



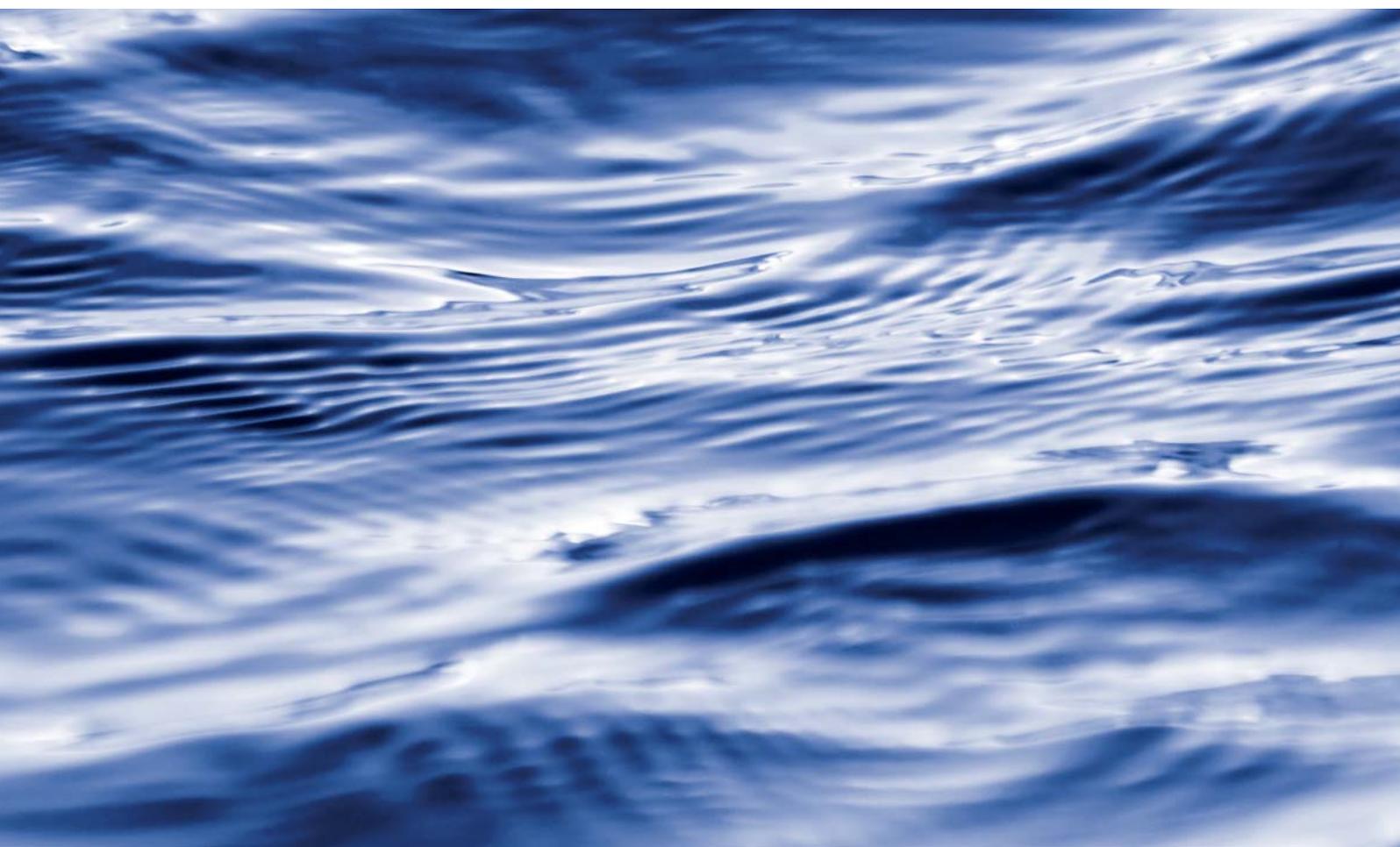
Annual Report

2009



## ANNUAL REPORT 2009

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Dear Colleagues and Readers,

I feel honoured welcoming you, who wish to read this Annual Report assessing the last year 2009 and also our collective activities organised by Povodí Odry, state-owned company. Firstly, I wish to pass my thanks to all who participated in the achievement of good economic, but also professional results related to water management. Please, let me thank employees of our Company, who, everyone on his/her own capacity or collectively, performed complicated tasks managing state assets and encouraging, sometimes in highly tense situations, team work in 2009. We managed the tasks well, sometimes by ourselves and sometimes in cooperation with our founder, the Ministry of Agriculture, with mayors of municipalities, city managers and regional officers. You all, who participated in the achievement of the demanding objectives determined for our state-owned company, deserve my sincere thanks. The floods in the last year would not be managed in the way as they were without cooperation of us all.

The year 2009 was full of important events. We cannot list them all in here. However, each implemented activity was important in a way. I thus wish to stress just two areas. One that we can professionally influence and manage with our proactive attitude and approach and the second one, which belongs to the kingdom of nature and which affects us disregarding our will.

In this second case, we can only soften its impacts.

I want to remind you of one of the biggest actions, which should prevent floods, and to which we devoted an unbelievable amount of our work. It was the so much discussed construction of the reservoir in Nové Heřminovy. Preparatory works peaked when the investment plan was finalised and the action thus could enter the next stage, including the finalisation of property settlements. Implementation of the reservoir in Nové Heřminovy affected the whole Company and works done by all departments. Achievements of individual objectives were monitored in accordance with our timetable and I must say that everything, we had decided to do in relation to this important construction at the beginning of 2009, was achieved.

The events prepared for us by nature in 2009, without our involvement, included the sad experience from torrential floods in June. This was a new natural phenomenon which we probably must take permanently into the account within our future activities. The short, but very fast and massive torrential floods caused substantial damages on state assets managed by Povodí Odry, state-owned company. The second half of 2009 was thus marked by activities related to removals of flood damages and these works still continue in 2010. The floods caused not only significant damages on assets, but they affected also human minds and spirit. We can calculate and remove the damages on assets, but the other ones accompany us and make a permanent mark in the history of our lives. And that was the strong case in 2009. These events are also strongly connected with the year and the Report which I am putting in front of you.

Dear readers, in spite of the fact that the year 2009 was the year of economic crisis, our state-owned company succeeded, thanks to hard work, in good management of this period. With pleasure, I can say that our Company achieved positive and very good economic results in 2009. This is highly encouraging at the time of this deep economic crisis, but it is also a binding outcome for the future period.



Ing. Ivan Pospíšil  
General Director



**FOUNDER**

Ministry of Agriculture of the Czech Republic seated in Těšnov 17,  
Praha 1, Post Code 117 05  
I.D. (IČ): 00020478

**AUTHORISED PERSON REPRESENTING THE FOUNDER**

Ing. Jan Ludvík  
Director of the Department establishing activities  
Ministry of Agriculture of the Czech Republic

**NAME:** Povodí Odry, state-owned company (River Odra Basin)

**ADDRESS:** Varenská 49, Ostrava, Moravská Ostrava,  
Post Code 701 26

**DATE OF FOUNDING:** 1 January 2001 on the basis of the River  
Basins Act No. 305/2000 Coll.

**ENTRY IN THE COMMERCIAL REGISTER:** Regional Court in Ostrava,  
Part A XIV, File No. 584

**DATE OF ENTRY:** 26 March 2001

**LEGAL FORM:** State-owned company

**I.D. NO. (IČ):** 70890021

**TAX FILE NO. (DIČ):** CZ70890021

**STATUTORY AUTHORITY AS ON THE 31ST OF DECEMBER 2009**

Ing. Ivan Pospíšil, General Director of Povodí Odry, state-owned  
company

**SUPERVISORY BOARD**

Pavol Lukša (Moravian-Silesian Region)  
till the 30th of November 2009  
Miroslav Novák (Moravian-Silesian Region)  
after the 1st of December 2009  
JUDr. Jindřich Urfus (Ministry of Agriculture)  
Tomáš Hanzel (City of Karviná)  
Mgr. Petr Birklen (Ministry of Environment)  
PhDr. Ivo Hlaváč (Ministry of Agriculture)  
till the 30th of November 2009  
Ing. Aleš Kendík (Ministry of Agriculture)  
after the 1st of December 2009  
Ing. Šárka Froňková (Ministry of Agriculture)  
till the 30th of November 2009  
Ing. Ivana Mojžíšková (River Odra Basin)  
Ing. Ivana Musálková (River Odra Basin)  
Ing. Jiří Tkáč (River Odra Basin)

**EXECUTIVE MANAGEMENT AS ON THE 31ST OF DECEMBER 2009**

Ing. Ivan Pospíšil, General Director  
Ing. Petr Březina, Technical Director  
Ing. Petr Kučera, Economy Director  
Ing. Čestmír Vlček, Commercial Director  
Mgr. Miroslav Janoviak, Investment Director  
Ing. Jiří Tkáč, Director of the Plant 1 in Opava  
Ing. Jiří Šašek, Director of the Plant 2 in Frýdek-Místek





Activities by the state-owned company have been determined by the Founding Document and they are based on legal standards, especially the Waters Act No. 254/2001 Coll. as amended, the River Basins Act No. 305/2000 Coll. and the State-owned Company Act No. 77/1997 Coll. as amended. The activities relate mostly to the management and administration of important water flows, including border flows, water works and smaller water flows, management of which has been assigned to the Company. All these activities take place within the area of river Odra Basin. Other Company activities include finding about and assessment of surface and underground water situations in the given area, investment activities there, including protective provisions organised against floods, remedy activities during and after water flow-related accidents, and at last, but not least, planning activities in accordance with the relevant legal standards. Other complementary activities are also organised within the main activities like, for example, activities of accredited laboratories, constructions, engineering, projecting and consulting activities related to water management. These activities take place both within the Company needs and for external customers.

#### **ORGANISATIONAL STRUCTURE OF THE COMPANY**

- Section of General Director
- Section of Commercial Director
- Section of Technical Director
- Section of Economy Director
- Section of Investment Director
- Plant 1 in Opava
- Plant 2 in Frýdek-Místek

#### **SECTION OF GENERAL DIRECTOR**

Direct responsibilities of the General Director cover the Department of personnel treating personnel but also social issues, training, and health and safety at work.

#### **SECTION OF COMMERCIAL DIRECTOR**

This Section organises services in the area of trading and contract conclusions, legal and assets' issues,

technology-related activities and the organisation development of the Company, but also internal audits and safety in accordance with special regulations.

#### Section scheme

- Department of technological and organisational development
- Legal department
- Internal audits and safety
- Department of commercial contracts
- Property department

#### SECTION OF TECHNICAL DIRECTOR

This Section organises professional activities in the main areas of water management system, water flows' management, handling of water works, administration of water management facilities, energy management, and other activities. This Section of Technical Director is also responsible for activities undertaken by the water management Dispatching Office and water management laboratories. The Section organises coordination of main trends in prognoses, conceptions and consulting. The organisation of planning activities related to water flows has a special place among other activities as established in the Waters Act.

#### Section scheme

- Department of operations
- Water management Dispatching Office
- Department of water management-related conceptions and information
- Water management laboratories

#### SECTION OF ECONOMY DIRECTOR

This Section organises implementation of plans focussed on the achievement of effective economy management, especially in the areas of planning, funding, price creation, subsidies, accounting, statistics, analytical activities, and work economy. It organises also the support of information systems and the management administration.

#### Section scheme

- Department of finance
- Department of economic information

- Department of work economy
- Department of informatics
- Department of management administration

#### SECTION OF INVESTMENT DIRECTOR

This Section organises activities related to preparations of investment implementations and engineering activities, especially the projecting and geodetic activities. It coordinates main directions of engineering services and participates in preparations of investment planning and repairs, including machinery and facilities having the technological character.

#### Section scheme

- Department of investments
- Projecting department

#### PLANTS

The Plants implement Company plans and objectives within the determined areas of management, maintenance, repairs and investment activities taking place at water flows in connection with the main Company activities. The Plants' activities are geographically divided between Plant 1 in Opava and Plant 2 in Frýdek-Místek. The two Plants together cover the entire water basin area managed by the Company. Apart from the activities directly related to the management of water flows and water works, the Plants organise and coordinate operations and economic activities within the determined scope.

#### Plants' scheme

- Section of Plant Director
- Section of operations
- Technology section
- Economy section
- Water management operations

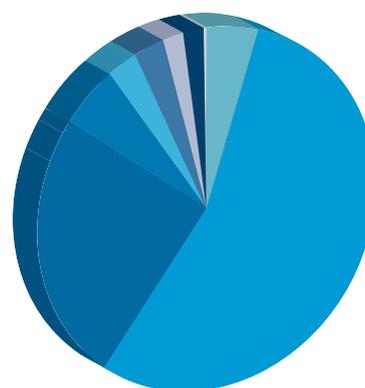


**THE COMPLETE COMPOSITION OF LONG-TERM ASSETS**

The value of long-term assets has increased by CZK 71.89 million, when compared with the situation in 2008. On 31 December 2009, the total acquisition value of the long-term assets reached CZK 5,828.15 million.

