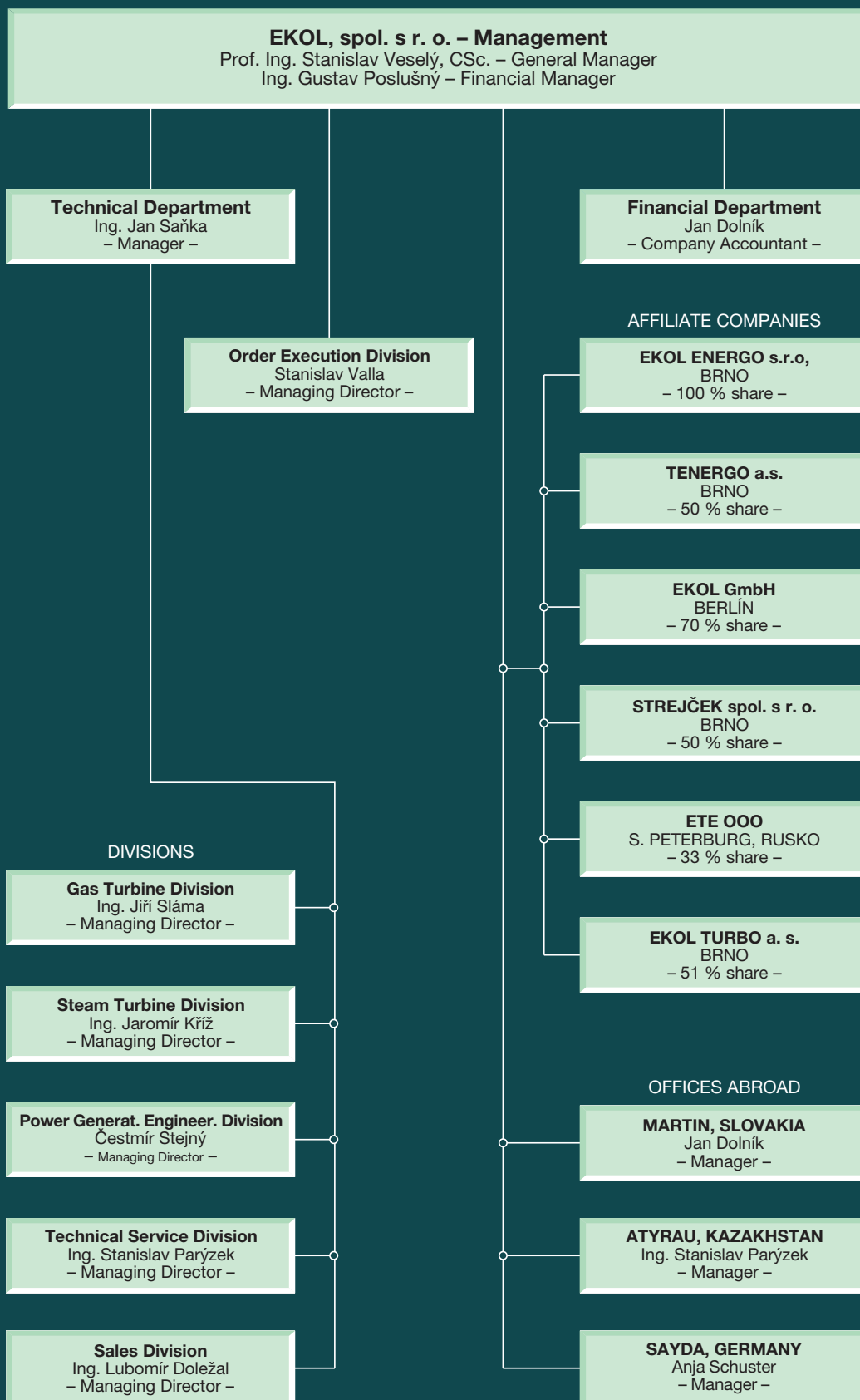
Ing. Gustav Poslušný
Financial Manager of EKOL, spol. s r. o.

OFFICERS OF THE COMPANY



1. Ing. Vratislav Goj
2. Ing. Jan Saňka
3. Ing. Jaromír Kříž
4. Ing. Jiří Sláma
5. Ing. Lubomír Doležal
6. Ing. Stanislav Parýzek
7. Stanislav Valla
8. Jan Dolník
9. Čestmír Stejný

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 NO_x and CO emissions by modification of the combustion chamber burners and by supply of new burners with 3rd millennium technologies
 - d) reduction of noise emissions by installing high-quality intake silencers, an exhaust and noise enclosures
 - 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.

COMPANY PROFILE

II. STEAM TURBINES

Supplies of steam turbines, accessories or whole machine rooms according to the customer's request. Cooperation with customers as early as during the preparation of projects, optimization of the calculation of the size and type of turbines according to the conditions at the customer's premises. Preparation of feasibility studies.

