



Povodi Odry
státní podnik

20
12

annual report

INTRODUCTION	05
BASIC COMPANY DATA	06
COMPANY STRUCTURE	07
SELECTED ADMINISTERED ASSETS	08
PERSONNEL	09
COOPERATION WITH THE CITY OF OSTRAVA AND THE REGION OF OLOMOUC	13
WATER DELIVERIES	14
ELECTRIC POWER PRODUCTION	15
WATER QUALITY INSPECTIONS	17
WATER CLEANLINESS-RELATED ACCIDENTS	18
DISPATCHING OFFICE UPGRADING	23
ECONOMIC RESULTS	24
AUDITOR'S REPORT	26
FINAL ACCOUNTS	30
ATTACHMENT TO THE BALANCE SHEET	33
RETURN TO TRADITIONS	43

SLEZSKÁ HARTA



Dear readers,

Similarly each year, we assess results of the last year, compare them with previous years and prepare the next period on the basis of these results.

What was the year 2012 like for the state-owned company Povodí Odry? I can say that it was a standard year when we assess our operations, the occurrence of extreme situations and the success from the achieved results point of view. We succeeded in following the annual financial plan, especially thanks to increases in our own outputs made up mostly by external revenue related to surface water deliveries, power production, fish sales, and other implemented activities.

Just for information, I can present some summary data confirming my statements. The total company revenue exceeded CZK 700 million, while the costs stayed closely below this level. Out of this, we paid CZK 186.5 million for repairs and maintenance. The total value of acquired long-term assets – investments, was approximately CZK 420 million, while the sum of covering subsidies reached CZK 290 million.

The most important subsidy titles of the last year were the Flood Prevention Programme – Stage II, by the Ministry of Agriculture of the Czech Republic, from which we utilised almost CZK 106 million, the programme for the removal of flood-related damages caused in 2009 and 2010 - CZK 90 million, assets' purchases within the action "Upper Opava Provisions" valued CZK 70 million, and others. In 2012, works peaked especially in the mentioned Flood Prevention programme. Its Stage II should finish in 2013. At the same time, revitalising constructions, paid from the operating programme Environment, have been further progressing. This all presented quite big tasks to all our employees and we had to manage them in the course of the entire year. As I said above, the year 2012 finished successfully for our company. We are well positioned, including the economic and financial situations and that is promising for the next year. The Annual Report 2012, which you are just opening, provides this but also other information about the company life and activities.



Ing. Miroslav Krajiček
General Director

FOUNDER

Ministry of Agriculture of the Czech Republic of the official address in Těšnov 17, Praha 1, Post Code 117 05

I.D. No. (IČ): 00020478

PERSON AUTHORISED TO ACT ON BEHIND THE FOUNDER AT THE 31ST OF DECEMBER 2012

Ing. Jan Ludvík, MBA

General Director of the Administrative Section in the Ministry of Agriculture of the Czech Republic

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

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

FOUNDING DATE: 1st of January 2001, pursuant to the River Basins Act No. 305/2000 Coll.

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

ENTRY DATE: 26th of March 2001

LEGAL FORM: state-owned company

I.D. (IČ): 70890021

TAX FILE NO. (DIČ): CZ70890021

STATUTORY BODY

Ing. Miroslav Krajiček, General Director of Povodí Odry, státní podnik

SUPERVISORY BOARD

Miroslav Novák, Chairman

Ing. Aleš Kendík

Prof. Dr. Ing. Miroslav Kyncl - by 9th of February 2012

Zdeněk Havlík - from 9th of February 2012

Tomáš Hanzel - by 24th of April 2012

Ing. Michal Sirko- from 22nd of May 2012

Ing. Jakub Kulišek - from 24th of April 2012 to 26th of August 2012

Mgr. Petr Procházka - from 15th of November 2012

Ing. Ivana Mojžíšková

Ing. Ivana Musálková

Ing. Jiří Tkáč

EXECUTIVE MANAGEMENT

Ing. Miroslav Krajiček, General Director

Ing. Petr Březina, Technical Director

Ing. Petr Kučera, Economy Director

Ing. Čestmír Vlček, Commercial Director

Mgr. Miroslav Janoviak, LL.M., 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 in 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 pursuant to 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.

ORGANISATION COMPANY SCHEME

- 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 public relations, internal audits and safety pursuant to 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 also organises the support of information systems and the management administration.