THE STRUCTURE OF THE LONG-TERM ASSETS (without land, permanent growths, other long-term assets and long-term assets in progress) WAS AS FOLLOWS:

Buildings	306,9 mil. Kč
Reservoirs and ponds	3 206,50 mil. Kč
Water flows' adjustments	1 443,56 mil. Kč
Weirs and steps	319,21 mil. Kč
Other objects	154,97 mil. Kč
Transport and other machinery	160,61 mil. Kč
Energy machines and facilities	121,56 mil. Kč
Instruments, special technological facilities and IT	109,97 mil. Kč
Other inventory	4,78 mil. Kč
<b>TOTAL LONG-TERM ASSETS</b>	<b>5 828,15 mil. Kč</b>



Buildings	5.27 %
Reservoirs and ponds	55.02 %
Water flows' adjustments	24.77 %
Weirs and steps	5.48 %
Other objects	2.66 %
Transport and other machinery	2.76 %
Energy machines and facilities	2.09 %
Instruments, special technological facilities and IT	1.89 %
Other inventory	0.08 %

	Buildings		Reservoirs and ponds		Flow adjustments		Weiss and steps		Other objects	
	in million CZK	%	in million CZK	%	in million CZK	%	in million CZK	%	in million CZK	%
<b>TOTAL</b>	306.99	100.0	3,206.50	100.0	1,443.56	100.0	319.21	100.0	154.97	100.0
Plant in Opava	109.33	35.6	2,257.60	70.4	580.85	40.2	115.54	36.2	37.89	24.4
Plant in FM	103.18	33.6	948.90	29.6	862.60	59.8	203.67	63.8	110.14	71.1
Administration	94.48	30.8	0.00	0.00	0.07	0.00	0.00	0.00	6.94	4.5
	Transport and work equipment		Energy-related equipment		Instruments and special technological equipment		Inventory		TOTAL Long-term Tangible Assets	
	in million CZK	%	in million CZK	%	in million CZK	%	in million CZK	%	in million CZK	%
<b>TOTAL</b>	160.61	100.0	121.56	100.0	109.97	100.0	4.78	100.0	5,828.15	100.0
Plant in Opava	76.49	47.6	72.46	59.6	6.11	5.6	1.20	25.1	3,257.51	55.89
Plant in FM	70.07	43.6	44.65	36.7	24.36	22.2	2.61	54.6	2,370.18	40.67
Administration	14.05	8.7	4.45	3.7	79.50	72.3	0.97	20.3	200.46	3.44

The main personnel work objective is to find out, maintain and develop potentials of qualified employees, who can implement the Company strategy. The employer allows selected employees to obtain additional training and increase their qualifications. The Company has been creating an optimal company culture.

Number of employees	2007	2008	2009
Number of employees in a converted figure	459.80	459.59	461.71
Number of employees in natural persons	467	479	464
thereof: White collars	237	244	237
Blue collars	230	235	227
- State enterprise headquarters	168	173	165
- Plant in Opava	130	134	130
- Plant in Frýdek-Místek	169	172	169

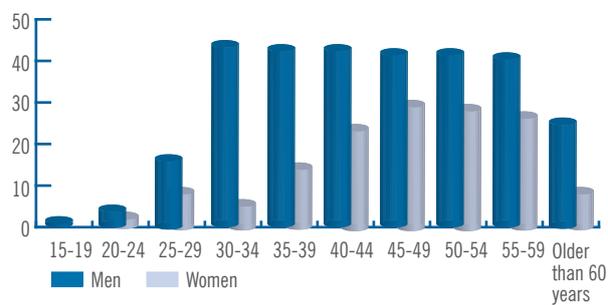
## EMPLOYEES BY THE WORKPLACE LOCATION

District	2007	2008	2009
Jeseník	11	13	13
Bruntál	34	36	36
Frýdek-Místek	109	115	112
Karviná	26	27	26
Nový Jičín	23	24	23
Opava	72	70	67
Ostrava	192	194	187

## COMPARISON BY THE HIGHEST ACHIEVED EDUCATION

The highest achieved education	2007	2008	2009
University	94	95	90
Completed secondary	164	155	170
Apprenticeship	164	186	171
Elementary	45	43	33

## AGE STRUCTURE AT 31 DECEMBER 2009



### SURFACE WATER CONSUMPTION

The consumption of surface water from sources managed by the state-owned company Povodí Odry further deepened decreases of the last three years in 2009. There was the important decrease in the consumption by almost 10%, when compared with the year 2008. This was caused mainly by the significant decrease in the consumption by industry during the economic crisis. The year-on-year decrease, in the case of industrial subjects, exceeded 16% and, in the case of waterworks' consumption, it was 1.5%.

### UNDERGROUND WATER CONSUMPTION

The underground water consumption decreased down to the long-term lowest recorded value. There were 18.5 million cubic metres consumed in 2009 and that meant the year-on-year decrease by 7.5%. Some slight decreases took place in the underground water consumption by waterworks. In the case of consumption for non waterworks' purposes, the year-on-year decreases in the area of river Odra Basin exceeded 8% and the consumption thus reached the lowest value ever recorded.

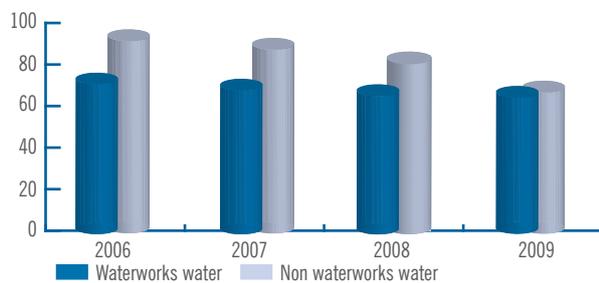
SURFACE WATER CONSUMPTION (in mil. m<sup>3</sup>)

	2006	2007	2008	2009
Waterworks water	75.0	72.0	69.3	68.2
Non waterworks water	96.3	92.1	84.6	70.8
TOTAL SURFACE WATER	171.3	164.1	153.9	139.0

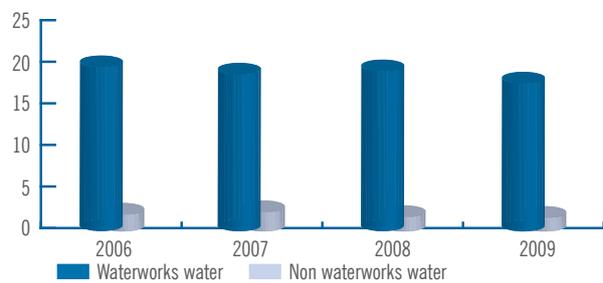
UNDERGROUND WATER CONSUMPTION (in mil. m<sup>3</sup>)

	2006	2007	2008	2009
Waterworks water	20.5	19.6	20.0	18.5
Non waterworks water	2.1	2.4	1.8	1.7
TOTAL UNDERGROUND WATER	22.6	22.0	22.0	20.2

SURFACE WATER (in mil. m<sup>3</sup>/year)



UNDERGROUND WATER (in mil. m<sup>3</sup>/year)

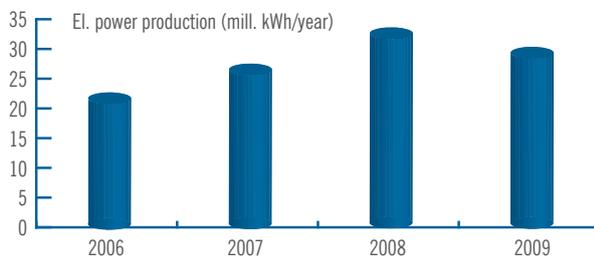


**PRODUCTION OF ELECTRIC POWER**

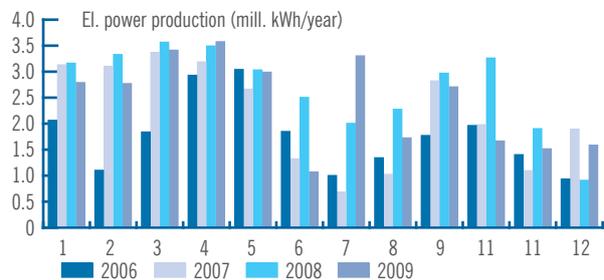
In 2009, facilities of the state-owned company Povodí Odry produced the third highest amount of electric power ever recorded. The above-average monthly values were achieved continuously throughout the year, but an extreme production increase took place in July thanks to the precipitation situation and the favourable hydrological conditions in reservoirs. There was the total of 29.8 million kWh of electric power produced and that was only by 10% less, when compared with the record-breaking year 2008.

**EL. POWER PRODUCTION IN FACILITIES OF THE STATE-OWNED COMPANY POVODÍ ODRY (in million kWh)**

	2006	2007	2008	2009
Res. Šance	4.917	5.887	5.266	5.033
Res. Kružberk	2.694	2.677	2.731	2.659
Res. Slezská Harta	12.365	16.232	20.371	17.101
Res. Žermanice	0.585	0.458	0.453	0.618
Weir in Studénka	0.051	0.078	0.137	0.119
Res. Morávka	0.750	0.803	0.940	0.923
Weir in Podhradí	0.315	0.483	0.721	0.644
Res. Těrlicko	0.291	0.297	0.323	0.318
Weir in Lhotka	-	-	2.190	2.385
<b>TOTAL</b>	<b>21.967</b>	<b>26.917</b>	<b>33.133</b>	<b>29.799</b>

**ELECTRIC POWER PRODUCTION - DELIVERIES (kWh)**

	2006	2007	2008	2009
January	2 027 486	3 093 214	3 124 579	2 752 145
February	1 065 763	3 064 310	3 291 580	2 732 687
March	1 802 187	3 332 426	3 527 821	3 374 194
April	2 892 056	3 148 842	3 455 558	3 537 788
May	3 003 804	2 624 979	2 994 999	2 951 484
June	1 812 099	1 286 408	2 467 147	1 034 007
July	965 425	648 032	1 967 790	3 265 749
August	1 306 713	987 193	2 238 281	1 688 804
September	1 734 608	2 784 097	2 932 176	2 668 799
October	1 926 592	1 942 202	3 223 975	1 628 507
November	1 366 548	1 058 731	1 866 343	1 478 849
December	898 998	1 857 365	873 369	1 548 832





River Odra, protective levee in Ostrava-Přívov  
River Odra, protective levee in Ostrava-Hrušov

River Opavice adjustment in Hynčice before...  
... and after

**RIVER ODRA, OSTRAVA-PŘÍVOZ.**

Protective levee, Km 15.570–6.818

The subject of this activity was the reconstruction of levees on both embankments of river Odra along the almost 1.5 Km long section between the weir in Přívoz and the bridge in Hlučinská Street. The levees, reaching the height of up to 4.5 m serving as the protection of the adjacent area and the weir in Přívoz, have been mostly replaced during the construction activities by a new compact body consisting of clay soils. The existing levee in the remaining section was supplemented with clay seals on the water side. The levee in the section behind the boathouse was replaced by a protective wall because of space reasons. There has been a gravel road built on the levee top which protects the levee body, but also provides an important access to the weir in Přívoz on the right embankment, when the road on berm is flooded. The construction started in July 2007 and its completion was approved of in December last year. The costs of its implementation reached CZK 14.7 million.

**RIVER ODRA, OSTRAVA-HRUŠOV.**

Protective levee, Km 12.700–4.950

The construction has been finished just recently and an application for its final approval has been lodged. Within this action, there was a reconstruction of almost 2.5 Km long protective levee completed on the right embankment of river Odra between the inlet of Koblovský Creek and the river Ostravice confluence. There was a clay seal placed on the water side along the entire section and in the place of a permeable sublayer, below the levee body, there was a thin clay-cement wall constructed which should prevent any leaks. In the place of a narrow berm, the levee was strengthened with a stony base and the crown was strengthened along the entire length with an aggregate layer allowing transport by maintenance vehicles. The course of construction was coordinated with the construction of Freeway D47 to which the levee is very close. The construction costs reached CZK 69.8 million.

Both levee constructions, funded with the programme of the Ministry of Agriculture 129 120 - Support of Measures Preventing Floods II, corresponded with the conception of the protection against floods prepared by the City of Ostrava. They were built to the level of 80 cm above the stagnant water level in river Odra and they thus supplement the series of progressive adjustments and higher levees along river Odra in Ostrava, which should increase the stability and safety in a long-term.

**ADJUSTMENTS ON RIVER OPAVICE, Hynčice, Km 19.000–9.600**

There have been damages caused by floods of 2007 removed in the flow of river Opavice in the settlement of Hynčice, close to the City of Krnov, within the programme of the Ministry of Agriculture 229115 addressing the flood damage. The construction purpose was mainly to strengthen embankments and to build catchment objects which should both vertically and directionally stabilise the flow. The construction started in December 2008 and it was completed in November 2009.

The Investment Plan, related to a set of provisions which should protect against floods caused by the Upper Opava flow, has been recently finalised. This document objective is to provide brief information about the process preparing the provisions in Upper Opava.