- **Technical support, approach to customers**
We always strive to offer our potential customers a solution that would be optimal both from the technical and the economic point of view.
- **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

COMPANY PROFILE

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:
 - Imbalance of the rotating parts
 - Incorrect positioning of machine clutch
 - Incorrect positioning of the machine (e.g. loosened or damaged base, loose connections, etc.)
 - Damaged bearings
 - Gearing wear
 - 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



VI. EKOL ENERGO s.r.o.

The company EKOL Energo, s.r.o. was established in 2006 as a subsidiary of the company EKOL s.r.o. The main purpose of the company's establishment was a necessity to create a production facility for the EKOL group that would allow producing components and parts of steam and combustion turbines within times and in qualities corresponding to the market's demands.

The production facility of the company EKOL Energo, s.r.o. consists particularly of exceptionally accurate CNC machines for casting and forging up to 70 tons, using the state-of-the-art knowledge in the field of control systems for processing of individual parts. Subsequently, these components and units are assembled into the final product, which is an assembled turbine with a gearbox and other controlling and measuring device located at the casing of the machine.

In addition to the production of new steam and combustion turbines, the company EKOL Energo, s.r.o. ensures production of their spare parts and all kinds of repairs, including general repairs, and reconstructions of old types of turbines.

After the reconstruction of the original structure and the construction of an administrative annex between February and June 2007, the production began in the new building on July 7, 2007 and the first steam turbine was completed in September 2007.

All the above activities are performed in a new production facility of the company EKOL Energo, s.r.o. located in Brno – Líšeň, Zaoralova Street No. 7, or directly on the customer's premises. The company has a mobile equipment of assembly workers meeting all demanding requirements for the performance of on-site repairs. In addition to the main activities, i.e. the production and repairs of steam and combustion turbines, the company also performs cooperation activities. Considering the fact that the company owns unique machinery, such as gantry-type milling machine manufacture by the company Waldrich Coburg, it offers a possibility of machining sizable workpieces of great weight, with the guarantee of high dimensional accuracy and quality of execution. In 2008, the company EKOL Energo, s.r.o. will be producing 8 pieces of new steam turbines.



IMPORTANT CONTRACTS OF 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., Polsko

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 Transgas 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 Kouřim

SPP, 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

Lovochemie a.s., Czech Republic

Repair of ST 1 CH gas turbine

UKRTRANSGAZ, Ukraine

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

GAZPROM, Russia

- Deliveries of spare parts for GT 6,5-A1 gas turbines

ResursGlobalExpert Kazakstan

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

POWER ENGINEERING

Jitka Otín, Czech Republic

Delivery of a face construction according to the investor's atypical design and bearing static structures for technologies, in particular a turbine table



IMPORTANT CONTRACTS OF THE YEAR 2008

STEAM TURBINES

DOTEC ENERGO Intl. Kolín, Czech Republic
Delivery of condensing steam turbine with controlled take-off for biomass processing project Kutná Hora, 5,6 MW turbine-generator. Condensation system and machine room included

DOTEC ENERGO Intl. Kolín, Czech Republic
Delivery of condensing steam turbine with controlled take-off for biomass processing project Račetice, 10 MW turbine-generator. Condensation system and machine room included

S.I.I.C. Cairo, Egypt
Delivery of 6 MW back pressure turbine for sugar refinery

INEKON POWER, Czech Republic
Delivery of machine room with 8,4 MW condensing steam turbine and air condensation system for project Domoradice

Energetika Třinec, Czech Republic
Repair of turbo compressor for Třinecké železářny



GAS TURBINES

GAZPROM, Russia
– Spare parts supply for GT 6,5-A1 gas turbines
– Repair of GT 6,5-A1 gas turbine

RWE Transgas Net, a.s., Czech Republic
– Delivery and replacements of inlet branch liners for GT 750-6 gas turbines
– Delivery and installation of compensators
– Delivery and installation of reconstruction of gas turbine medium bearing pedestals and oil filter replacement

SPP,a.s., Slovakia
– Spare parts supply 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

THOMAS, Czech Republic
Spare parts supply for GT 750-6 gas turbines, Uzbekistan

UKRTRANSGAZ, Ukraine
– Spare parts supply for GT 750-6 gas turbines
– Overhaul of GT 750-6 gas turbines

Lovochemie, a.s., Czech Republic
Repair of ST 1CH gas turbine

VerbundnetzGas AG, Germany
Installation of superemission combustion chamber for GT 756-0 gas turbines