Section scheme

- Department of finance
- Department of economic information
- Department of labour 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' structure

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

LONG-TERM TANGIBLE ASSETS – CONSTRUCTIONS, INDEPENDENT TANGIBLE ASSETS AND SETS OF TANGIBLE ASSETS

The value of long-term tangible assets has increased by CZK 84.58 million, when compared with the situation in 2011. At the 31st of December 2012, the total acquisition value of the long-term tangible assets, in acquisition values, reached CZK 6 827.59 million. The structure of selected long-term assets (without land, permanent growths, other long-term tangible assets, long-term tangible assets in progress, and provided deposits on long-term tangible assets) has been as follows:

Buildings	CZK 339.65 million	4,97 %
Reservoirs and ponds	CZK 3 298.00 million	48,30 %
Water flows' adjustments	CZK 2 237.24 million	32,77 %
Weirs and steps	CZK 340.56 million	4,99 %
Other objects	CZK 160.69 million	2,35 %
Transport and other machinery	CZK 90.77 million	2,79 %
Energy machines and facilities	CZK 128.86 million	1,89 %
Instruments, special technological facilities and IT	CZK 126.86 million	1,86 %
Inventory	CZK 4.96 million	0,07 %
TOTAL LONG-TERM TANGIBLE ASSETS	CZK 6 827.59 million	

SELECTED LONG-TERM TANGIBLE ASSETS

	Buildings		Reservoirs and ponds		Water flows' adjustments		Weirs and steps		Other objects	
	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%
TOTAL	339,65	100,0	3 298,00	100,0	2 237,24	100,0	340,56	100,0	160,69	100,0
Opava plant	112,05	32,99	2 325,14	70,5	1 200,64	53,7	136,39	40,0	41,98	26,1
F-M plant	106,04	31,22	972,86	29,5	1 036,53	46,3	204,17	60,0	110,80	69,0
Management	121,56	35,79	0,00	0,0	0,07	0,0	0,00	0,0	7,91	4,9
	Transport and work machines		Energy machines and facilities		Instruments and special technological facilities		Inventory		TOTAL LONG-TERM TANGIBLE ASSETS	
	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%
TOTAL	190,77	100,0	128,86	100,0	126,86	100,0	4,96	100,0	6 827,59	100,00
Opava plant	89,10	46,71	79,10	61,4	10,57	8,3	1,19	24,0	3 996,16	58,53
F-M plant	87,30	45,76	44,87	34,8	26,90	21,2	2,67	53,8	2 592,14	37,97
Management	14,37	7,53	4,89	3,8	89,39	70,5	1,10	22,2	239,29	3,50

There was the total of 477 people employed, on the contract basis, in the state-owned company Povodí Odry at the 31st of December 2012, thereof 314 men and 163 women.

Activities by the Department of human resources were based mostly on the legal labour-related regulations and on the implementation of the company personnel and wage policy. The care after our employees in the social, preventive health, training development, and health protection and safety at work areas made the basic part of the Department activities.

The social programme included contributions to additional pension insurance, social assistance provided to our employees, who found themselves in difficult life situations, catering within the company, vaccination against the tick-related encephalitis, and hepatitis. We invested about CZK 112 thousand within the company medical care in 2012.

We registered just one work-related injury in 2012 and that proves the good preventive activity undertaken by the section of safety and health protection at work.

The state-owned company provided CZK 994 573 for the development of professional skills and professional education.

EMPLOYEES BY THEIR WORKPLACE LOCATION

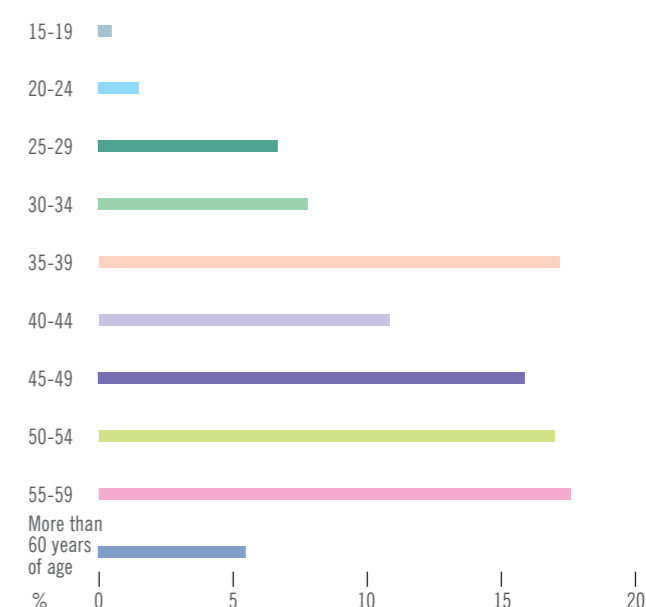
District	2010	2011	2012
Jeseník	13	13	13
Bruntál	36	32	32
Frydek-Místek	114	112	114
Karviná	28	25	32
Nový Jičín	23	27	26
Opava	64	64	67
Ostrava	185	191	192
Šumperk	0	1	1

COMPARISON BY THE HIGHEST ACHIEVED EDUCATION

The highest achieved education	2010	2011	2012
University	97	106	113
Completed secondary education	164	169	168
Secondary – apprenticeship	172	167	171
Elementary education	30	23	25

NUMBER OF EMPLOYEES

Number of employees	2010	2011	2012
Number of employees in a converted figure	457,23	464,29	463,53
Number of employees in natural persons	463	465	477
thereof: white collars	236	242	249
blue collars	227	223	228
- State enterprise headquarters	166	170	173
- Plant in Opava	130	128	133
- Plant in Frydek-Místek	167	167	171

AGE STRUCTURE

ŽERMANICE





RIVER ODRA BASIN INCREASES THE FLOOD PROTECTION

Similarly as in previous years, the state-owned company Povodí Odry was actively cooperating with the Statutory City of Ostrava in the area of flood prevention. Within the cooperation, we have determined the necessary flood preventing constructions in the city area, which the city considers as priorities and in which they then participate in preparations and implementation by purpose-oriented investment subsidies. The state-owned company Povodí Odry is the investor of these constructions.