At the beginning, we should stress that the basic document starting project works on the Investment Plan was the Resolution by the Government of the Czech Republic No. 444 of the 21st of April 2008 which approved the implementation of provisions ensuring the lowering of flood risks in the river Opava Basin with the variant of a small dam built in Nové Heřminovy in combination with some other provisions. The state-owned company Povodí Odry was determined as the investor of this plan, including the organisation of property settlements. The resolution also determined that the Investment Plan for the entire extensive action should be prepared by the 31st of December 2009 and it should be consequently presented to the Czech



Full air view of the area of the reservoir in Nové Heřminovy. The comparison of the current situation and the visualisation of the projected design

Government for approval. At the same time, the Minister of Transport of the Czech Republic was asked to organise project preparations related to the transfer of the 1st class road running from Krnov to Bruntál in the area of the settlement Nové Heřminovy by the 31st of December 2009. It was consequently made a part of the approved flood protection variant. The scope of preparatory works was quite extraordinary,

especially the processing of the Investment Plan (IP). It was necessary to prepare it in a very short time. It was an advantage in this case that Pöry Environment, joint stock company, was authorised to execute the preparatory works on the basis of the tender results. This company had been involved in issues related to the protection against floods in the area of Upper Opava in previous years. The company also prepared the "Study of a smaller dam built in Nové Heřminovy in combination with other provisions in the Upper Opava river basin", which became the material for the above-mentioned Government Resolution. The conception of the complete set of provisions had been prepared in the form of IP since September 2008. It was divided into "Parts" identically as in the cited study:

- Part 1** - Reservoir Nové Heřminovy
- Part 2** - Water flow provisions
- Part 3** - Extension of the monitoring network
- Part 4** - Set of small reservoirs

and external discussions and negotiations within the Technical Board and the Management of the state-owned company Povodí Odry, the variant of a concrete wall was recommended as a simple and effective technical solution ensuring the appropriate dam resistance to proposed possible situations, but also to different non standard situations. This design also corresponds with the current trend in the dam constructions worldwide. The dam will be equipped with bottom capacity outlets and barrier free overflows with a cascade at the left-hand side. Another set of provisions consists of limnographic and precipitation measuring stations recommended in **Part 3**. There are seven limnographic stations and five precipitation measuring stations suggested within the Investment Plan. Their construction should improve the preciseness of prognoses prepared by the water management Dispatching Office of the future reservoir. **Part 4** presents projects of seven small water reservoirs which make parts of the provisions against floods in the area between



View of the concrete reservoir wall in Nové Heřminovy

- Part 5** - Landscape adjustments
- Part 6** - The replacement constructions
- Part 7** - Transport in the area
- Part 8** - Transfer of Road I/45

The decisive scope of IP is made up by **Part 1** - Reservoir in Nové Heřminovy and **Part 2** - Water flow provisions. After both internal

Karlovice and Opava. They are the reservoirs in Krnov, Jelení, Loděnice, Košetice, Lichnov II, III, and IV. Landscape adjustments (**Part 5**) are resolved mainly by complex land adjustments. The Investment Plan includes materials by the relevant Land Offices. **Part 6** - the replacement constructions have included so far a set of constructions within the scope of which there were possibilities

of constructing a small water power station verified in the weir in Kunov.

**Part 7** covers the transport conception and the infrastructure of the entire area affected by provisions in Upper Opava.

**Part 8** - The project for the transfer of Road I/45 has been organised by the Road and Freeway Directorate of the Czech Republic.

The prepared solution will be added to the Investment Plan organised by the state-owned company Povodí Odry. After a Work Contract with our General Project Office was concluded, we were introduced to the team of project officers and specialists, which was authorised to prepare the Investment Plan and to prepare necessary support materials. They include especially geodetic surveys of the areas of interest, engineering-geological surveys, data on property rights, hydrological data, and special materials like, for example, assessments of the flow regime, the prognosis of the development in water quality in the reservoir, the classification of water works, scenarios for special kinds of floods, etc.



View of the current land flooded in future by the reservoir...

The suggested technical designs in IP were presented and discussed in two stages (as the concept and the final design) and they were also presented to representatives of the relevant municipalities. The technical designs included in IP have been currently finalised. The above-presented Parts have been prepared in groups and sub groups of construction objects and they have been structured as "constructions" in the end of IP

works. They take into the account the envisaged processes of specific provisions protecting the area against floods. The Environment Impact Assessment (EIA), according to the Act No. 100/2001 Coll., makes an important part of the prepared provisions envisaged for the Upper Opava flow. The team of designers, together with professional representatives from our company, organised consultations in the Ministry of Environment of the Czech Republic. The Ministry has finally confirmed the conception of the independent provision assessment divided by functional and space-related points of views. The set of provisions has been structured for the assessment purposes into seven plans, some of which assume assessment as unnecessary on the basis of the Decision made by the Moravian-Silesian Regional Office. In the case of some plans, the EIA process finalisation should take place after the organisational proceedings. The presentation of the Plan related to the most extensive part of provisions (the so-called Plan 1) is currently under preparation. It includes the decisive part of provisions in flows, the dam part and the relevant changes in

make the consequent administration proceedings as simple as possible.

The issues of land planning and the strategy of sustainable development of the settlement of Nové Heřminovy are independent. Officers from the Department of water management conceptions and information (VHKI), external workers and workers of our Project Officer participate in their solution. Results of these works reflect in the relevant constructions and the issues of land planning are coordinated with the preparations of IP.

Together with the above-mentioned preparatory works, legal property settlements with the owners affected by the implementation of suggested provisions take place.

An independent working group within our Property department deals with these issues.

In the end, we can say that the programme of preparatory works is being successfully implemented and the prepared Investment Plan was presented, at the end of 2009, to the Ministry of Agriculture of the Czech Republic. The year 2010 will be decisive



... and the visualisation of the project design

the infrastructure of the area, including the transfer of Road I/45. The Regional Office of the Moravian-Silesian Region has already made another important decision related to the Nature and Landscape Protecting Act No. 114 /1992 Coll. saying that the Plan, in its full scope, will not significantly impact any important European locality or bird area. The entire EIA process is managed with an effort to ensure transparency and with the objective to

for the EIA process and, at the same time, other materials will be prepared in accordance with the timetable of preparations. The organisation of the next stage of the project documentation related to the decisive part of the set of provisions lowering flood risks in the area of the upper flow of river Opava will relate to the process of decision-making covering the presented Investment Plan by the Czech Government.



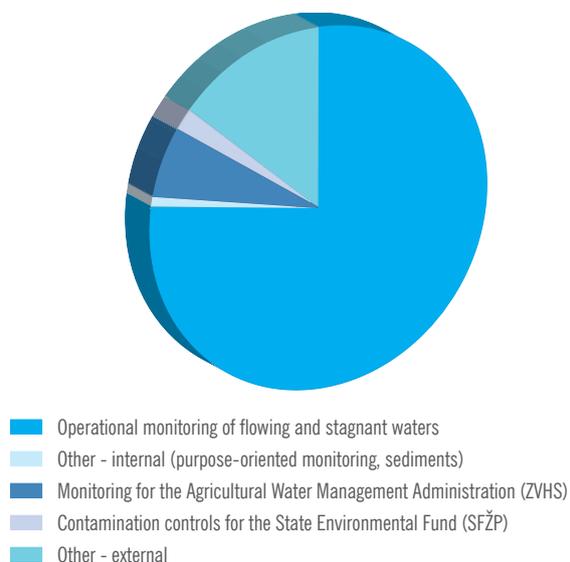
The water management laboratories organise sampling, laboratory analyses and hydro-metrical measurements. The laboratory activities cover chemical, radio-chemical, hydro-biological and micro-biological tests, including the results' assessments and interpretation.

In 2009, the water quality monitoring continued in accordance with the valid legislature. There were 113 profiles of flowing water operationally monitored. That meant 12 sample takings during the year and, in the case of 4 profiles, 6 sample takings during the year. The scopes of analysed parameters were made optimal in order to monitor relevant substances in individual profiles, but also groups of these substances and other quality indicators considered necessary for the assessment of the chemical situation, or the environmental water potential in water bodies. There were also requirements on the monitoring of border water flows taken into the account. The monitoring of quality of stagnant water bodies also included "zone" sample takings along to several vertical lines in the given reservoirs (3 to 7, typically 5). There were 6 takings organised during the year. The mentioned basic monitoring was supplemented with the quality monitoring of a lesser scope determined for some special purposes.

There were more than 7 thousand samples analysed in the water management laboratories during the year 2009.

The total performance volume by the water management laboratories reached the value of about CZK 15,46 million in 2009. The percentage shares of individual actions in the total performance are shown with the following graph:

WATER MANAGEMENT LABORATORIES' PERFORMANCE IN 2009



There were 96 accidents, worsening or threatening the surface or underground water quality, confirmed in 2009. They were mostly diesel fuel-related accidents, 65% of which were car accidents.

#### IMPORTANT ACCIDENTS

**19. 2. 2009:** A Polish truck had an accident on the freeway in Nošovice. About 400 litres of diesel fuel leaked into the area near Řepník Creek. Costly remedies of the embankments had to be organised.

**9. 7. 2009:** An accident happened at the Silesian Ostrava Castle. About 350 litres of diesel fuel leaked onto the road, to the sewerage system and into the Lučina Creek from the overturned transported barrel. Remedy had to be organised.

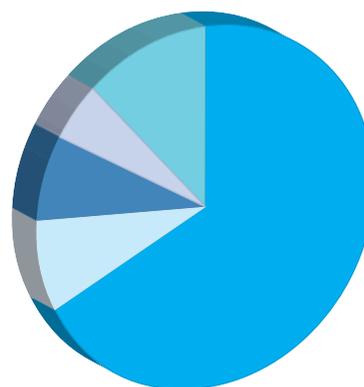
**4. 9. 2009:** A crude oil slick occurred on river Odra water in Ostrava. The source was not discovered. A stationary submersible wall was used in Hrušov and other screens were used in Hrušov and Bohumín. The walls were catching most of the contamination.

#### ACCIDENTS IN 2009

TOTAL REPORTED ACCIDENTS	117
thereof: Confirmed accidents	96
- Confirmed release into a flow	33
- Confirmed threat for a flow	63
thereof: Not confirmed accidents	21

#### CONFIRMED ACCIDENTS BY THE CONTAMINATION TYPE

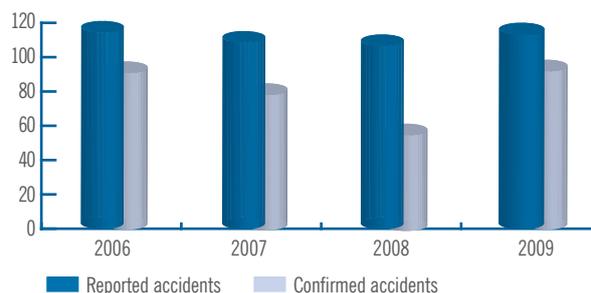
Accident type	Number
Crude oil	65
Chemical	8
Waste	7
Agricultural	5
Others	11
TOTAL	96



■ Crude oil    ■ Agricultural  
■ Chemical    ■ Others  
■ Waste

TREND IN THE OCCURRENCE OF REPORTED AND CONFIRMED ACCIDENTS IN THE PERIOD 2005 - 2009

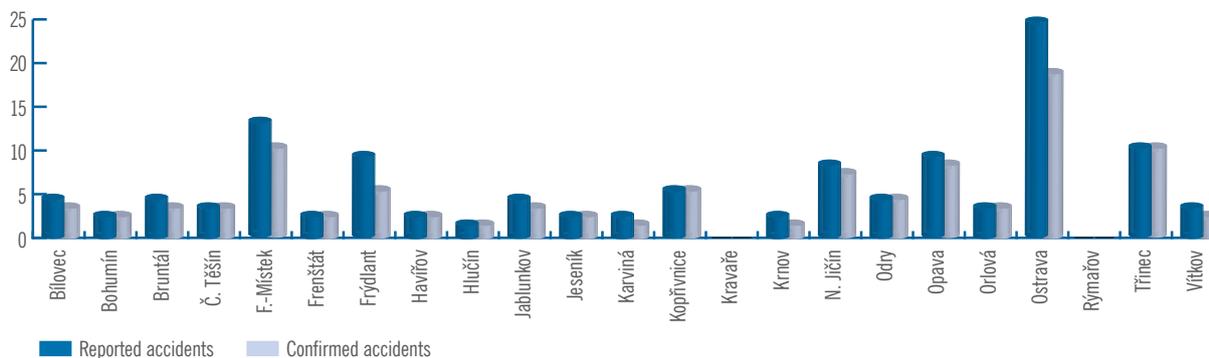
Year	2006	2007	2008	2009
Reported	119	113	111	117
Confirmed	95	82	58	96



DIVISION OF REPORTED AND CONFIRMED ACCIDENTS BY OCCURRENCE IN INDIVIDUAL MUNICIPALITIES HAVING EXTENDED AUTHORITIES IN 2009

District	Bílovec	Bohumín	Bruntál	Č. Těšín	F.-Místek	Frenštát	Frydlant	Havířov	Hlučín	Jablunkov	Jeseník	Karviná	Kopřivnice	Kravaře	Krnov	N. Jičín	Odry	Opava	Orlová	Ostrava	Rýmařov	Třinec	Vítkov	TOTAL
Reported accidents	4	2	4	3	13	2	9	2	1	4	2	2	5	0	2	8	4	9	3	25	0	10	3	117
Confirmed accidents	3	2	3	3	10	2	5	2	1	3	2	1	5	0	1	7	4	8	3	19	0	10	2	96

ACCIDENTS IN THE AREAS OF INDIVIDUAL MUNICIPALITIES WITH EXTENDED AUTHORITIES IN 2009





The state-owned company Povodí Odry finalised preparations of the Plan for the Area of River Odra Basin at the end of 2009 in accordance with the Waters Act No. 254/2001 Coll. The Plan was put together in cooperation with Regional Offices of the Moravian-Silesian and Olomouc Regions and in cooperation with central water managing authorities and with the assistance of the main supplier Pöyry Environment, joint stock company, from the City of Brno. Other enterprises also participated in the Plan creation like, for example, Lesy České republiky (Forests of the Czech Republic, state-owned company) – Flows' Management - Section of river Odra Basin, the Agricultural Water Managing Authority - Section of river Odra Basin, the Nature and Landscape Protecting Agency of the Czech Republic, the branch in Ostrava, and companies managing duct and sewerage systems in the area of river Odra Basin.