Synthesisia, a.s., Czech Republic
Repair of ST 1CH turbo compressor

S.C.Confort S.R.L., Romania
CAF technology rebuilding in CET Timisoara

S.I.I.C., Egypt
Delivery of biomass boiler 100t/h for Armant sugar refinery

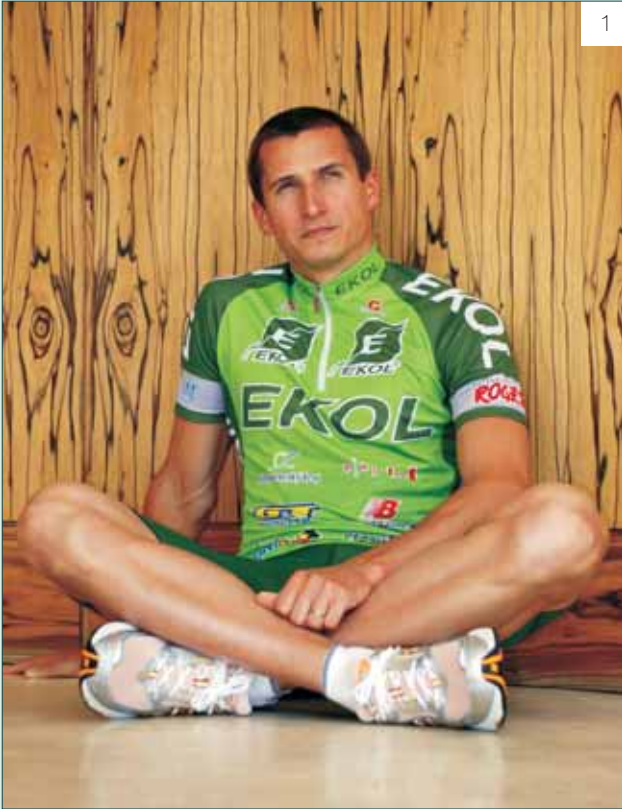
S.I.I.C., Egypt
Delivery of drums and distributors for boilers

KAZIMPEX, Kazakhstan
Spare parts supply for GT 750-6 gas turbines



POWER ENGINEERING

Domoradice, Czech Republic
Delivery of building up of technology machine room, air condensing system and reconstruction of heating plant



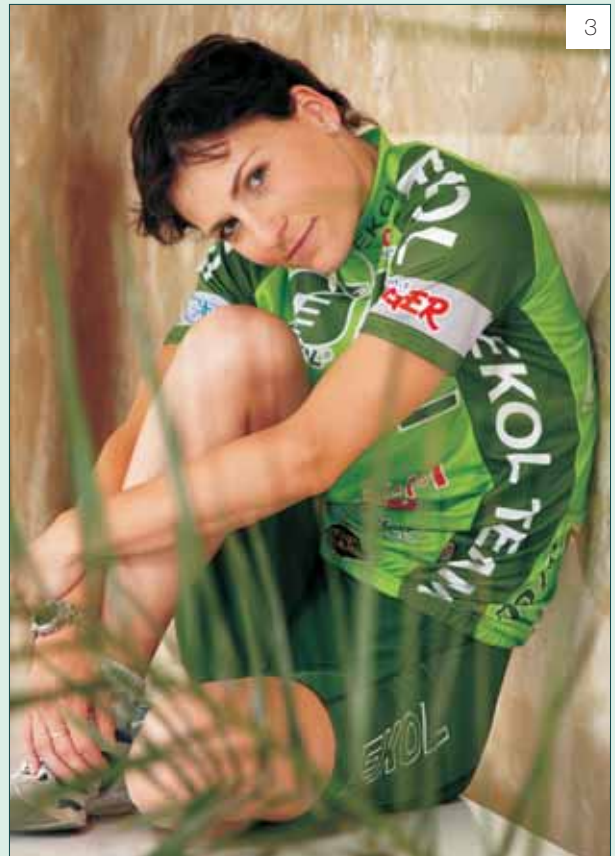
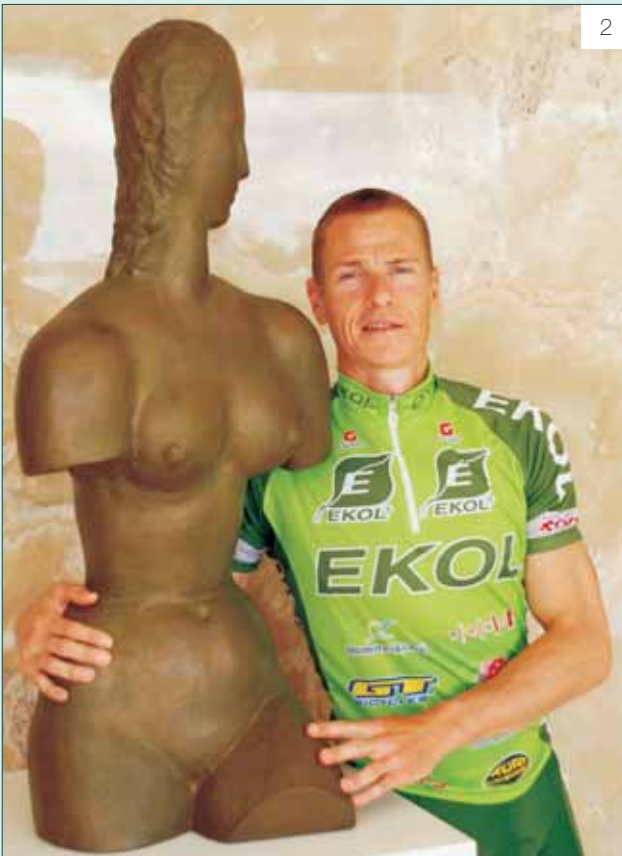
Back in 2007, the company EKOL s.r.o. became involved in one of the most progressive sports – the triathlon.