Within this scenario, we started preparations of the investment project "Increasing the Flood Protection of the City Suburb of Polanka nad Odrou" in 2011 and the cooperation in these construction preparations continued also in 2012. The City of Ostrava provided the purpose-oriented subsidy of CZK 1 million in that year. The funds were determined for the preparation of project documentation related to these constructions as it resulted from the contract on the mentioned subsidy.

The cooperation of both subjects in the area of flood prevention in the city area has had long-term traditions and we might expect that the year 2012 was just another year on this beneficial track which should continue also in future – in the case of protection of the city suburb Polanka nad Odrou up to the project implementation stage.

Pursuant to the Waters Act No. 254/2001 Coll., the state-owned company Povodí Odry cooperates, when planning, with the relevant regional offices and central water management offices. The region of Olomouc participated in the preparation of materials for the Plan of the Partial Upper Odra Basin, in the second planning cycle. The region provided an investment subsidy for these activities at the level of CZK 180 000.

The state-owned company used the provided subsidy for updating data and information related to the partial water basin, especially in the following areas:

- Basic area utilisation,
- Demographic and socio-economic information,
- Economic situation,
- Nature and landscape protection areas,
- The area reserved for water deliveries determined for human consumption,
- Sensitive and vulnerable areas,
- Surface waters utilised for recreation (swimming),
- Fish waters,
- Areas reserved for the protection of economically important species bound to water environment,
- Typology of surface water sites in the partial water basin,
- Characteristics of the surface and underground water sites.

OSTRAVA!!!

 **Olomoucký kraj**

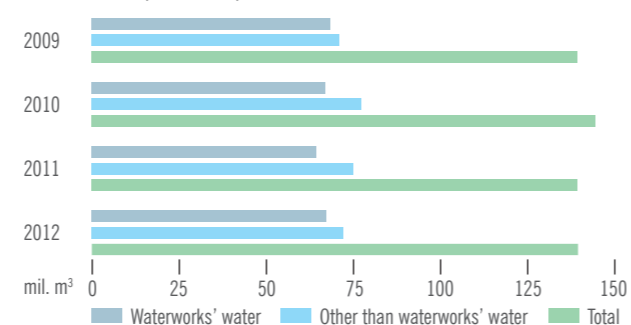
SURFACE WATER DELIVERIES

Deliveries of surface water from sources of the state-owned company Povodí Odry stagnated in 2012, when compared with the previous year. There was the total of 139.1 million cubic metres of water delivered to customers. The deliveries to industrial subjects decreased year-on-year by almost 4%, while, in contrast, the waterworks increased their acquired amount, after the minimum reached in 2011, from 64.2 to 67.1 million cubic metres. This has meant the year-on-year increase of potable water deliveries by more than 4%.

SURFACE WATER DELIVERIES (in million m³)

Year	2009	2010	2011	2012
Waterworks' consumption	68,2	66,9	64,2	67,1
Other than waterworks' consumption	70,8	77,2	74,8	72,0
TOTAL	139,0	144,1	139,0	139,1

SURFACE WATER (in million m³)

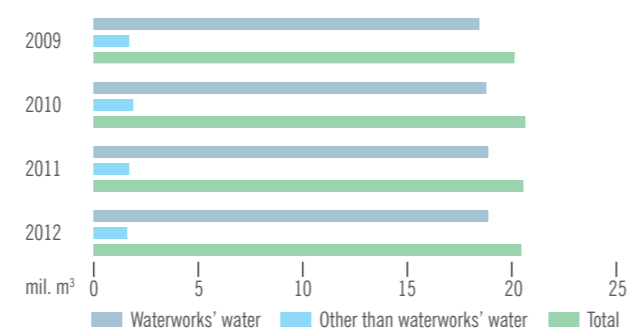


UNDERGROUND WATER DELIVERIES

In the case of underground water, the consumption continued to decrease slightly in 2012. There was the total of 20.5 million cubic metres of water delivered (it was 20.6 million cubic metres in 2011). In the case of underground water deliveries to waterworks, which made up more than 90% of the delivered volume, there was stagnation, when compared with the previous year. Deliveries to other than waterworks' purposes declined again in the area of the River Odra Basin by 5%.