The new understanding of planning of water areas done on the basis on which the Plan for the Area of River Odra Basin was prepared stresses the environmental aspects and points of views of the environment protection. They are based on the European Parliament and Council Directive 2000/60/ES of the 23rd of October 2000, which has established the framework for Community activities in the area of Water Policies (hereinafter referred to as the "Framework Directive" only). According to the Directive, the main planning objective is the achievement of a good water situation (or potential) in all individual water bodies in basin areas and, among other things, as a priority to eliminate hazardous substances, to reduce nutrients in waters and to contribute in this way to the situation in which concentrations of these substances in the marine environment will be very close to naturally occurring values. The good water situation should be achieved not later than 15 years from the date of the effectiveness of the Framework Directive, i.e. before the year 2015 (with the possibility to postpone it till 2027). The Plan for the Area of River Odra Basin has taken this date into the account. The preparation of the Plan took place in several stages given

in the beforehand agreed timetable. The preparatory works were finished before the end of 2008 and they included also the setup of a review of all important issues when it comes to water management in the area. The review had become one of the starting points for the preparation of the Plan draft after it was approved by the relevant central authorities. The draft was prepared in midyear 2008 and presented to the public for comments for six months. After considering presented initiatives and comments and after the assessment of impacts of this concept document on the environment (SEA) and after adjusting the document into its final form, we presented the final version for an approval to the Moravian-Silesian and Olomouc Regions.

The Plan, which should manage all activities in the areas related to water in the region of its effectiveness in near future, has been based on:

- Water protection as understood by requirements in the Directive by the European Parliament and Council 2000/60/EC of the 23rd of October 2000 establishing the framework for activities of the Community in the area of Water Policies (hereinafter referred to as the "Framework Directive" only),
- Prevention of floods and of other damaging effects of water,
- Sustainable utilisation of water resources and the water management ensuring the requirements put on water management services, especially for the purpose of supplies of drinking water.

It includes the assessment of the environmental situation under the current conditions. On this base, there has been the Provision Programme prepared with the goal to achieve the good water situation by 2015. The Programme includes relatively a broad spectrum of activities. They are the so-called good processes, which generally determine how users, investors and operators should behave in regard to all different aspects related to the

water environment in order to make their activities water friendly. However, they also include specific provisions which should be addressed by the year 2015. They are proposals related to the construction of water treatment plants and sewerage systems, the removal of old environmental burdens, the revitalisation of water flow beds, including the removal of migration obstacles in them, the landscape adjustments and other provisions within the protection against floods and related to the protection of the water regime in the country. The programme also reflects tasks included in the Plan for Main Water Basins in the Czech Republic, the hierarchy of which is superior to the Plans for River Basins. The Plan is relatively an extensive document with a number of tables and map attachments. To make its final wording accessible for the public and to make its professional contents better understandable and describing better also the importance of suggested provisions, there was also its Brief Summary published. This is a well-arranged document focussing on the factual suggested provisions ensuring the achievement of the good water situation, focussing on the determination of their costs and on their estimated effects. The Brief Summary is also determined for all municipal offices situated in the area of river Odra Basin, for water managing authorities, and for a number of other relevant institutions. The whole Plan is also accessible in its electronic form on a CD ROM making a part of the Brief Summary. The complete wording of the Plan is also presented at the Internet address <http://www.pod.cz/plan-oblasti-povodi-Odry/>. The Plan for Main Water Basins in the Czech Republic, together with the Plan for the Area of River Odra Basin, replaces, in the area of river Odra Basin, the former Water Management Plan Directive of the Czech Republic, which had been until now the valid basic document for the water management. The Plan for the area will become the basic document managing activities by the public administration when land planning, taking decisions on the land development, considering legal decisions, or approving constructions.





Ostrava

## OSTRAVA!!!

The state-owned company Povodí Odry implements and prepares a number of constructions in the area of the City of Ostrava within the programme by the Ministry of Agriculture of the Czech Republic called "Flood Prevention II". As they are mostly finance-intensive constructions in built-up areas, but also constructions of the great public interest increasing flood safety of different parts of the City, our company has initiated cooperation with the Statutory City of Ostrava. The City took over a part of the financial burden related to the constructions. They were specifically three constructions in 2009 for which there were contracts executed on the provision of investment subsidies, or purpose-oriented subsidies from the budget of the Statutory City of Ostrava. They were as follows:

One contract related to the constructions "Porubka Adjustments, Km 0.900 – 7.200" and "Left-hand Levee at River Odra, Ostrava-Antošovice". The first construction should increase the flood safety in the suburbs of Poruba and Svinov, in the section from the Poruba swimming pool to the railway station in Svinov. The total costs of the construction should reach CZK 93 million. The construction has been taking place in the period from June 2009 to June 2011. The second construction means the building of a levee on the left bank of river Odra in Antošovice and the protection of this area against a hundred-year-flood. The costs of the construction are envisaged at CZK 33 million. The construction started in December 2008 and should be finished by March 2010.

The City contributed CZK 4 million in 2009, but it provided CZK 7 million in previous years when the constructions were under preparation.

The second contract related to the "Left-bank levee at the relieving river branch in Ščučí in Ostrava-Hrabová", which should increase flood safety of the suburb Hrabová. This construction is under preparation for the period from May 2011 to August 2012 and the total costs should be CZK 15 million. The City of Ostrava has provided a purpose-oriented subsidy of CZK 7 million in 2009. The sum has served for the purchases of land necessary for the construction.

The presented facts prove the long-term and mutually beneficial cooperation of the state-owned company Povodí Odry with the Statutory City of Ostrava. However, the cooperation further develops not only within investment constructions, but also when other plans and activities are organised by both partners.



Jičínka Creek in the City of Nový Jičín  
Vidnávka Creek in Velká Kraš

Sedlnice Creek in Ženklava  
Zrzávka Creek in Hodslavice

The flood situation occurred on the 20th of June 2009 when the high precipitations were forecast in the area of the Jeseníky Mountains. Water management departments dealing with conceptions and information started preparing a prognosis for the flows' development with the precipitation-flow out model HYDROG. The precipitations occurred in the morning on the 22nd of June and rain was falling continuously for three days until the 25th of June. The total sum of precipitations in this period was high and reached, for example, 190 mm at the station in the City of Jeseník. Rivers reacted to the rain slowly at the beginning because of the lack of rain before. However, the flows of Vidnávká and Bělá reached the third flood levels which culminated between two and five-year waters in the period from the 24th to the 25th of June. Other larger flows in the area of the Jeseníky Mountains – rivers Opava and Opavice reached or got close to this second level flood situation too. Buildings and people were threatened on several occasions, especially at river Opavice between the City of Krnov and the City of Albrechtice. If that situation was assessed in isolation, we would reach the verdict that it was a regional flooding with low culminations taking place exclusively in river beds.

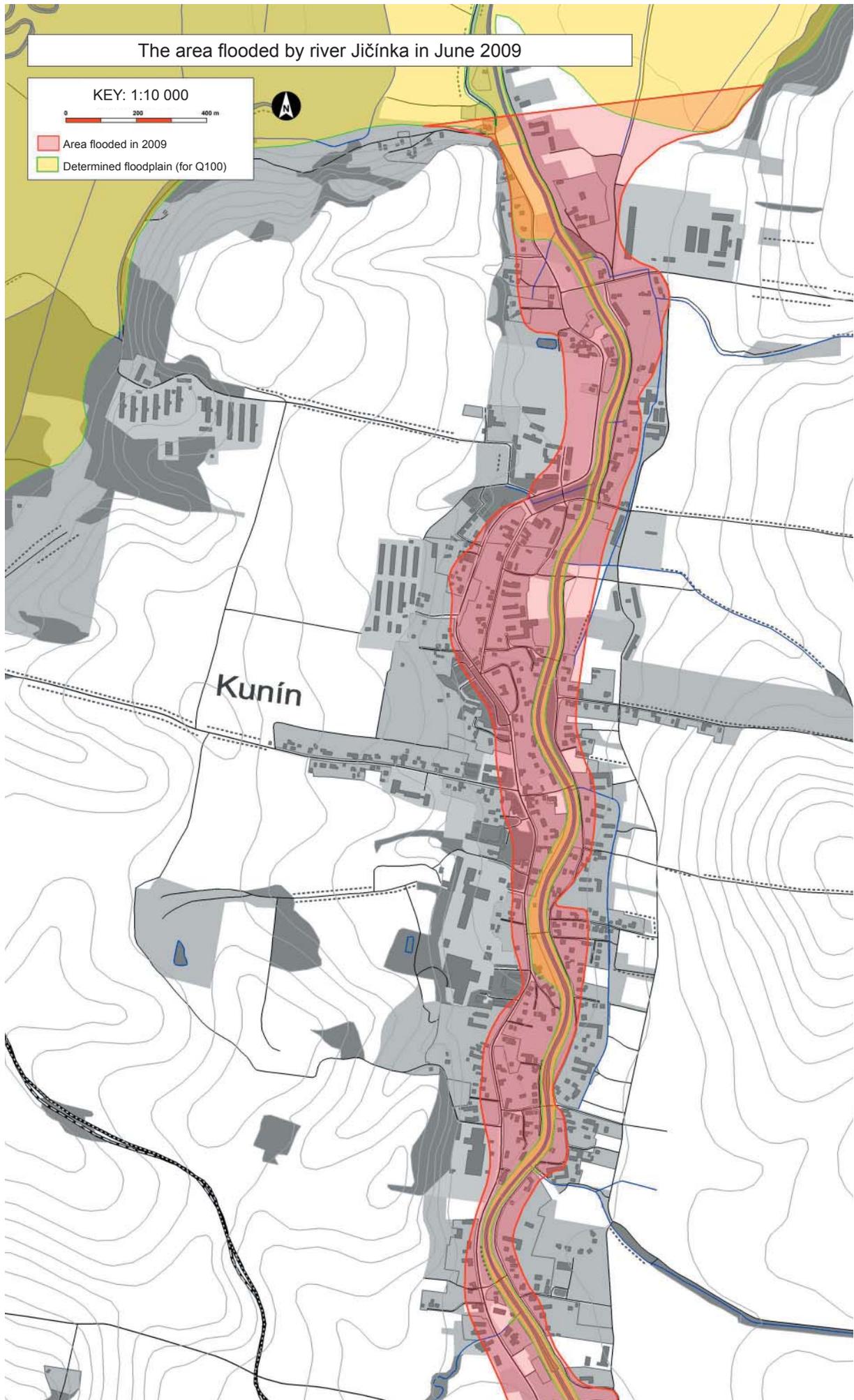
Precipitations in other river basin parts were about a half of that or even lower, when compared with the Jeseníky Mountains in the period. No significantly higher flows occurred. However, another kind of precipitation activity occurred at the foothills of the Beskydy Mountains in the evening on the 23rd of June - run offs. They caused an extreme event in the area of the City of Nový Jičín in the evening on the 24th of June 2009. For example, the total precipitations recorded at the station in Hodslavice reached 74 mm between 6.30 and 8.00 p.m. The station in Běloutín recorded 115 mm a little bit later, between 7 and 9 p.m. That was caused by prevailing or renewed storms above the relatively small area with some disastrous consequences. At this strength, the rain was not absorbed and caused strong surface runoffs on this mostly angled land even before reaching water flows. The force of water in creeks and rivers increased and hundred-year flows were exceeded multiple times. The most affected flows were in rivers Jičínka, Luha and Sedlnice. The flooding flows, but a bit lower, were recorded as well in rivers Lubina, Ondřejnice and Olešná. The level increases in these rivers were huge and very fast. For example, in the case of river Jičínka in Nový Jičín, the level increased by about 5 metres and the hundred-year flow was exceeded within an hour from the time

The area flooded by river Jičínka in June 2009

KEY: 1:10 000



- Area flooded in 2009
- Determined floodplain (for Q100)



the level started going up. That, of course, caused flooding out of the river beds in built up areas, significant erosion phenomena, property damage, threats to residents at a large scale, and, unfortunately, nine people lost their lives. The most affected settlements were Jeseník nad Odrou, parts of the City of Nový Jičín - Bludovice, Životice, Žilina, and the villages of Šenov, Kunín, and Hodslavice.

The water floods flooded the area around river Odra very fast and got close to the City of Ostrava. Our task was to estimate the culminating flow and the time when it could come to Ostrava. We were preparing possible releases in the system of levees. The precipitation-outflow model HYDROG once again helped us to make the difficult estimates of floods progress and the wave transformation in the area of river Odra. Flood Commissions of the Moravian-Silesian Region and of the Statutory City of Ostrava, which started their activities at night, were informed about our results. The forecast by the precipitation-outflow model proved to be quite correct and described well the reality – the floods passing through the City of Ostrava without flooding any built up areas.