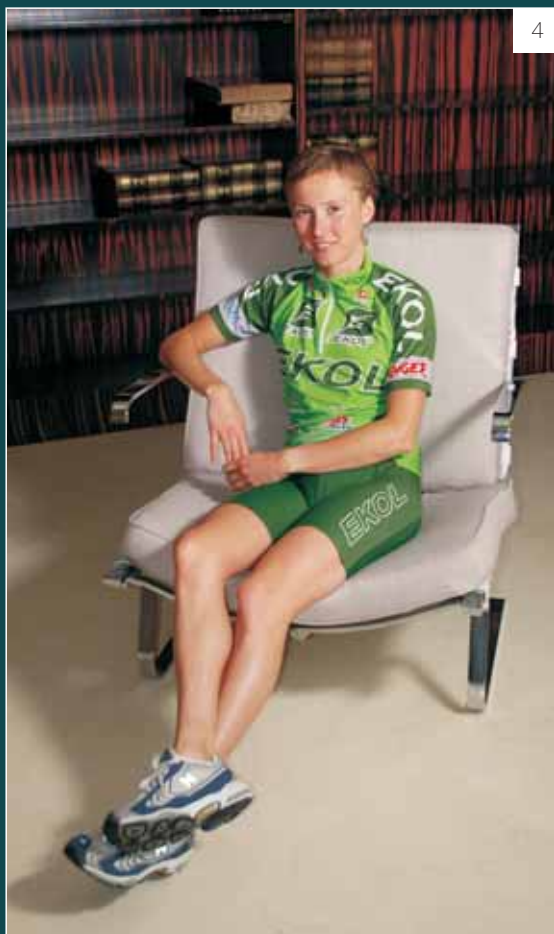
The company EKOL s.r.o. is the title partner of the elite European triathlon team EKOL TEAM.

At the end of 2008, the company EKOL s.r.o. became the general advertising partner of the Czech Triathlon Union!

EKOL SUPERPRESTIGE, a race held in Brno, always belongs to the elite category of triathlon events, and it has been three times included among World Cup races and three times among European Cup events.

EKOL = partner of the European triathlon





1. **FILIP OSPALÝ**
The only European Triathlon Champion from the Czech Republic
 - European Triathlon Champion
 - Two-times runner-up European Triathlon Champion
 - Three-times World Cup winner
 - Three-times University World Champion
2. **MARTIN KRŇÁVEK**
The first winner of a World Cup race from the Czech Republic
 - Three-times World Cup winner
 - Two-times bronze medalist and one fourth place from European Championship
 - Two fifth places from World Championship
3. **LENKA ZEMANOVÁ**
The first Czech medalist from a World Cup event
 - Silver and bronze medalist from a World Cup event
 - Six-times European Cup winner
 - University World Champion
 - Fifth place from the European Championship and eleventh place from World Championship
4. **VENDULA FRINTOVÁ**
The only U-23 European Champion from the Czech Republic
 - Two-times silver medalist from U-23 World Championship
 - Two-times bronze medalist from a World Cup event
5. **RADKA VODIČKOVÁ**
2008 European Rookie of the Year
 - Sixth place from 2008 European Championship
 - 2008 European Duathlon Champion
 - Three-times European Cup winner
6. **PAVEL ŠIMKO 2008**
Reinforcement of the Year
 - Sixth place from 2008 European Championship



CERTIFICATES

1. Certificate ČSN EN ISO 9001:2000
2. Certificate ČSN EN ISO 14001:2005
3. Certificate OHSAS 18001:1999



AUDITOR'S REPORT

Auditors' Report as of December 31, 2007

INDEPENDENT AUDITOR'S REPORT

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

Financial Statement Report

I have audited the attached financial statement of your company, i.e. the balance as of December 31, 2007, statement of profits and losses, appendix to this financial statement, including the description of applied significant accounting methods. The data of your company are listed in the first part of the appendix.

The preparation and true representation of the financial statement in compliance with the Czech accounting legislation is the responsibility of the statutory body of your company. A part of said responsibility is to design, implement and provide for internal supervision of the preparation and true representation of the financial statement in order to ensure that it does not contain material inaccuracies caused by fraud or mistake, to choose and exercise appropriate accounting methods and to carry out reasonable accounting estimates.

My task is to perform an audit to consider this financial statement. I have performed the audit in compliance with the Act on Auditors, International Auditing Standards and related implementation clauses of the Chamber of Auditors of the Czech Republic. According to said legislation, I am obligated to abide by ethical standards and to plan and perform the audit in order to acquire reasonable certainty that the financial statement does not contain material inaccuracies.

The audit includes performance of auditing processes, the purpose of which is to acquire evidence with respect to the amounts and information stated in the financial statement. The selection of the auditing processes depends on the discretion of the auditor, including the consideration of risks that the financial statement contains material inaccuracies caused by fraud or mistake. During the consideration of such risks, the auditor takes into account internal supervision relevant for the preparation and true representation of the financial statement. The purpose of considering the internal supervision is to suggest appropriate auditing procedures, not to comment on the effectiveness of the internal supervision. The audit also includes consideration of the appropriateness of applied accounting methods, the adequacy of accounting estimates carried out by the management and also consideration of the overall presentation of the financial statement.