UNDERGROUND WATER DELIVERIES (in million m³)

Year	2009	2010	2011	2012
Waterworks' consumption	18,5	18,8	18,9	18,9
Other than waterworks' consumption	1,7	1,9	1,7	1,6
TOTAL	20,2	20,7	20,6	20,5



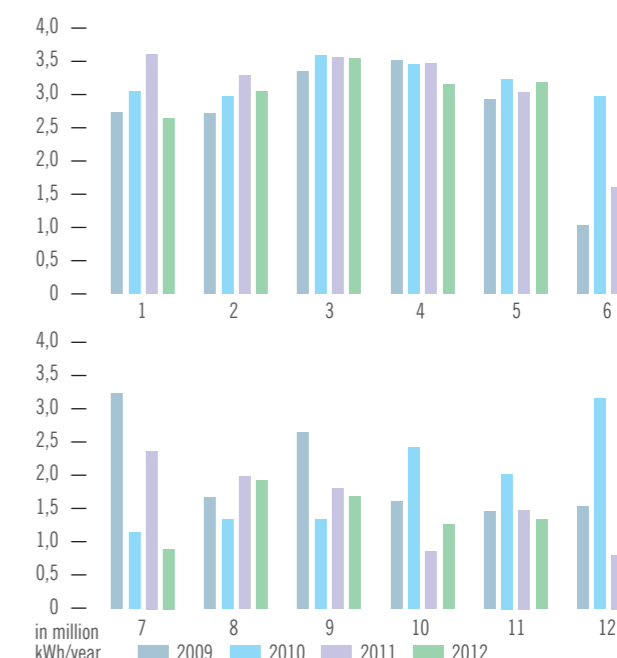
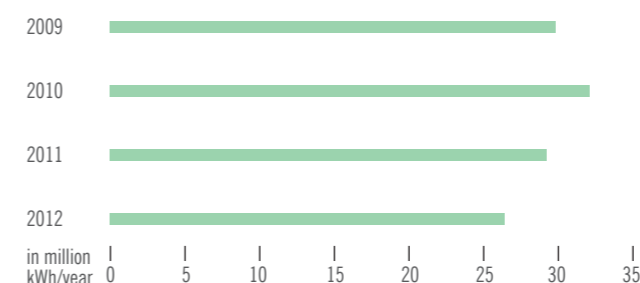
In 2011, facilities of the state-owned company Povodí Odry produced the lowest amount of electric power in the last six years, thanks to the unfavourable hydrological situation in the second half of the year 2012. The average monthly values were achieved in the first half of the year when the reservoirs were full thanks to snow thaws. Then, the reservoir levels lowered and the electric power production was limited because of the hydrological dryness. The minimum power was produced in December. In the total, the 9 SWP stations of the state-owned company Povodí Odry produced 26.4 million kWh of electric power. That is the year-on-year decrease by almost 10%, when compared with 2011.

ELECTRIC POWER PRODUCTION - DELIVERIES (in kWh)

Month	2009	2010	2011	2012
January	2 752 145	3 063 095	3 629 099	2 656 364
February	2 732 687	2 993 669	3 304 531	3 066 412
March	3 374 194	3 611 759	3 589 116	3 571 335
April	3 537 788	3 481 896	3 491 534	3 175 279
May	2 951 484	3 251 089	3 058 464	3 203 975
June	1 034 007	2 984 328	1 619 029	2 220 520
July	3 265 749	1 158 462	2 393 475	909 135
August	1 688 804	1 360 386	2 013 793	1 952 700
September	2 668 799	1 362 465	1 819 796	1 708 991
October	1 628 507	2 441 718	874 343	1 282 354
November	1 478 849	2 045 744	1 500 450	1 354 989
December	1 548 832	3 182 365	819 010	933 832

ELECTRIC POWER PRODUCTION BY FACILITIES OF THE STATE-OWNED COMPANY POVODÍ ODRY (in million kWh)

Year	2009	2010	2011	2012
Reservoir Šance	5 032 637	7 123 388	5 496 782	4 328 462
Reservoir Kružberk	2 659 344	2 934 062	2 401 070	2 608 558
Reservoir Silesian Harta	17 101 119	16 376 706	16 334 051	15 480 252
Reservoir Žermanice	617 536	833 671	659 332	467 353
Weir in Studénka	118 607	136 229	134 843	119 113
Reservoir Morávka	923 468	1 031 387	899 401	736 790
Weir in Podhradí	643 851	765 678	504 869	305 352
Reservoir Těrlicko	317 612	309 091	305 004	301 302
Weir in Lhotka	2 384 777	2 622 632	2 458 695	2 077 302
TOTAL	29 798 951	32 132 844	29 194 047	26 424 484



Pursuant to the Waters Act, our state-owned company is responsible for finding out about the surface water quality and that requires long-term systematic activities in the area of waters monitoring. Measured results serve for a number of activities related to water protection against contamination and that becomes more and more important in line with the implementation of European requirements within the Czech legislature.