Heavy precipitations returned in the morning on Friday, as soon as the floods coming from the area of Nový Jičín subsided and the situation calmed down on Thursday. This time, it was the area of the Jeseníky Mountains. The central area of Jeseníky Mountains, but also the Rychlebské Mountains, was affected by heavy rains reaching 50 mm approximately at 9.30 p.m. The radar showed even higher totals in the Rychlebské Mountains. The water rich soils, because of previous rains, and the high intensity of precipitations – up to 30 mm per hour, caused similar phenomena as in the area of Nový Jičín two days ago – the strong runoffs on the surface, houses flooded by water running from slopes, erosion, sudden increases of flow levels, flooding and fast inundations. The larger affected area meant also an impact on larger flows. River Bělá in Mikulovice reached the rate of flow close to the fifty-year waters at midnight. River Vidnávka in Vidnava reached the same situation two hours later. The area of the Jeseníky Mountains experienced big material damages on private, municipal and state-owned properties, especially at flows of the Forests of the Czech Republic and the Agricultural Water Management Administration (ZVHS), where the precipitations were the heaviest. Unfortunately, two human lives were lost there as well.

From the meteorological point of view, everything was caused by the low pressure centred above the Balkan Peninsula, which directed, for unusually long time, warm and very humid air,

causing strong storms and heavy precipitations, to our area. However, the situation did not change even after the events in the Jeseníky Mountains. A strong storm occurred in the area of the City of Fulnek in the afternoon on the 2nd of July. About 45 mm of rain was recorded there between 3 and 4 p.m. Once again, it caused the fast runoff reaction in Husí Creek in Fulnek, which reached the rate of flow between the fifty and hundred-year water levels. It flooded buildings especially in the suburb of Fulnek - Jerlochovice. The low pressure system leaved the Balkan Peninsula only at the end of the week - in the period from the 4th to the 5th of July 2009.

The floods almost exclusively affected flows managed by our Plant in Opava, mostly the water management operations in Skotnice and Jeseník. These operations experienced the biggest burden both when monitoring the situations during the floods and when consequently organising works like removal of obstacles from river beds or coordinating activities with other units of the rescue system, finding about the damage, preparing the relevant protocols, and consequently also starting the removal of caused damages. A lot of work has been done in the flows when we consider construction works.

Workers in our water management Dispatching Office and in the Department of water management conceptions and information were also very busy preparing prognoses, managing water works, preparing Flood Commissions within the company, contacting regional offices of the integrated rescue system, Flood Commissions, reporting the reached flood levels, extreme precipitation totals - everything in a very tense atmosphere because the floods affected properties, health and lives of people, and the individual events seemed like never ending. The company employees worked as a team and could communicate well even in tense situations or help each other very often exceeding any expectations.

The damage caused on the state-owned water managing properties administered by the state-owned company Povodí Odry reached the total sum of CZK 166.556 million during June and July floods in 2009. That sum includes CZK 85.225 million worth of damages removed by activities having the investment character. The damage removed by activities of the operational character was worth CZK 10 million. The damage on insured assets was worth CZK 71.331 million. The damage had been significantly lower, thanks to some constructions implemented quite recently at that time. For example, they were all adjustments in rivers Bělá and Vidnávka, the levee and the wall at river Lubina in Pířbor, and the adjustments of Husí Creek in Hladké Životice.



The economic results of Povodí Odry, state-owned company, suffered in 2009 because of the economic crisis and local damaging floods which took place at the end of June and the beginning of July and affected mainly the area of the City of Nový Jičín and northern parts of the Jeseníky area. Despite these negative effects, the company achieved relatively good economic results in the management of assets administered on behalf of the state.

Thanks to the reasons mentioned above, the economic results were worse in 2009, when compared with 2008, and the profits were CZK 13,964 thousand.

The revenues reached the level of CZK 553,578 thousand in 2009. They decreased by CZK 41,180 thousand, when compared with the previous year.

The revenue fell year-on-year by CZK 25,702 thousand and the performance by CZK 26,113 thousand. This situation occurred because of the recession which affected all big customers in the industry in 2009 and resulted in a downturn in industrial production and, consequently, lower fees for the used surface water. The year-on-year decline took place also in other operational revenues (by CZK 14,017 thousand), especially because of the lower usage of operational subsidies determined for the removal of flood effects which took place in 2007.

The total utilised costs were worth CZK 539,614 thousand in 2009 and they decreased year-on-year by CZK 25,848 thousand.

The economic development in the area of revenues required cost savings, especially in the category of performance-related consumption, where the costs decreased year-on-year by CZK 24,370 thousand. The company utilised, in an effective way, all instruments, which might positively influence the economic development of the state-owned company in future years and prevent any in future occurring risks. In correspondence with this philosophy, the company stopped tax depreciations of long-term tangible assets in 2009 (with the objective to utilise the time-limited possibility of using the tax deductible losses of yesteryears). That resulted in a negative deferred tax, which lowered the total company costs by CZK 30,419 thousand. The saved costs were utilised for the creation of reserves, especially ones determined for the removal of damages caused by future floods covered by own resources and for the maintenance of assets created with investment subsidies, those which cannot be covered by resources created in the depreciation form.

In the area of the Balance Sheet items, specifically in assets, the value of assets increased by CZK 43,676 thousand at the beginning of 2009. It happened mostly in the area of short-term financial assets mainly because of the transfer of some in volume substantial investment events, covered by own resources, to the year 2010.

The situation in the area of receivables was stable in spite of negative impacts of the crisis on the payment readiness of commercial partners of Povodí Odry, state-owned company. Year-on-year, the receivables after the due date decreased by CZK 728 thousand.

In the area of liabilities, in correspondence with the Balance Sheet, the company experienced increases equal to those in assets. The total increases in the liabilities were partly affected by the higher economic profits and the created reserves, but on the other hand, also by lower indebtedness as loan instalments were paid, thanks to the returnable financial assistance for the finalisation of the construction of Slezská Harta Reservoir, and



also by the lowering of the deferred tax liability. The positive development was noticed in the general liability structure, where the share of own capital increased in 2009 and the volume of foreign resources declined.

At the end of 2009, Povodí Odry, state-owned company, was in a good economic and financial situation in spite of the continuing recession in the Czech economy and the extraordinary costs related to the removal of flood damages taking place at the end of June and at the beginning of July 2009.

#### COSTS (in thousand CZK)

Consumed purchases	43 224
Purchased services	139 103
thereof: Repairs and maintenance	93 931
Other services	45 172
Personnel costs	199 886
thereof: Wages	142 644
Health insurance and social security	47 480
Social costs	9 762
Taxes and fees	1 686
Other operational costs	14 300
Depreciation, corrections, and reserves	171 273
thereof: Depreciation	128 678
Corrections and reserves	42 595
Total operating costs	569 472
Total financial costs	561
thereof: Paid interest	279
Other	282
Deferred tax	-30 419
<b>TOTAL COSTS</b>	<b>539 614</b>

#### REVENUE (in thousand CZK)

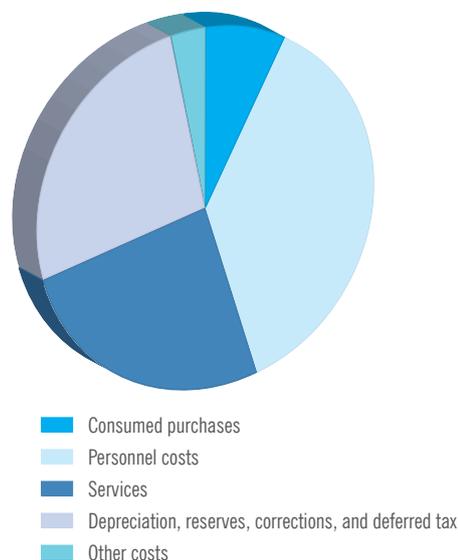
Revenue	516 898
thereof: Surface water	430 779
Electric power	60 937
Fish	13 859
Services	11 316
Sold goods	7
Change in own produced inventory	64
Activation	935
Other operating revenue	32 671
Total operating revenue	550 568
Total financial revenue	3 010
thereof: Received interest	2 894
Other	116
<b>TOTAL REVENUE</b>	<b>553 578</b>

#### PROFIT/LOSS (in thousand CZK)

After the deferred tax profit	13 964
Value-added	335 570

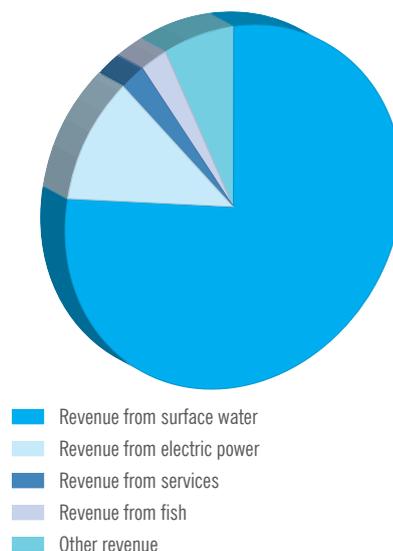
#### COST STRUCTURE (in thousand CZK)

Consumed purchases	8.01 %	43 224
Personnel costs	37.04 %	199 886
Services	25.78 %	139 103
Depreciation, reserves, corrections, and deferred tax	26.10 %	140 854
Other costs	3.07 %	16 547
<b>TOTAL COSTS</b>	<b>100 %</b>	<b>539 614</b>



#### REVENUE STRUCTURE (in thousand CZK)

Surface water revenue	77.82 %	430 779
Electric power revenue	11.01 %	60 937
Revenue from services	2.04 %	11 316
Revenue from fish	2.50 %	13 859
Other revenues	6.63 %	36 687
<b>TOTAL REVENUE</b>	<b>100 %</b>	<b>553 578</b>



**REPORT BY AN INDEPENDENT AUDITOR  
FOR THE POVODÍ ODRY, STATE-OWNED COMPANY, FOUNDER**

**REPORT ON THE CLOSING BALANCE**

On the 3rd of March 2010, we have issued the Report on the Closing Balance, which makes up a part of this Annual Report, on the basis of an executed audit. It has the following wording:

**"We have verified the enclosed Final Accounts of Povodí Odry, state-owned company**, i.e. the Balance Sheet prepared at 31 December 2009, the Profit/Loss Account of the period from 1 January 2009 to 31 December 2009, and the Attachment to the Final Accounts, including the description of important used accounting methods. The data related to Povodí Odry, state-owned company with the address in Varenská 49, Ostrava 1, are presented in more details on Page 1 in the Attachment to this Final Accounts.

**Responsibilities of the Accounting Unit's Statutory Body for the Final Accounts**

In accordance with the Czech accounting regulations, the Statutory Body of Povodí Odry, state-owned company, is responsible for the preparation and truthful description of the Final Accounts. A suggestion, implementation and ensuring the internal supervision of the truthful description by the Final Accounts make parts of this responsibility. The Final Accounts must not contain any important mistakes caused by misinterpretation or deceit. There must be suitable accounting methods selected and used and appropriate accounting estimates related to the relevant situation must be made.

**The auditor's responsibility**

Our task is to issue a verdict on these Final Accounts on the basis of an executed audit. We did the audit in accordance with the Auditors Act and the International Auditors' Standards and relevant application clauses by the Chamber of Auditors of the Czech Republic. In accordance with these regulations, we are obliged to maintain ethical standards and we must plan the audit in such way that provides us with an adequate assurance that the Closing Accounts do not contain any important inaccuracies.

The audit includes the execution of auditing processes the goal of which is to gain proving information on sums and data presented in the Final Accounts. The selection of auditing processes depends on the auditor's judgments, including the assessment of risks that the Final Accounts contain important inaccuracies caused by a deceit or mistake. When considering these risks, the auditor takes into the account any internal controls which are relevant for the preparation of a truthful description by the Final Accounts. The objective behind the assessment of internal controls is to suggest suitable auditing processes, but not to present an opinion on the internal controls' effectiveness. The audit also contains the assessment of the suitability of accounting methods, the appropriateness of accounting estimates made by the management and the assessment of the general presentation of the Final Accounts. We believe that the gained information has made a satisfactory and suitable base for the presentation of our verdict.

**The auditor's verdict**

**In our opinion, the Final Accounts provide for the truthful and honest presentation of assets, liabilities and the financial situation of Povodí Odry, state-owned company, at the 31st of December 2009 as well as of costs, revenues and economic results and the cash-flows in 2009, according to the Czech accounting regulations.**

**The above-presented paragraph presents the "Verdict without reservations".**

**Report on the Annual Report**

We have also verified the correspondence of the Annual Report, which was prepared at the 31st of December 2009, with the Final Accounts making a part of this Annual Report by Povodí Odry, state-owned company.

The Statutory Body of the state-owned company is responsible for the correct nature of the Annual Report. Our task is to issue a verdict on the correspondence of the Annual Report with the Final Accounts on the basis of an executed verification.

We have executed the verification in accordance with the International Auditing Standards and relevant application clauses by the Chamber of Auditors of the Czech Republic. These standards require from auditors planning and execution of the audit in such way that an appropriate assurance could be achieved that the information presented in the Annual Report, taken over from the Final Accounts, correspond, in all important facts, with these Final Accounts. We believe that the executed verification provides the appropriate base for the presentation of the auditor's verdict.