I believe that the acquired evidence constitute a satisfactory and adequate basis for my consideration of the financial statement.

In my opinion, the financial statement presents truly and fairly and in all respects the assets, liabilities, equity and financial situation of the company EKOL, spol. s r. o. as of December 31, 2007 and its costs/revenues for the year 2007 in compliance with the Czech accounting legislation.

In Brno, on June 30, 2008



M. Kudeřikové
M. Kudeřikové 2
636 00 Brno

AUDITOR'S REPORT

Audit Consolidated financial statements as of December 31, 2007

INDEPENDENT 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 December 31, 2007. 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 conducted audit 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, 2007 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 15, 2008



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



FINANCIAL STATEMENTS

ANNEX TO THE ACCOUNT STATEMENT FOR THE YEAR 2007

ATTACHMENT TO THE CONSOLIDATED FINANCIAL STATEMENT

BALANCE SHEET AS OF DEC. 31, 2007 – Assets

(in thousands of CZK)		Year 2007		Year 2006	Year 2005	
		gross	correction	net	net	
TOTAL ASSETS		993 411	103 528	829 883	654 277	600 783
B.	LONG-TERM ASSETS	282 304	100 660	181 644	116 613	78 038
B.I.	Long-term intangible assets	26 267	19 427	6 840	7 419	10 138
B.I.2.	Research and development	0	0	0	0	57
B.I.3.	Software	15 724	11 337	4 387	3 967	7 017
B.I.4.	Valuable rights	10 543	8 090	2 453	3 452	1 489
B.I.7.	Intangible assets under construction	0	0	0	0	1 575
B.II.	Long-term tangible assets	238 822	81 233	157 589	91 979	60 685
B.II.1.	Land	15 517	0	15 517	14 880	244
B.II.2.	Buildings, halls and structures	135 523	18 176	117 347	37 180	38 790
B.II.3.	Machinery, equipment, vehicles, furniture and fixtures	86 300	63 057	23 243	24 100	20 502
B.II.7.	Tangible fixed assets under construction	1 482	0	1 482	15 819	1 149
B.III.	Long-term financial investments	17 215	0	17 215	17 215	7 215
B.III.1.	Shares and ownership interests in enterprises with controlling influence	11 660	0	11 660	11 660	1 660
B.III.2.	Shares and ownership interests in enterprises with substantial influence	5 555	0	5 555	5 555	5 555
C.	CURRENT ASSETS	649 180	2 868	646 312	536 304	519 575
C.I.	Inventory	214 972	0	214 972	103 011	74 594
C.I.1.	Materials	37 092	0	37 092	37 349	36 380
C.I.2.	Work in progress and semi-finished products	177 878	0	177 878	65 662	38 214
C.III.	Short-term receivables	363 911	2 868	361 043	192 770	179 870
C.III.1.	Trade receivables	203 490	2 868	200 622	82 900	166 074
C.III.2.	Receivables from enterprises with controlling influence	88 381	0	88 381	89 372	725
C.III.3.	Receivables from enterprises with substantial influence	3 800	0	3 800	3 800	3 800
C.III.4.	Receivables from partners and participants in an association	0	0	0	0	0
C.III.6.	Due from state – tax receivables	18 512	0	18 512	3 889	1 436
C.III.7.	Short-term provided advances	47 419	0	47 419	3 931	3 832
C.III.8.	Estimated accrued revenues	0	0	0	0	5
C.III.9.	Other receivables	2 309	0	2 309	8 878	3 998
C.IV.	Short-term financial assets	70 297	0	70 297	240 523	265 111
C.IV.1	Cash	802	0	802	2 439	1 797
C.IV.2.	Bank accounts	65 411	0	65 411	226 654	263 314
C.IV.3.	Short-term financial assets	4 084	0	4 084	11 430	13 230
D.I.	ACCRUALS	1 927	0	1 927	1 360	3 170
D.I.1.	Deferred expenses	1 914	0	1 914	1 243	3 165
D.I.2.	Accrued revenues	13	0	13	117	5

BALANCE SHEET AS OF DEC. 31, 2007 – Liabilities

(in thousands of CZK)		Year 2007	Year 2006	Year 2005
TOTAL LIABILITIES		829 883	654 277	600 783
A.	EQUITY	483 707	440 741	408 522
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	7 171	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	425 717	381 856	325 143
A.IV.1.	Retained earnings from previous years	425 717	381 856	325 143
A.IV.2.	Accumulated losses from previous years	0	0	0
A.V.	Profit (loss) (+/-)	+ 45 320	+ 46 215	+ 70 709
B.	LIABILITIES	341 409	208 501	188 661
B.I.	Reserves	0	9 686	4 925
B.I.1.	Legal reserves	0	9 686	4 925
B.I.4.	Other reserves	0	0	0
B.II.	Long-term payables	3 079	3 079	3 080
B.II.9.	Other payables	2	2	3
B.II.10.	Due to state – deferred taxes	3 077	3 077	3 077
B.III.	Short-term payables	338 330	195 736	177 709
B.III.1.	Trade payables	163 596	91 742	106 873
B.III.2.	Payables to enterprises with controlling influence	86	8 317	0
B.III.4.	Payables to partners and participants in an association	81	81	81
B.III.5.	Payables to employees	3 463	2 811	2 391
B.III.6.	Payables to social security	2 082	1 653	1 240
B.III.7.	Due to state – taxes and subsidies	694	6 615	28 334
B.III.8.	Short-term received advances	154 839	63 683	34 143
B.III.10.	Estimated accrued expenses	12 932	20 595	4 041
B.III.11.	Other payables	557	239	606
B.IV.	Bank loans	0	0	947
B.IV.1.	Long-term bank loans	0	0	947
C.I.	ACCRUALS	4 767	5 035	5 600
C.I.1.	Accrued expenses	4 735	5 035	4 735
C.I.2.	Deferred revenues	32	0	865