The objective is the achievement of the so-called good water quality as generally defined in the Framework Instruction. It requires the fulfilment of a number of criteria and conditions within the water environment. The monitoring is not limited only to basic physical-chemical parameters, but it covers many pollutants. The area of specific organic substances includes those which occur as the result of human activities in many manufacturing processes. Big attention is paid also to the monitoring of biological parts as, for example, fish populations, macrozoobenthos, phytoplankton, phytobenthos, and others. The so-called hydro morphological monitoring also makes an inseparable part of flows' assessment as it indicates disturbed development conditions necessary for aquatic organisms mostly by constructional activities or by other anthropogenic interventions in flow beds. Results of the monitoring conducted in this way make the basic material serving for water quality protection and for proposed provisions related to the systematic improvements within the planning process. They present the most important information for activities by the state-owned company, for the presentation of opinions and information on any water handling when the river basin administrators create professional background for water management bodies and assess, case by case, activities by contamination sources, if their waste waters do not exceed the demanding requirements on the targeted water quality situation as given in the legislature.

The water basin administrators conduct the activity free of charge and they are responsible for the preparation and provision of their opinions. In 2012, the Department of water quality care issued almost three thousand written opinions.

Systematically executed water quality analyses are annually assessed and they serve not only for the state administration purposes, but also as information for both professionals and laics. There is a water management balance sheet prepared on that basis and the information also serves for negotiations within bilateral agreements and for the activity by the International Commission looking after the River Odra protection.

The water sampling, laboratory analyses covering chemical, radio chemical, hydro biological, and

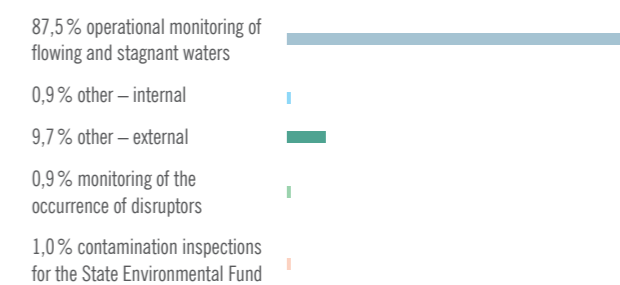
microbiological analyses and hydro metrical measurements are organised by water management laboratories.

The Department of water management conceptions and information conducts the hydro morphological monitoring and processes and assesses all gained data.

In 2012, the water quality monitoring was organised in accordance with the annual prepared plan, as required by the existing legislature and as needed by the state-owned company. Within the operational monitoring, there were 135 profiles of water flows monitored. The frequencies were 12 samples a year and 6 profiles were sampled 6 times in the course of the year. Scopes of analysed parameters were optimised in such a way that individual profiles were monitored for the relevant substances and groups of those substances as well as for other quality indicators necessary for the assessment of the good situation or the ecological potential in water bodies. There were also requirements of border waters covered. The monitoring of water quality in our dams and recreation reservoirs included also the "zone" sampling along several vertical lines in given reservoirs (3 to 7, usually 5) with the frequency of 6 samples taken during the year. The basic monitoring was conducted also in small water reservoirs, transferred into the administration of our state-owned company from the former Agricultural Water Management Administration, and at some outlets of contamination sources.

The total volume of water management laboratories reached about CZK 18.42 million in 2012.

WORKS BY THE WATER MANAGEMENT LABORATORY IN 2012 (in %)



In 2012, there were 89 confirmed accidents in the total, which worsened or threatened the quality of surface or underground waters. Generally, they were mostly diesel fuel-related accidents, and thereof 74% belonged to car accidents.

MORE IMPORTANT ACCIDENTS:

29 February 2012 - There was a lot of fire-fighting foam found on the surface of Doubravská Stružka, between Orlová and Karviná. It made a part of released mining waters into which it had got when fires had been extinguished in Karviná Mine. The originator took some corrective measures and the outgoing waters were transferred, at the same time, to Karviná Creek.

18 March 2012 - When Unieco Co. did exploratory drilling, they released contamination by crude oil substances into Lištnice flow from the old environmental burden site in the area of Třinec Steelworks in Třinec. The contamination was caught at the installed submerged walls and coking batteries.

18 July 2012 - In the course of construction works on the Ostravice flow in Ostrava, hydraulic oil leaked into the flow. Fire-fighters and the originator EUROVIA CZ, a.s., caught the contamination by submerged walls in the Rivers Ostravice and Odry.

4 November 2012 - There were oil spots found on waters in Buhumínská Stružka in Bohumín. Fire-fighters installed submerged walls which caught the contamination. The walls were handled by Eko-aqua ochrana vod s.r.o. (Eco-aqua Water Protection Ltd.). An unknown perpetrator had probably released oily substance from his cistern onto the embankment of Bohumínská Stružka in Bohumín Skřečoch.