**In our opinion, the information presented in the Annual Report by Povodí Odry, state-owned company, prepared at the 31st of December 2009, corresponds in all important facts with the Final Accounts.**

In Ostrava on the 9th of April 2010

FINECO audit spol. s r.o.  
Ke Kamenině 453/18, Ostrava, Hrušov  
Certificate KA ČR No. 243

Ing. Ivo Knopp,  
Auditor, Certificate No. 1537,  
the Company Statutory Representative

**BALANCE SHEET** in full as at 31 December 2009 (in thousand CZK)

Class a	AKTIVA b	Line c	Current Accounting Period			Previous period 4
			Gross 1	Adjustment 2	Net 3	
	<b>TOTAL ASSETS</b>	001	<b>6 564 289</b>	<b>-2 246 678</b>	<b>4 317 611</b>	<b>4 273 935</b>
<b>B.</b>	<b>Long-term Assets</b>	003	<b>6 292 664</b>	<b>-2 245 562</b>	<b>4 047 102</b>	<b>4 061 349</b>
<b>B.I.</b>	<b>Long-term Intangible Assets</b>	004	<b>93 330</b>	<b>-62 517</b>	<b>30 813</b>	<b>36 140</b>
B.I.2.	Intangible Research and Development	006	13 948	-13 948		
B.I.3.	Software	007	34 528	-31 291	3 237	4 990
B.I.6.	Other Intangible Long-term Assets	010	43 782	-17 278	26 504	12 607
B.I.7.	Intangible Long-term Assets in Progress	011	1 072		1 072	18 543
<b>B.II.</b>	<b>Long-term Tangible Assets</b>	013	<b>6 199 334</b>	<b>-2 183 045</b>	<b>4 016 289</b>	<b>4 025 209</b>
B.II.1.	Land	014	258 240		258 240	247 997
B.II.2.	Building Structures	015	5 431 238	-1 919 242	3 511 996	3 528 818
B.II.3.	Independent Items and Sets of Items	016	396 908	-263 390	133 518	159 009
B.II.4.	Permanent Growths	017	413	-413		2
B.II.6.	Other Long-term Tangible Assets	019	314		314	314
B.II.7.	Long-term Tangible Assets in Progress	020	112 221		112 221	89 069
<b>C.</b>	<b>Current Assets</b>	031	<b>269 506</b>	<b>-1 116</b>	<b>268 390</b>	<b>211 536</b>
<b>C.I.</b>	<b>Inventory</b>	032	<b>10 606</b>		<b>10 606</b>	<b>10 598</b>
C.I.1.	Materials	033	3 368		3 368	3 709
C.I.4.	Animal Stock	036	6 975		6 975	6 627
C.I.5.	Goods	037	237		237	241
C.I.6.	Advance Payments for Inventory	038	26		26	21
<b>C.II.</b>	<b>Long-term Receivables</b>	039	<b>202</b>		<b>202</b>	<b>198</b>
C.II.5.	Long-term Advance Payments	044	179		179	167
C.II.7.	Other Receivables	046	23		23	31
<b>C.III.</b>	<b>Short-term Receivables</b>	048	<b>103 851</b>	<b>-1 116</b>	<b>102 735</b>	<b>109 024</b>
C.III.1.	Trade Receivables	049	68 740	-1 116	67 624	92 066
C.III.6.	State - Taxation Receivables	054	24 657		24 657	12 215
C.III.7.	Short-term Prepayments	055	3 726		3 726	1 508
C.III.8.	Estimated Receivables	056	5 722		5 722	1 460
C.III.9.	Other Receivables	057	1 006		1 006	1 775
<b>C.IV.</b>	<b>Short-term Financial Assets</b>	058	<b>154 847</b>		<b>154 847</b>	<b>91 716</b>
C.IV.1.	Cash in Hand	059	234		234	238
C.IV.2.	Cash in Banks	060	154 613		154 613	91 478
<b>D.I.</b>	<b>Accruals</b>	063	<b>2 119</b>		<b>2 119</b>	<b>1 050</b>
D.I.1.	Deferred Expenditures	064	2 062		2 062	869
D.I.2.	Complex Deferred Expenditures	065				38
D.I.3.	Deferred Income	066	57		57	143
	Control Number	998	26 255 037	-8 986 712	17 268 325	17 094 690

Class <i>a</i>	LIABILITIES <i>b</i>	Line <i>c</i>	Current Accounting Period 5	Previous Accounting Period 6
	<b>TOTAL LIABILITIES</b>	067	<b>4 317 611</b>	<b>4 273 935</b>
<b>A.</b>	<b>Equity</b>	068	<b>4 010 194</b>	<b>3 962 265</b>
<b>A.I.</b>	<b>Registered Capital</b>	069	<b>1 519 186</b>	<b>1 519 186</b>
A.I.1.	Registered Capital	070	1 519 186	1 519 186
<b>A.II.</b>	<b>Capital Funds</b>	073	<b>2 247 032</b>	<b>2 202 389</b>
A.II.2.	Other Capital Funds	075	2 247 032	2 202 389
<b>A.III.</b>	<b>Profit Funds</b>	078	<b>230 012</b>	<b>211 394</b>
A.III.1.	Legal Reserve / Indivisible Fund	079	151 919	151 919
A.III.2.	Statutory and Other Funds	080	78 093	59 475
<b>A.V.</b>	<b>Profit/Loss of the Current Accounting Period</b>	084	<b>13 964</b>	<b>29 296</b>
<b>B.</b>	<b>Foreign Resources</b>	085	<b>307 287</b>	<b>311 496</b>
<b>B.I.</b>	<b>Reserves</b>	086	<b>106 484</b>	<b>63 341</b>
B.I.4.	Other Reserves	090	106 484	63 341
<b>B.II.</b>	<b>Long-term Liabilities</b>	091	<b>157 447</b>	<b>200 044</b>
B.II.1.	Trade Liabilities	092	68	68
B.II.9.	Other Liabilities	100	36 807	48 985
B.II.10.	Deferred Tax Payable	101	120 572	150 991
<b>B.III.</b>	<b>Short-term Liabilities</b>	102	<b>37 146</b>	<b>37 521</b>
B.III.1.	Trade Payables	103	10 638	9 851
B.III.5.	Employee Related Liabilities	107	11 834	11 055
B.III.6.	Social Security and Health Insurance Liabilities	108	6 408	6 468
B.III.7.	State - Taxation Liabilities and Subsidies	109	1 908	1 782
B.III.8.	Short-term Accepted Deposits	110	809	63
B.III.10.	Estimated Payables	112	2 087	1 990
B.III.11.	Other Liabilities	113	3 462	6 312
<b>B.IV.</b>	<b>Bank Loans and Borrowings</b>	114	<b>6 210</b>	<b>10 590</b>
B.IV.1.	Long-term Bank Loans	115	1 830	6 210
B.IV.2.	Short-term Bank Loans	116	4 380	4 380
<b>C.I.</b>	<b>Accruals</b>	118	<b>130</b>	<b>174</b>
C.I.1.	Accrued Expenses	119	4	5
C.I.2.	Deferred Revenue	120	126	169
	Control Number	999	17 256 350	17 066 270

**PROFIT AND LOSS ACCOUNT** by type in full for the period from 1 January 2009 to 31 December 2009 (in thousand CZK)

Class <i>a</i>	TEXT <i>b</i>	Line No. <i>c</i>	Result in the Accounting Period	
			Current <i>1</i>	Previous <i>2</i>
I.	Revenues from Sold Goods	01	7	30
A.	Costs of Sold Goods	02	8	55
+	Gross Margin	03	-1	-25
II.	Production	04	517 890	544 002
II.1.	Revenues from Sales of Own Products and Services	05	516 891	542 569
II.2.	Change in Own Produced Stock	06	64	306
II.3.	Capitalisation	07	935	1 127
B.	Production Consumption	08	182 319	206 689
B.1.	Materials, Light and Power	09	43 216	45 631
B.2.	Services	10	139 103	161 058
+	Value Added	11	335 570	337 288
C.	Personnel Expenses	12	199 886	194 574
C.1.	Wages	13	142 644	136 646
C.3.	Social Security and Health Insurance Costs	15	47 482	48 510
C.4.	Fringe Benefits	16	9 760	9 418
D.	Fees and Taxes	17	1 685	1 498
E.	Long-term Tangible and Intangible Assets Depreciation	18	128 678	126 333
III.	Revenue from Sales of Long-term Assets and Materials	19	10 235	2 003
III.1.	Revenue from Sales of Long-term Assets	20	10 231	1 987
III.2.	Revenue from Sales of Materials	21	4	16
F.	Net Book Value of Sold Long-term Assets and Materials	22	561	148
F.1.	Net Book Value of Sold Long-term Assets	23	561	148
G.	Reserves and Deferred Income in Operating Revenue	25	42 595	10 164
IV.	Other Operating Revenues	26	22 435	44 686
H.	Other Operating Expenses	27	13 739	12 848
*	<b>Operating Profit/Loss</b>	30	<b>-18 904</b>	<b>38 412</b>
X.	Interest Received	42	2 894	3 860
N.	Interest Paid	43	279	825
XI.	Other Financial Revenue	44	116	176
O.	Other Financial Expenses	45	281	400
*	<b>Profit/Loss from Financial Operations</b>	48	<b>2 449</b>	<b>2 811</b>
Q.	Income Tax on Ordinary Activities	49	-30 419	11 927
Q.2.	- Deferred Tax	51	-30 419	11 927
**	<b>Profit/Loss from Ordinary Activities</b>	52	<b>13 964</b>	<b>29 296</b>
***	<b>Profit/Loss of the Accounting Period</b>	60	<b>13 964</b>	<b>29 296</b>
****	<b>Profit/Loss before Tax</b>	61	<b>-16 455</b>	<b>41 223</b>
	Control Number	999	2 304 249	2 597 862

## GENERAL DATA

**Commercial name:** Povodí Odry, státní podnik (state-owned company)

**Address:** Varenská 49, Ostrava 1, Post Code 701 26

**Legal form:** state-owned company

**Identification Number:** 70 89 00 21

**Main business activities:** River basin management meaning the management of important water flows, activities related to the finding about and assessment of the situation of surface and underground waters in the area of river Odra Basin and other activities executed by river basin administrators in accordance with the Water Act No. 254/2001 Coll. and changes in some other laws (Waters Act) as amended and the Water Basins Act No. 305/2000

Coll. and related legal regulations, including the management of lesser water flows in the given area of the water basin the management of which has been assigned to the company, and other activities registered in the Commercial Register.

**Legal founding:** River Basin Act No. 305/2000 Coll.

**Date of founding (the date when the Act No. 305/2000 Coll. became effective):** 1 January 2001

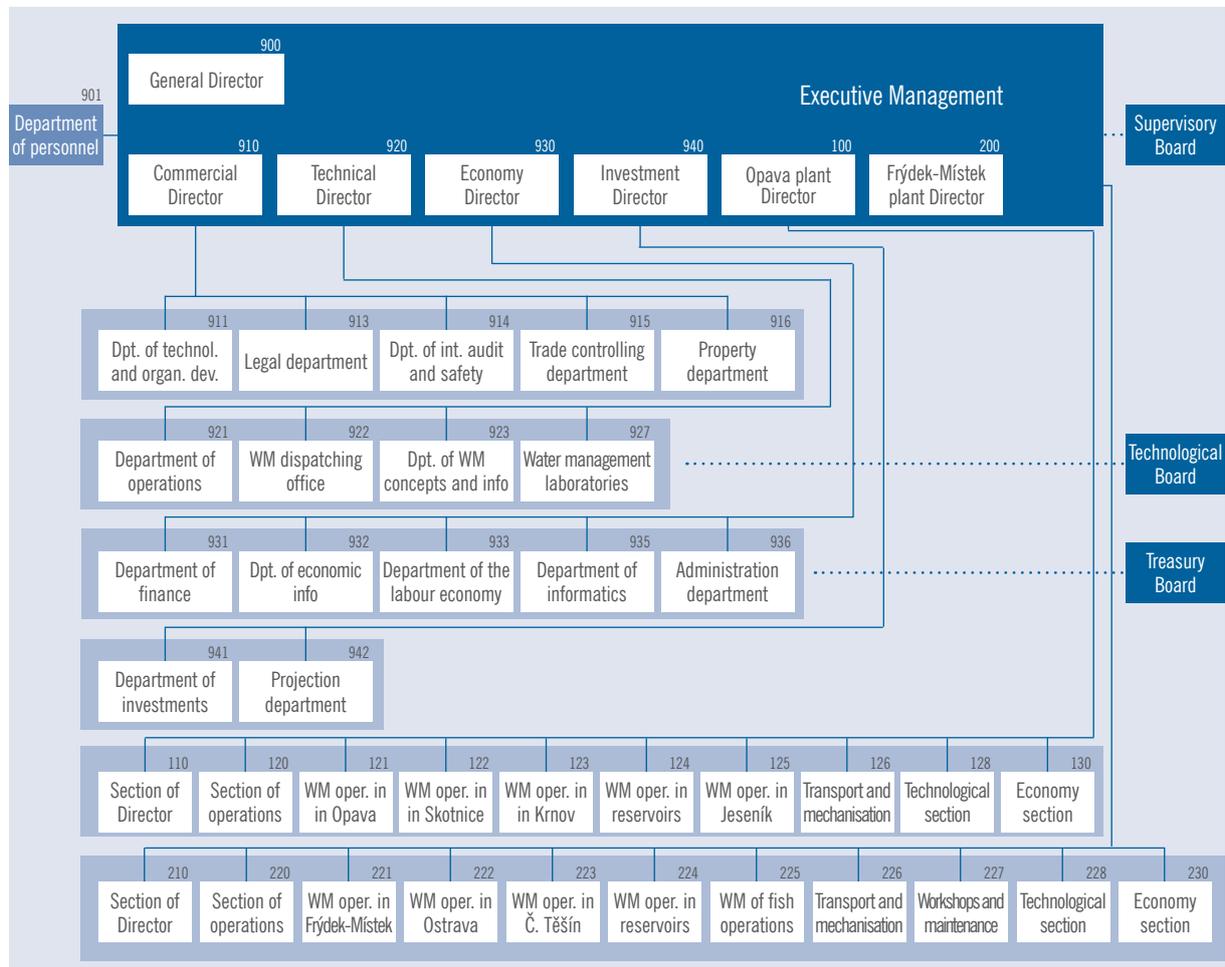
**Founder:** Ministry of Agriculture of the Czech Republic