PROFIT AND LOSS ACCOUNT AS OF DEC. 31, 2007

(in thousands of CZK)		Year 2007	Year 2006	Year 2005
I.	Revenues from goods	0	33 090	10 671
A.	Cost of goods sold	0	24 014	7 932
+	Sale margin	0	9 076	2 739
II.	Production	697 444	758 279	498 676
II.1.	Revenues from own products and services	584 418	716 762	500 925
II.2.	Change in inventory of own production	112 341	27 259	- 4 434
II.3.	Capitalization	685	14 258	2 185
B.	Production consumption	566 585	628 299	349 198
B.1.	Consumed material and utilities expenses	319 714	420 565	171 553
B.2.	Services	246 871	207 734	177 645
+	Added value	130 859	139 056	152 217
C.	Personnel expenses	69 977	64 492	56 503
C.1.	Wages and salaries	51 187	47 121	41 664
C.2.	Remuneration of board members	0	0	0
C.3.	Social security expenses	17 688	16 312	14 153
C.4.	Social security expenses	1 102	1 059	686
+	Taxes and fees	4 102	318	1 031
E.	Depreciation of intangible and tangible fixed assets	13 998	13 063	9 552
III.	Revenues from disposals of long-term assets and materials	1 580	5 372	24 756
III.1.	Revenues from disposals of long-term assets	187	130	547
III.2.	Revenues from disposals of materials	1 393	5 242	24 209
F.	Net book value of disposed long-term assets and materials sold	1 718	0	10 189
F.1.	Net book value of disposed long-term assets	675	0	0
F.2.	Materials sold	1 043	0	10 189
G.	Accounting for reserves and adjustments in operating area	- 61 356	3 049	6 345
IV.	Other operating revenues	697	3 487	1 486
H.	Other operating expenses	54 519	4 711	2 673
*	Operating profit (loss)	50 178	62 277	92 166
M.	Accounting for reserves and adjustments in financial area	0	0	0
X.	Interest received	4 610	4 325	3 094
N.	Interest paid	0	8	66
XI.	Other financial revenues	497 791	436 696	304 068
O.	Other financial expenses	496 909	441 137	298 660
*	Profit (loss) from financial operations	5 492	- 122	8 436
Q.	Income tax on ordinary income	16 215	15 976	29 966
Q.1.	Due	16 215	15 976	29 013
Q.2.	Deferred	0	0	953
**	Ordinary income	+ 39 455	+ 46 179	+ 70 636
XIII.	Extraordinary revenues	5 865	37	94
R.	Extraordinary expenses	0	1	0
S.	Income tax on extraordinary income	0	0	21
S.1.	Due	0	0	21
S.2.	Deferred	0	0	0
*	Extraordinary income	+ 5 865	+ 36	+ 73
***	Profit (loss) of current accounting period (+/-)	+ 45 320	+ 46 215	+ 70 709
****	Profit (loss) before tax	+ 61 535	+ 62 191	+ 100 696

ANNEX TO THE ACCOUNT STATEMENT FOR THE YEAR 2007

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.	37%
Ing. Gustav Poslušný	30%
The shares of the above-mentioned shareholders make up in total	95%

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. Jaromír Kříž
Energy Management Division	Čestmír Stejný
Technical Service Division	Ing. Stanislav Parýzek
Sales Division	Ing. Lubomír Doležal

A permanent plant in Slovakia was established in 1996

EKOL, spol. s r.o., org. složka
Hečkova 2, Martin 036 01,
DIČ: 35676957.
vedoucí Jan Dolník.