DIVISION OF CONFIRMED ACCIDENTS BY CONTAMINATION KIND

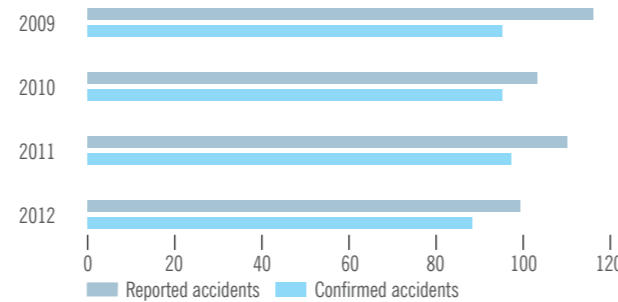
Kind	Number
Oil-related accidents	50
Chemical accidents	8
Waste accidents	16
Agricultural accidents	2
Other accidents	13
TOTAL	89

ACCIDENTS IN 2012

TOTAL REPORTED ACCIDENTS	100
Thereof: Confirmed accidents	89
- Confirmed leaks into a flow	43
- Confirmed threats to a flow	46
Thereof: Not confirmed accidents	11

WATER CLEANLINESS-RELATED ACCIDENTS

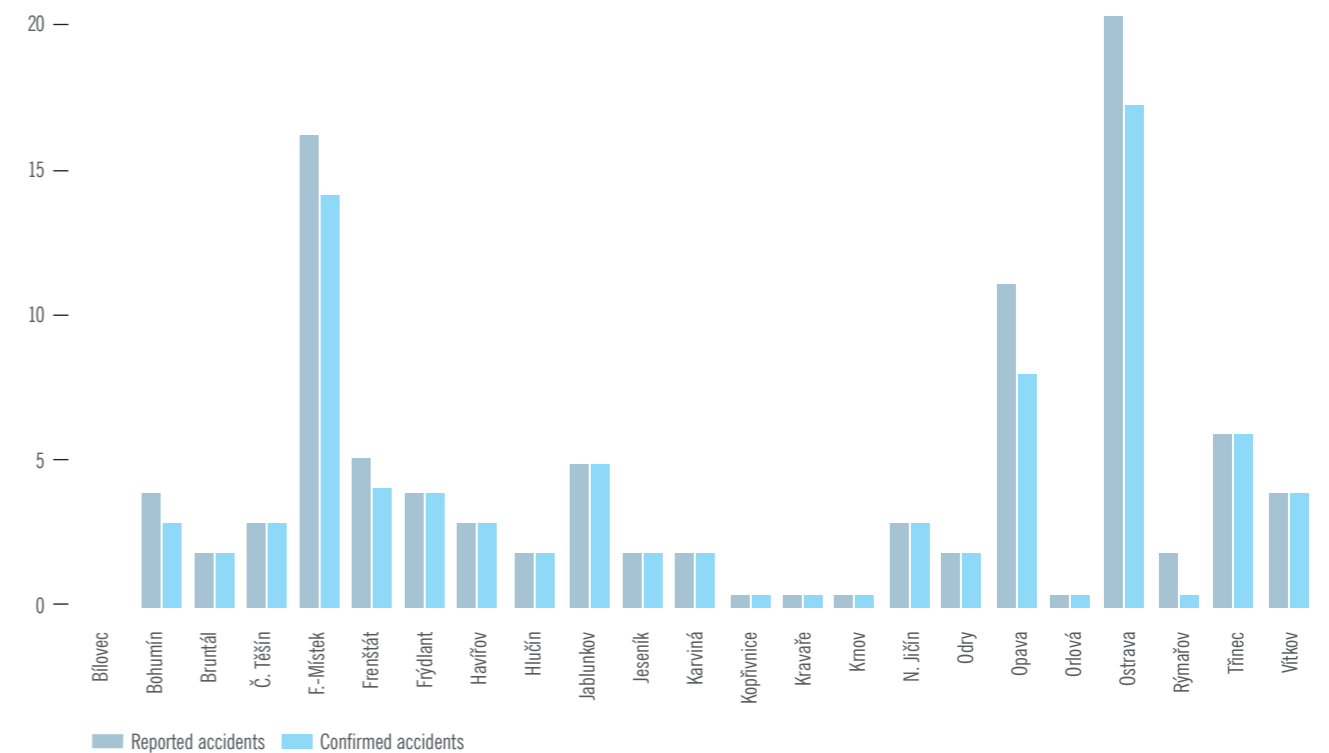
Rok	2009	2010	2011	2012
Reported accidents	117	104	111	100
Confirmed accidents	96	96	98	89



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

District	Břilovec	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	0	4	2	3	16	5	4	3	2	5	2	2	1	1	1	3	2	11	1	20	2	6	4	100
Confirmed accidents	0	3	2	3	14	4	4	3	2	5	2	2	1	1	1	3	2	8	1	17	1	6	4	89

ACCIDENTS IN THE AREA OF INDIVIDUAL MUNICIPALITIES HAVING EXTENDED AUTHORITIES IN 2012



ŠANCE





A NEW DIGITAL FLOOD CONTROL PLAN IS BEING PREPARED

The upgrading of the water managing dispatching office has been taking place within the project "Digital Flood Control Plan of the Moravian-Silesian region and the modernising of the flood warning system" which has been subsidised from the Operating Programme Environment, the Priority Line 1, the sub area 1.3. Flood Risk Limitation. The total costs of the project have reached CZK 19 338 thousand, and thereof 90 % has been paid from the subsidies and 10 % from own resources of the company. The project has been divided into four main parts.