**Predecessors of the state-owned company:** Povodí Odry, joint stock company

**Balance Sheet Date:** 31 December 2009

**Date of the Balance Sheet Preparation:** 1 March 2010

## ORGANISATION CHART



### CHANGES AND ADDITIONS EXECUTED IN THE COMMERCIAL REGISTER DURING THE ACCOUNTING PERIOD

The following changes were entered by the Regional Court in Ostrava, Commercial Register branch, in 2009:

- **9. 1. 2009** - The issuance of a Resolution related to the change in the actual value of property in the ownership of the state-owned company Povodí Odry (the legality of the Resolution occurred on 21 January 2009) on the basis of a proposal made on 8 January 2009,
- **9. 1. 2009** - The issuance of a Resolution related to changes in the composition of the Supervisory Board of the state-owned company Povodí Odry (the legality of the Resolution occurred on 21 January 2009) on the basis of a proposal made on 8 January 2009,
- **29. 1. 2009** - The issuance of a Resolution related to a change in the person of General Director of the state-owned company Povodí Odry (the legality of the Resolution occurred on 9 February 2009) on the basis of a proposal made on 27 January 2009,
- **17. 2. 2009** - The issuance of a Resolution related to changes in business activities undertaken by the state-owned company Povodí Odry (the legality of the Resolution occurred on 2 March 2009) on the basis of a proposal made on 16 February 2009,
- **26. 5. 2009** - The issuance of a Resolution related to changes in determined assets of the state-owned company Povodí Odry (the legality of the Resolution occurred on 1 June 2009) on the basis of a proposal made on 25 May 2009.

### STATUTORY BODY OF THE STATE-OWNED COMPANY (as on the Balance Sheet date)

**Ing. Ivan Pospíšil**, General Director

Representatives of the Statutory Body of the state-owned company – General Director:

- Ing. Petr Březina, Technical Director – First Deputy
- Ing. Petr Kučera, Economy Director – Second Deputy
- Ing. Čestmír Vlček, Commercial Director – Third Deputy

### SUPERVISORY BOARD (as on the Balance Sheet Date)

Miroslav Novák

JUDr. Jindřich Urfus

Tomáš Hanzel

Ing. Aleš Kendík

Mgr. Petr Birklen

Ing. Ivana Musálková

Ing. Ivana Mojžíšková

Ing. Jiří Tkáč

### CHANGE IN THE ORGANISATIONAL STRUCTURE DURING THE ACCOUNTING PERIOD

There were the following changes in the organisational structure made during the Accounting Period:

- The Personnel department was transferred from the Section of Commercial Director to the Section of General Director
- There was the Section of Investment Director created by

transferring the Department of investments and the Department of projections from the Section of Technical Director

### EMPLOYEES AND PERSONNEL COSTS

	At 31.12.2008	At 31.12.2009
Average number of employees	459	462
Wage costs, including Other personnel costs (in thousand CZK)	136 646	142 644
Costs of the social security and health insurance (in thousand CZK)	48 507	47 480

Other payments to people who make up the Statutory Body or are members of the Supervisory Board:

- Statutory Body: Free use of cars (there has been the sum at the level of 1 % of the purchase price of the car added to the taxable income for each month of use in accordance with § 6 (6) in the Income Tax Act) and the contribution to the additional pension insurance policy,
- Members of the Supervisory Board being employees of the state-owned company Povodí Odry: The contribution to the additional pension insurance policy and life insurance - Ing. Ivana Musálková, Ing. Ivana Mojžíšková, Ing. Jiří Tkáč, or the free use of cars - Ing. Jiří Tkáč, Plant in Opava Director (there has been the sum at the level of 1 % of the purchase price of the car added to the taxable income for each month of use in accordance with § 6 (6) in the Income Tax Act).

### AWARDING WAYS AND THE USED ACCOUNTING METHODS

#### WAYS OF VALUATION

- Purchased inventory - purchase prices
- Own created inventory (including fish gains) - own costs
- Lost inventory (with the exception of fish) – the FIFO method
- Loss of fish – the method of the weighted arithmetical average
- Long-term tangible and intangible assets created within own activities (activation) – own costs
- Purchased long-term tangible and intangible assets – purchase prices
- Long-term tangible and intangible assets gained free of charge – reproduction purchase prices
- Money, valuables, and receivables when occurring – nominal values

#### DEPRECIATION PLANS - THE SET UP WAY AND THE USED DEPRECIATION METHODS

The depreciation way has been determined in a depreciation plan. Long-term tangible assets are depreciated by the annual depreciation rates determined for individual asset groups.

The depreciation rates correspond with the wear under usual operations existing within Povodí Odry Co. Intangible investment assets are depreciated by the annual depreciation rate of

25%. Accounting depreciation of both long-term tangible and intangible assets takes place at the level of one twelfth of the total annual depreciation when books are closed monthly. That happens also in the month when assets are registered as the company assets.

#### THE WAY OF TRANSFERRING DATA IN FOREIGN CURRENCIES INTO THE CZECH CURRENCY

Foreign currencies are transferred with daily exchange rates valid on the foreign-exchange market announced by the Czech National Bank on the day of specific accounting events.

#### CORRECTIONS

There are corrections related to receivables created by the accounting unit. They are legal corrections created in accordance with the Income Tax Act and the Reserve Act. There are also accounting corrections related to receivables, which are 6 months after the due date, created at the level of 50%, or at the total level of 100% in the case of receivables more than 1 year after the due date.

### ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE PROFIT/LOSS ACCOUNT

#### LONG-TERM ASSETS

LIST OF CONSTRUCTIONS – Account 021 (in thousand CZK)

Class	At 31.12.2008		At 31.12.2009	
	Entry price	Corrections	Entry price	Corrections
Buildings, halls and structures	348 975	71 981	306 993	77 779
Other building objects	5 011 226	1 759 402	5 124 245	1 841 463
<b>TOTAL</b>	<b>5 360 201</b>	<b>1 831 383</b>	<b>5 431 238</b>	<b>1 919 242</b>

LIST OF INDEPENDENT TANGIBLE ASSETS AND SETS OF TANGIBLE ASSETS – Account 022 (in thousand CZK)

Class	At 31.12.2008		At 31.12.2009	
	Entry price	Corrections	Entry price	Corrections
Energy-related and driving machinery	121 770	46 263	121 558	55 966
Work machines and facilities	70 234	40 086	72 003	44 551
Instruments and technological facilities	111 707	84 061	109 964	88 497
Transport equipment	88 092	63 929	88 604	71 495
Inventory	4 252	2 707	4 779	2 881
<b>TOTAL</b>	<b>396 055</b>	<b>237 046</b>	<b>396 908</b>	<b>263 390</b>

ANIMALS REPORTED AS LONG-TERM ASSETS OR THE INVENTORY (in thousand CZK)

Animals	At 31.12.2008	At 31.12.2009
Reported as long-term assets	-	-
Reported as inventory	6 627	6 975

RECEIVABLES (in thousand CZK)

Receivables (both long and short-term) – Accounting group 31	At 31.12.2008	At 31.12.2009
Receivables with due dates longer than 5 years	-	-
Receivables after the due date (gross)	4 174	3 446

CORRECTIONS RELATED TO RECEIVABLES – Account 391 (in thousand CZK)

	As at 1.1.2009, Account 391 – Open. bal. - Credit	2008 accounting Turnover - Debit	Creation in 2009 Turnover - Credit	As at 31.12.2009, Account 391 – Clos. bal. - Credit
Legal	664	664	802	802
Accounting	1 000	1 000	314	314
<b>TOTAL</b>	<b>1 664</b>	<b>1 664</b>	<b>1 116</b>	<b>1 116</b>

LIABILITIES (in thousand CZK)

Short-term liabilities – Accounting group 32	At 31.12.2008	At 31.12.2009
Liabilities after due dates	1 689	1 674

The liabilities after due dates occurred in connection with the collection of fees for surface water contamination and for the use of underground waters. Povodí Odry had been collecting the fees on the basis of a law until 2001 and the collected fees were sent to the final receiving party, i.e. the State Environmental Fund of the Czech Republic. The reported value of these liabilities towards the Fund exists at the same level in receivables of Povodí Odry against individual contaminating parties and users, who did not pay the fees and who are the parties in still not finished bankruptcy or insolvency proceedings.

Long-term liabilities – Accounting group 47	At 31.12.2008	At 31.12.2009
Liabilities with due dates longer than 5 years	-	-
Liabilities after due dates	-	-

LEVEL OF THE DUE SOCIAL SECURITY PAYMENTS AND THE STATE EMPLOYMENT POLICY CONTRIBUTIONS (in thousand CZK)

Account 336	At 31.12.2008	At 31.12.2009
Social Security	4 584	4 464

LEVEL OF THE DUE HEALTH INSURANCE-RELATED LIABILITIES (in thousand CZK)

Account 336	At 31.12.2008	At 31.12.2009
Health insurance	1 884	1 944

The due liabilities were paid in January, in the next accounting period.

## LIST OF LONG-TERM LIABILITIES - Account 479 (in thousand CZK)

Contents	At 31.12.2008	At 31.12.2009
Returnable financial assistance from the SR	48 710	36 532
Long-term deposits received	275	275
Long-term trade-related liabilities	68	68
<b>TOTAL</b>	<b>49 053</b>	<b>39 875</b>

**Returnable finance assistance from the Slovak Republic**

Purpose: Completion of the reservoir Slezská Harta

Total sum of the provided financial assistance:

CZK 219 200 thousand

Receiving year: 1997

Maturity year: 2013

## LONG-TERM BANK LOANS - Account 461 (in thousand CZK)

Contents	Balance at At 31.12.2008	Balance at At 31.12.2009
<b>TOTAL</b>	<b>10 590</b>	<b>6 210</b>
thereof: - Short-term balance on the Balance Sheet day	4 380	4 380
- Long-term balance on the Balance Sheet day	6 210	1 830

## BANK LOAN SPECIFICS

Bank	Komerční banka a.s.
Loan purpose	Removal of flood damage from 1997
Loan provision year	2002 x)
Loan maturity year	2011
Interest rate	3M PRIBOR + 0.70 %
Loan security	-
Balance at 31.12.2009	6 210

\*) Loan transfer from the Union Bank, provision in 1997

**RESERVES**

## OTHER (ACCOUNTING) RESERVES – Account 459 (in thousand CZK)

Name	As at 1.1.2008, Account 459	Creation	Utilisation (Accounting)	As at 31.12.2008, Account 459
Reserve on not depreciated assets purchased with invest. subsidies	60 662	13 831	2 688	71 805
Flood reserve	-	32 500	-	32 500
Other reserves	2 679	900	1 400	2 179
<b>TOTAL</b>	<b>63 341</b>	<b>47 231</b>	<b>4 088</b>	<b>106 484</b>

## DEFERRED TAX - Account 481 (in thousand CZK)

Item	At 31.12.2009
Long-term assets' accounting value balance	3 675 255
Long-term assets' taxation value balance	3 040 670
Difference between the accounting and taxation values	634 585
19 %	120 571
Not paid interest on delay	4
19 %	1
<b>Total deferred tax payable</b>	<b>120 572</b>
Deferred tax payable	
- Account 481, balance at 31.12.2008	150 991
- Account 481, balance at 31.12.2009	120 572
Difference – Account 592 (credit)	30 419

## INVESTMENT SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2008	At 31.12.2009
Removal of 2006 flood damage/state budget	99	28 400
Removal of 2007 flood damage/state budget	-	14 522
Flood prevention/state budget	101 087	191 102
Flood prevention/regional budgets	4 000	16 750
Pond reconstructions/state budget	-	2 700
Provisions in Upper Opava – purchases/state budget	-	99 905
Water-related planning/regional budgets	200	200
Water-related planning/state budget	3 650	-
Flood risks (a study) - Operation Programme by Env./ State Env. Fund	-	900
<b>TOTAL</b>	<b>109 036</b>	<b>354 479</b>

## OPERATIONS-RELATED SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2008	At 31.12.2009
Removal of 2006 flood damage/state budget	1 770	-
Removal of 2007 flood damage/state budget	-	2 359
Removal of 2009 flood damage/state budget	-	1 340
Project ENHYGMA/state budget, EU	484	-
Project Leonardo da Vinci/National Agency for European Educational Programmes (NAEP)	260	-
Removal of 2007 flood damages (loan security)/state budget	13 245	-
Assets depreciation – Secondary Public Offerings (SPO)/state budget	3 755	-
<b>TOTAL</b>	<b>19 514</b>	<b>3 699</b>

## STATUTORY AUDITOR'S AWARD (in thousand CZK)

Purpose	At 31.12.2008	At 31.12.2009
Compulsory Balance Sheet audit - Contracted sum	140	150
- Current year costs	135	145
Previous years' audit (the accounting finalisation)	65	70
Current year audit (the running audit)	70	75
Other auditing services	-	-

## PROFIT/LOSS BEFORE TAX

	At 31.12.2008	At 31.12.2009
Profit/Loss before tax	41 223	-16 455

The difference, when compared with 2008, has been caused mainly by the deferred tax at the level of CZK 30 419 thousand accounted for in the Cost Group 59 because of the non utilisation of tax decreasing depreciation of long-term tangible assets.