A permanent plant in Kazakhstan was established in 2001

ATYRAU
vedoucí Ing. Stanislav Parýzek

A permanent plant in Germany was established in 2002

SAYDA
vedoucí Anja Schuster

ANNEX TO THE ACCOUNT STATEMENT FOR THE YEAR 2007

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, 2007		4 039 thousand CZK
	Profit in 2007		27 thousand CZK
	Revenues in 2007		8 972 thousand CZK
	The company operates as a designing office.		
	TENERGO Brno, a.s. Brno		50 %
	Equity in 2007		35 583 thousand CZK
	Profit in 2007		5 631 thousand CZK
	Revenues in 2007		192 268 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. Peterburg, Russian Federation		33 %	
has not been operating yet			
EKOL TURBO, a.s. Brno		51 %	
Equity in 2007		455 thousand CZK	
Profit in 2007		-10 thousand CZK	
Revenues in 2007		621 thousand CZK	
has not been operating yet			
EKOL Energo s.r.o. Brno		100 %	
Equity in 2007		709 thousand CZK	
Profit in 2007		- 9 143 thousand CZK	
Revenues in 2007		7 740 thousand CZK	
4.	Personnel and wage data		
		2006	2007
	Average number of employees	152	159
	Wages and salaries in thousand CZK	47 121	49 838
	Managers	11	10
Wages and salaries in thousand CZK	5 106	4 686	
5.	Receivables		
		2006	2007
	In total	247 307 thousand CZK	379 670 thousand CZK
Out of which trade receivables	137 437 thousand CZK	203 489 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 2 868 thousand CZK (as of Dec. 31, 2007) were created for these and other receivables. In the expenses of 2007 the adjustment creation amounts to 17 thousand CZK.

According to the decision of the General Meeting of October 8, 2007, the receivables from the subsidiary company Ekol GmbH Energiesysteme Berlin in the total amount of 49 972 thousand CZK were written off to debit side of expenses together with the cancellation of adjustments from preceding years.

They will be still kept separately in the off-balance sheet accounts of the company's accountancy.

ANNEX TO THE ACCOUNT STATEMENT FOR THE YEAR 2007

6. Payables		2006	2007
In Total		195 736 thousand CZK	338 330 thousand CZK
Out of which trade payables		91 741 thousand CZK	139 483 thousand CZK

The cause of the increase of payables consists in the increase of volume of job orders.

Payables over 180 days	0 Kč
------------------------	------

All payables are real.

All payables are real. Liabilities outside accounting amount to 2 286 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		584 418 thousand CZK
Czech Republic		281 239 thousand CZK
Thailand		6 251 thousand CZK
Egypt		31 490 thousand CZK
Slovakia incl. org. unit		62 380 thousand CZK
Poland		55 405 thousand CZK
Kazakhstan incl. org. unit		51 755 thousand CZK
Ukraine		34 588 thousand CZK
Germany incl. org. unit		11 759 thousand CZK
Romania		49 551 thousand CZK

8. Changes in equity	State as of Dec 31, 2006	Changes	State as of Dec 31, 2007
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	381 854	+ 43 863	425 717
Accumulated losses from previous years – deferred taxes from all previous years	0	0	0
Profit of the current year	46 215	+ 14 863	61 078
In total	440 741	+ 58 726	499 467

9. Other company data

Research and development:

The research and development work as of December 31, 2007 was completed and capitalized in the total amount of 685 thousand CZK.

Liabilities towards health insurance institutions, social welfare and state budget:

All liabilities that have arisen during 2007 were paid in the statutory due dates. The liabilities as of Dec. 31, 2007 were paid before January 31, 2008.

Environmental issues and work safety:

No penalties or sanctions have arisen during 2007. The illness rate and the accident rate lies within the common range.

10. Changes after the date of financial statement

According to the decision of the General Meeting of April 22, 2008, the company Ekol, spol. s r. o. invested in its subsidiary company Ekol Energo s.r.o. Structures amounting to 82 348 thousand CZK and Lands amounting to 15 273 thousand CZK – all above-mentioned amounts are specified in their purchase costs.

They were added in the Registered Capital in the amount of 95 000 thousand CZK according to estimated prices.

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2007

BALANCE SHEET AS OF DEC. 31, 2006 – Assets

(in thousands of CZK)	Year 2007	Year 2006
TOTAL ASSETS	878 969	678 604
B. LONG-TERM ASSETS	277 919	186 103
B.I. Long-term intangible assets	8 686	8 812
B.II. Long-term tangible assets	268 499	176 557
B.III. Long-term financial investments	734	734
C. CURRENT ASSETS	596 150	481 856
C.I. Inventory	217 181	104 375
C.III. Short-term receivables	290 122	122 637
C.IV. Short-term financial assets	88 847	254 844
D.I. ACCRUALS	4 900	10 645

BALANCE SHEET AS OF DEC. 31, 2006 – Liabilities

(in thousands of CZK)	Year 2007	Year 2006
TOTAL LIABILITIES	878 969	678 604
A. EQUITY	488 827	452 115
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	1 058
A.IV. Profit (loss) of previous years	436 649	389 070
A.V. Profit (loss) (+/-) without minority interests	+ 38 950	+ 49 817
B. LIABILITIES	372 856	210 772
B.I. Reserves	0	9 686
B.II. Long-term payables	6 552	12 540
B.III. Short-term payables	330 599	144 493
B.IV. Bank loans	35 705	44 053
C.I. ACCRUALS	17 286	15 717