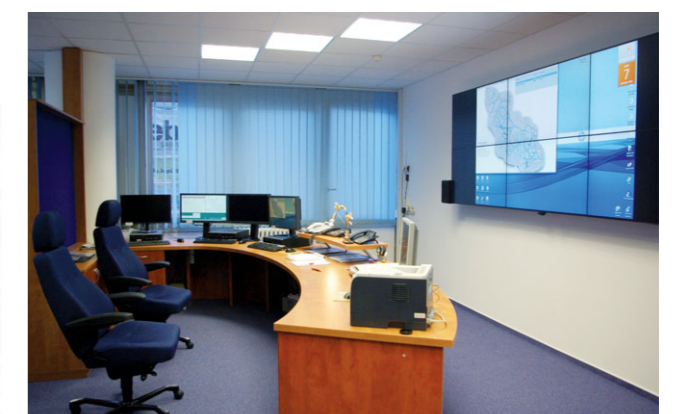
The first part of the project deals with the preparation of the Digital Flood Control Plan of the Moravian-Silesian region. The project resolves the filling in of the relevant databases of the Flood Information System POVIS and processes graphic parts of the Flood Control Plan in a completely new way. The reprocessing has focussed also on the material and organisational parts of the Flood Control Plan. The web application of the Flood Control Plan will run on IBC and it will be interconnected with the Emergency Plan of the Moravian-Silesian region.

The second part of the project has focussed on the installation of camera systems at water works for the monitoring of safety overflows and bottom outlets in the water works Kružberk, Morávka, Olešná, Silesian Harta, Těrlícko, Žermanice, and Vyšší Lhoty. The image monitoring will increase the safety of operations of the water works and the image transmissions will go also to the Water Management Dispatching Office. The installation of optical cables will make a part of the camera systems. That will ensure not only the image transmissions, but will create a basis for the future upgrading of management systems related to water works and utilising Internet technologies.

The third part of the project deals with the installation of microwave connections with the water works Morávka, Kružberk, and Silesian Harta. Three relay stations - Hrabyně, Horní Benešov, and Staré Těchanovice, make parts of this stage. The fourth part of the project covers the sum of provisions improving reactions of the Water Management Dispatching Office when torrential rains occur. This is about the construction of five new precipitation measuring stations: Jindřichov, Horní

Nový Dvůr, Slatina, Kojetín, and Štramberk. They are in basins experiencing torrential rains in 2009. It is also about the installation of a large-image screen in the Dispatching Officers' Room. It should allow for the well-arranged visualisation of all information needed for the decision-making by the Dispatching Officers during floods. At last, but not the least, the radio data network will be divided into two parts – each of them will work on a different frequency. This should shorten the data collection time, when collecting data from measuring stations, to 5 minutes.

In 2012, an important part of construction works has been completed, especially on the relay stations Hrabyně and Staré Těchanovice. They are 35 metres high concrete posts equipped with a technological container, fencing, and the access road. Also, there were optical cables installed at water works Olešná, Žermanice, Těrlícko, and Vyšší Lhoty. A large-image screen has been installed in the Dispatching Officers' Room. The works continue also in 2013 and the final deadline of the whole project has been determined as May 2013.



Despite the fact that the economic results were influenced in 2012 by the increased volume of repairs, removals of damages caused in 2009 and 2010, and also the higher volume of costs invested in the management of smaller flows some of which had been taken over within the transformation of the Agricultural Water Management Administration in 2011, the state-owned company managed to maintain the long-term dynamics in the development of economic indicators.

In 2012, the company achieved the economic result at the level of CZK 15 247 thousand, especially thanks to the revenues coming from sales of own products. The total revenue was CZK 703 481 thousand in 2012 and that means the year-on-year decrease by CZK 9 523 thousand, but that took place only in the area of other operational profits. This decrease related to the finalisation in removals of flood damages caused in 2009 and 2010, especially those covered by insurance. In contrast, our own output increased year-on-year by CZK 30 501 thousand and we can say that the development in the internal structure of the total revenue was the positive one for the benefit of the revenue coming from sales of our own products and services. The total costs were CZK 688 234 thousand in 2012. They decreased year-on-year by CZK 12 050 thousand and that was mainly because of the same reasons as in the area of revenues. We invested the total of CZK 186 556 thousand in repairs and maintenance, thereof CZK 19 249 thousand related to the removal of flood damages caused in 2009, CZK 62 295 thousand related to the removal of flood damages caused in 2010, CZK 88 490 thousand related to repairs and maintenance of water flows, and CZK 16 522 thousand to repairs of other assets. When it comes to resources, we paid these repairs mainly from our own sources – CZK 126 063 thousand, thereof CZK 16 573 thousand was covered by insurance or, partly, from operational subsidies, which reached the total of CZK 60 493 thousand. Within the total costs, we had created accounting reserves for any possible future risks. They were especially the reserves related to the removal of damages caused by any future floods and to repairs of assets created with

subsidies, which cannot be covered by resources for reproduction in the form of depreciation.