## REVENUE FROM SALES OF GOODS AND SERVICES BY ACTIVITY

KIND – Accounting Group 60 (in thousand CZK)

Activity kind	At 31.12.2008	At 31.12.2009
Revenue from sales of surface water	444 905	430 779
Revenue from the power production	68 710	60 937
Revenue from sales of fish	12 347	13 859
Rent-related revenue	3 898	3 599
Revenue from sales of laboratory works	8 900	4 626
Revenue from sales of goods	30	7
Other revenue	3 809	3 091
TOTAL	542 599	516 898

## REVIEW OF CHANGES IN THE EQUITY IN THE PERIOD FROM 1.1. 2009 TO 31.12. 2009 (in thousand CZK)

Balance Sheet line	Item (Account)	Situation at 1 January	Increase	Decrease	Situation at 31 December
A.I	Equity - Owner's capital (Acc. 411)	1 519 186	-	-	1 519 186
A.II	Capital funds (Acc. 413)	2 202 389	44 721	78	2 247 032
A.III	Reserve funds, other profit funds	211 394	30 495	11 877	230 012
A.III.1	Legal reserve fund (Acc. 421)	151 919	-	-	151 919
A.III.2	Statutory and other funds	59 475	30 495	11 877	78 093
A.III.2	thereof: - Investment fund (Acc. 427)	35 962	10 296	-	46 258
A.III.2	- Cultural and social fund (Acc. 423)	15 432	10 699	6 777	19 354
A.III.2	- Reward fund (Acc. 427)	8 081	9 500	5 100	12 481
A.V	Profit/Loss of the current period	29 296	13 964	29 296	13 964
	TOTAL OWN CAPITAL (A.I TO A.V.)	3 962 265	89 180	41 251	4 010 194

## DESCRIPTION OF CHANGES

**Capital funds** (Account 413)

Increase: CZK 44,721 thousand (CZK 4,221 thousand – the land gained free of charge, CZK 40,500 thousand – the free of charge taking over long-term tangible assets)

Decrease: CZK 78 thousand – land (transfers of titles on state assets management, corrections in the Land Registers)

**Investment fund** (Account 427)

Increase: CZK 10,296 – creation from the profit of 2008

**Cultural and social fund** (Account 423)

Increase: CZK 10,699 thousand (CZK 9,500 thousand – creation

from the profit of 2008, CZK 1,199 thousand – loan instalments and other creation)

Decrease: CZK 6,777 thousand – the utilisation in accordance with the Collective Agreement and the Cultural and social funds' budget

**Reward fund** (Account 427)

Increase: CZK 9,500 thousand – creation from the profit of 2008

Decrease: CZK 5,100 thousand – the fund utilisation for rewards payment

**CASH-FLOW REVIEW** of the period from 1 January 2009 to 31 December 2009 (in thousand CZK)

Class <i>a</i>	TEXT <i>b</i>	Reality <i>1</i>
P.	Situation in cash and cash equivalents at the beginning of the accounting period	91 717
<b>Cash flow from main earning activities (operations)</b>		
Z.	Accounting profit/loss from ordinary activities before tax	-16 455
A.1.	Adjustments and non monetary operations	157 646
A.1.1.	Depreciation of fixed assets, receivables and correction amortisation related to acquisitioned assets	132 613
A.1.2.	Change in balances of corrections, reserves and transfer accounts for assets and liabilities with the exception of interests and differences from exchange rates	37 318
A.1.3.	Profit/Loss from sales of fixed assets (-/+)	-9 670
A.1.4.	Revenue from dividends and profit shares (-)	0
A.1.5.	Accounted paid interests (+) and received interests (-)	-2 614
A.*	Net cash-flow from operations before tax, changes in working capital and extraordinary items	141 191
A.2.	Change in working capital needs	10 614
A.2.1.	Change in operations-related receivables (-/+)	11 095
A.2.2.	Change in short-term operations-related liabilities (+/-)	-473
A.2.3.	Change in the inventory situation (-/+)	-8
A.**	Net cash-flow from operations before tax and extraordinary items	151 805
A.3.	Interest-related expenditures with the exception of capitalised interests (-)	-279
A.4.	Received interests with the exception of companies executing investment activities as their main business activity	2 894
A.5.	Paid income tax on ordinary activities and additional tax related to previous periods	0
A.6.	Income and expenditures from extraordinary accounting events	0
A.***	Net cash-flow from operations	154 420
<b>Cash-flow from investment activities</b>		
B.1.	Fixed assets acquisition-related expenditures	-74 284
B.2.	Revenue from sales of fixed assets	10 231
B.3.	Loans and borrowings from/to connected persons (+/-)	0
B.***	Net cash-flow related to investment activities	-64 053
<b>Cash flow from financial activities</b>		
C.1.	Change in long-term or short-tem liabilities balances	-16 558
C.2.	Impacts of changes in the own capital on monetary means	-10 678
C.2.1.	Increases in monetary means and monetary equivalents because of the increased equity, including deposits	0
C.2.2.	Paid equity shares to partners (-)	0
C.2.3.	Monetary gifts and subsidies to own equity and other monetary deposits by partners and shareholders	0
C.2.4.	Coverage of a loss by partners (+)	0
C.2.5.	Direct debit payments from funds (-)	-10 678
C.2.6.	Paid dividends or profit shares, including the paid withholding tax (-)	0
C.3.	Received dividends and profit shares (+)	0
C.***	Net cash-flow related to financial activities	-27 236
F.	Net increase or decrease in monetary means	63 130
R.	Monetary means and monetary equivalents' balance at the end of the period	154 847

**ZERO ITEMS OF BOTH LAST AND CURRENT PERIODS WHICH HAVE NOT BEEN PRESENTED IN THE REPORTS**

**Balance Sheet**

Assets: A., B.I.1., B.I.4., B.I.5, B.I.8, B.II.5, B.II.8., B.II.9, B.III, B.III.1 – B.III.7, C.I.2, C.I.3, C.II.1 – C.II.4, C.II.6, C.II.8, C.III.2 – C.III.5, C.IV.3, and C.IV.4

Liabilities: A.I.2, A.I.3, A.II.1, A.II.3, A.II.4, A.IV. A.IV.1, A.IV.2, B.I.1 – B.I.3, B.II.2 – B.II.8, B.III.2 – B.III.4, B.III.9, and B.IV.3

**Profit/Loss Account**

C.2., F.2, V., I. VI., J., VII., VII.1 – VII.3, VIII., K., IX, L., M., XII., P., Q.1, XIII., R, S., S.1, S.2, \*, and T

**IMPORTANT EVENTS TAKING PLACE DURING THE ACCOUNTING PERIOD OF 2009, OR IN THE PERIOD BETWEEN THE BALANCE SHEET DATE AND THE BALANCE SHEET PREPARATION DATE AND NOT ACCOUNTED FOR IN THE BALANCE SHEET OR PROFIT/LOSS ACCOUNTS**

**Court dispute - OSTRAMO, Vlček a spol., s r.o. (Ltd.), then TRANSKOREKTA, společnost s ručením omezeným (Ltd.), currently RETISE ENTERPRISES LIMITED.**

The court dispute started on the 24th of January 2000 by suit filed by OSTRAMO, Vlček a spol., s r.o. with the address in Nákladní 2, Ostrava 1, related to damage compensation worth CZK 1,296,900,000 and accessories. The damage was supposed to be caused to the company by river Odra floods in summer 1997. The suit was filed with the District Court in Ostrava and it has been registered under the Reference Number 36 C 29/2000.

TRANSKOREKTA, s.r.o. (Ltd.) at the then address in V Zahradách 2108/180, Ostrava-Poruba, now in Mlýnská 326/13, Brno, I.D. (IČ): 61944017, has become the new suitor within the proceedings on the basis of their purchase of the claim in 2004.

The originally claimed sum was progressively increased by the suitor in the periods of 2004 and 2005 to the final sum of CZK 8,139,110,400 with the accessories.

The District Court in Ostrava issued an interim verdict at the end of 2006. The verdict confirmed the validity of the claim filed against our company. An appeal was filed against this verdict to the Regional Court in Ostrava in 2007. The proceedings were then entered, in the role of a new suitor, by RETISE ENTERPRISES LIMITED with the address in Cyprus to which the claim has been assigned.

The verdict by the Regional Court in Ostrava, made in February 2008, cancelled the interim verdict announced by the District Court in Ostrava.

On the basis of this resolution, the District Court in Ostrava asked, in September 2008, the suitor to present relevant proofs related to the claim. The suitor supplemented its claim in November 2008. A presentation by the legal representative of the state-owned company Povodí Odry related to that supplement was made to the District Court in Ostrava in January 2009.

Judicial proceedings at the District Court in Ostrava took place on the 13th and 14th of October 2009, and then on the 1st of December 2009.

The District Court in Ostrava continued the proceedings on the 26th of January 2009 and then in the period from the 16th to the 19th of February and on the 22nd of February 2010. The District Court in Ostrava issued its interim verdict on the 26th of February 2010 saying that it has rejected the claim of CZK 7,018,919,000 and the 10% interest on the delay, while the remaining part of the suit has been valid. The verdict on the claim related to the damage compensation and on the coverage of the court proceedings was left for the final verdict.

The above-mentioned facts have not been accounted for in the Balance Sheet and the Profit/Loss Account because the claim has not been satisfactorily legally supported and the state-owned company Povodí Odry does not recognise it. Our company has been convinced that it is not justified and that the suit is of a speculative character. We thus not envisage any outflow of resources because of a future verdict related to the mentioned court suit and any insertion of these facts in the Balance Sheet would be considered as a distortion of the true and honest presentation of facts in the Balance Sheet.

**CHANGES IN THE PERIOD BETWEEN THE BALANCE SHEET DATE AND THE BALANCE SHEET PREPARATION DATE:**

There were no events influencing the description of the situation by the accounting reports between the Balance Sheet date and the Balance Sheet preparation date.

Facts and data prescribed for the content scope of the Attachment to the Balance Sheet in the Accounting Act No. 563/1991 Coll. as amended and in the Implementary Bylaw No. 500/2002 Coll., which are not relevant to the accounting unit of the state-owned company Povodí Odry, or which have not been presented in this Attachment.



Grafting of Reynoutria plant  
Situation after the treatment

Dry plant stems  
New vegetation growth

The biggest project by the Moravian-Silesian Region of the nature and landscape protection character, focussed on the liquidation of Reynoutria plant in river Morávka Basin, started its final stage in 2010.

The Reynoutria plant growing up to the height of four metres covers extensive areas at the foothills of the Beskydy Mountains mostly along water flows. It is an aggressive weed driving out original vegetation and causing soil erosion. The project budget, partly funded by the European Union within the programme LIFE-Nature, reached EUR 1,015 thousand. The contribution by our company was EUR 60 thousand.

Partners to the Moravian-Silesian Region within the project are the Czech nature protecting organisation Salamandr, the state-owned company Lesy České republiky (Forests of the Czech Republic), the state-owned company Povodí Odry, Nature and Landscape Protecting Agency of the Czech Republic, and the beer company Pilsner Urquell.

There was the area of about 400 hectares treated during the period from 2007 to 2010. There was the main goal determined during the four years of the project duration – to reduce Reynoutria plant growth below 10% of the actual situation in all effected areas. The plant liquidation has been done mechanically, by spraying and by injecting herbicide into the fleshy stalks of the plants. The Reynoutria stalks, which then get dry after 2 or 3 weeks, are cut down by trimmers, removed and burnt, or taken to steam plants using biomass.

There were 6.6 hectares of land treated by injections into the plant stalks in areas flooded by the reservoir Morávka during last two years - the area which is very sensitive to any contamination of both underground and surface waters. There was spraying executed along rivers, creeks and roads above the railway station Morávka on 2.7 hectares. A professional company did these works for the state-owned company Povodí Odry.

Other activities extending the four-year project focussed mainly on the liquidation of Reynoutria plant in the Morávka Basin. The areas with the removed Reynoutria plants are sown with a mixture of grasses, herbs, and willow trees.

There were seminars organised to inform people in villages and the land owners. Excursions also took place for both experts and laics, especially for school students from neighbouring settlements. People have learnt actual information about the Reynoutria plant liquidation. The provision of this kind of information should ensure the positive development after the project finalisation.

The mood during the main activities liquidating Reynoutria plants has been recorded in a document presenting all four years of the project duration. The movie will consequently serve as the project documentation, but also as an inspiration and instruction for similar projects taking part in other parts of the Czech Republic, or elsewhere in the European Union.

POVODÍ ODRY, státní podnik (state-owned company)

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