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2007

PROFIT AND LOSS ACCOUNT AS OF DEC. 31, 2007

(in thousands of CZK)		Year 2007	Year 2006
I.	Revenues from goods	0	33 090
A.	Cost of goods sold	0	24 014
+	Sale margin	0	9 076
II.	Production	789 955	843 943
II.1.	Revenues from own products and services	676 686	802 745
II.2.	Change in inventory of own production	112 341	26 933
II.3.	Capitalization	928	14 265
B.	Production consumption	634 693	690 995
B.1.	Consumed material and utilities expenses	382 489	486 197
B.2.	Services	252 204	204 798
+	Added value	155 262	162 024
C.	Personnel expenses	82 426	73 161
C.1.	Wages and salaries	60 097	53 370
C.2.	Remuneration of board members	88	0
C.3.	Social security expenses	20 762	18 483
C.4.	Social security expenses	1 479	1 308
+	Taxes and fees	4 220	478
E.	Depreciation of intangible and tangible fixed assets	25 247	19 500
III.	Revenues from disposals of long-term assets and materials	1 601	5 417
III.1.	Revenues from disposals of long-term assets	200	175
III.2.	Revenues from disposals of materials	1 401	5 242
F.	Net book value of disposed long-term assets and materials sold	1 736	262
F.1.	Net book value of disposed long-term assets	685	0
F.2.	Materials sold	1 051	262
G.	Accounting for reserves and adjustments in operating area	- 61 123	3 049
IV.	Other operating revenues	728	3 820
H.	Other operating expenses	54 671	4 732
*	Operating profit (loss)	50 414	70 079
M.	Accounting for reserves and adjustments in financial area	0	0
X.	Interest received	3 451	4 362
N.	Interest paid	2 950	3 393
XI.	Other financial revenues	499 201	436 951
O.	Other financial expenses	498 811	441 611
*	Profit (loss) from financial operations	891	- 3 691
Q.	Income tax on ordinary income	16 812	16 607
Q.1.	Due	15 493	16 011
Q.2.	Deferred	1 319	596
**	Ordinary income	+ 34 493	+ 49 781
XIII.	Extraordinary revenues	5 865	37
R.	Extraordinary expenses	0	1
S.	Income tax on extraordinary income	1 408	0
S.1.	Due	1 408	0
S.2.	Deferred	0	0
*	Extraordinary income	+ 4 457	+ 36
***	Profit (loss) of current accounting period (+/-)	+ 38 950	+ 49 817
****	Profit (loss) before tax	+ 57 170	+ 66 424

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2007

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

	Id. No.	Share in registered capital	Equity	Profit
EKOL Energo s.r.o. Brno	27686884	100%	783 thousand CZK	- 9 194 thousand CZK
EKOL Turbo a.s. Brno	26968258	51%	1 980 thousand CZK	-10 thousand CZK
Tenergo a. s. Brno	26219417	50%	35 583 thousand CZK	5631 thousand CZK
Strejček spol. s r.o. Brno	25346245	50%	4 039 thousand CZK	27 thousand CZK

The financial statements of the above-mentioned companies were made as of December 31, 2007 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 2007.

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 2007, 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	190
Wages and salaries in thousands of CZK	60 097
Managers	14
Wages and salaries in thousands of CZK	7 677

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

- The amounts from each item of the Balance Sheet and Profit and Loss Account are allotted from the associated companies to the CFS in the above-mentioned quotients (Paragraph 1).
- The shares deposits are excluded from the CFS in their full amounts.
- Mutual services in the item of Revenues and Service Costs in the amount of 15 959 thousand CZK are excluded from the CFS.

Assets in thousands of CZK	EKOL Energo	EKOL Turbo	Strejček s.r.o.	Tenergo a.s.	Total
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 2007		- 5	12	2 816	2 833

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 98 908 thousand CZK is excluded bilaterally from the overview of short-term payables and receivables for all companies. tis.

CONSOLIDATED FINANCIAL STATEMENT AS OF DEC. 31, 2007

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
- Financial statements of companies will be submitted to the parent company by June 30, 2008
- 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 2 868 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
- according to the decision of the General Meeting of October 8, 2007, the receivables from the subsidiary company Ekol GmbH Energiesysteme Berlin in the total amount of 49 972 thousand CZK were written off to debit side of expenses together with the cancellation of adjustments from preceding years. They will be still kept separately in the off-balance sheet accounts of the company's accountancy

3.2. Liabilities outside accounting amount to 2 286 thousand CZK and are for leasing contracts in the parent company

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

	2007	2006
In total	679 015	845 072
Out of which Czech Republic	295 049	237 060
Abroad	383 966	608 012

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"

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

Available profit	by 45 320 thousand CZK
Equity	by 42 966 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 192 268 thousand CZK.
- The company STREJČEK spol. s r. o. obtained revenues of 8 972 thousand CZK.
- EKOL Energo s.r.o. obtained revenues in the amount of 6 183 thousand CZK
- EKOL Turbo a.s. obtained revenues in the amount of 32 thousand CZK

4.3. The parent company completed research and development work in 2007 and capitalized into tangible assets 685 thousand CZK

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 2007 profit shares in the amount of 2 354 thousand 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 parent company Ekol, spol. s.r.o. made the non-monetary investment in the registered capital of the subsidiary company EKOL Energo, s.r.o. in the amount of 95,000 thousand CZK.

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 2007 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 2007 Annual Report.

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