The value of the total acquisitions of long-term assets within fixed assets was CZK 419 691 thousand, thereof CZK 290 333 thousand related to subsidy titles, CZK 123 572 thousand came from our own resources, and acquisitions worth CZK 5 786 thousand were gained free of charge. Investment subsidies came from the state budget (Chapter of the Ministry of Agriculture of the Czech Republic) for the removal of flood damages caused in 2009 and 2010 – they reached the total of CZK 90 267 thousand, for the flood prevention, Stage II – they were at the level of CZK 105 732 thousand, and for the purchases related to the action "Upper River Opava Provisions" at the level of CZK 69 980 thousand. There were also subsidies used from the Operating Programme Environment for the upgrading of the Water Management Dispatching Office monitoring system, for the revitalisation of water flows, and for studies of flood-related risks at the total level of CZK 21 024 thousand. Other subsidies came from regional budgets and they related to flood prevention – CZK 2 250 thousand, and planning in the area of water – CZK 1 080 thousand. The current assets increased, when compared with 2011, by the total of CZK 34 405 thousand, especially thanks to increases in short-term financial assets. In the area of receivables, we reported some decrease because of the year-on-year lowering of doubtful items related to insurance and because of the changed value-added tax rate. The balance of receivables after the due date was minimal at the end of 2012.

In liabilities, the economic result increased, when compared with 2011, thanks to the free of charge acquisitions of assets. Our equity has grown, when compared with 2011, by CZK 8 908 thousand. Foreign resources also grew by CZK 6 223 thousand, mainly because of created reserves determined for future risks.

In the end, we can report that thanks to the achieved economic result, created reserves, the value of funds at our disposal, and the low level of debt, the state-owned company Povodí Odry found itself in a stable economic and financial situation at the end of 2012.

COSTS (in thousand CZK)

Consumed purchases	50 509
Purchased services	225 700
thereof: Repairs and maintenance	186 556
Other services	39 144
Personnel costs	225 426
thereof: Wages	155 396
Health insurance and social security	70 000
Other social costs	30
Taxes and fees	2 517
Other operational costs	11 635
Depreciation, corrections and reserves	155 204
thereof: Depreciation	142 958
Corrections and reserves	12 246
Total operating costs	670 991
Total financial costs	208
thereof: Paid interest	0
Other	208
Deferred tax	17 035
TOTAL COSTS	688 234

COSTS STRUCTURE (in %)

Consumed purchases	7,34
Services	32,79
Personnel costs	32,75
Depreciation, reserves, and corrections	22,55
Other costs	4,56
TOTAL COSTS	100,00

REVENUE (in thousand CZK)

Revenue	617 594
thereof: Surface water	528 672
Electric power	66 000
Fish	13 489
Services and goods	9 433
Change in own produced inventory	-487
Activation	1 356
Other operating revenue	82 562
Total operating revenue	701 025
Total financial revenue	2 456
thereof: Received interest	2 237
Other	219
TOTAL REVENUE	703 481

REVENUE STRUCTURE (in %)

Surface water revenue	75,15
Electric power revenue	9,38
Revenue from fish	1,92
Revenue from sold services and goods	1,34
Other revenues	12,21
TOTAL REVENUE	100,00

ECONOMIC RESULTS (in thousand CZK)

Profit in the accounting period	15 247
Value-added	342 253

REPORT BY AN INDEPENDENT AUDITOR for the founder of the state-owned company POVODÍ ODRY

Report on the Final Accounts

On the basis of an executed audit, we have issued the following Report on the Final Accounts, on the 15th of March 2013, that makes a part of the Annual Report:

We have executed an audit of the enclosed Final Accounts of the state-owned company Povodí Odry, which consist of the Balance Sheet prepared at the 31st of December 2012, the Profit/Loss Account of the period from the 1st of January 2012 to the 31st of December 2012, the Cash-Flow Review of the period from the 1st of January 2012 to the 31st of December 2012, and the Attachment to the Final Accounts, including the description of important used accounting methods and other explanatory information. The data related to Povodí Odry, state-owned company, are presented on Page 1 to these Final Accounts.

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

The Statutory Body of the state-owned company Povodí Odry is responsible for the preparation of Final Accounts, which provide truthful and honest description in accordance with the Czech accounting regulations, and for the internal control system, which is considered necessary for the preparation of the Final Accounts and which prevents the occurrence of any significant (material) shortcomings caused by deceit or mistake.

The auditor's responsibility

Our responsibility 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 plan and execute the audit in such way that we become adequately assured that the Final Accounts do not contain any significant (factual) 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 (material) 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 given by these 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 proving information which we gained 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 and liabilities of the state-owned company Povodí Odry as at the 31st of December 2012 as well as of costs, revenues, economic results, and the cash-flows in the period from the 1st of January 2012 to the 31st of December 2012, according to the Czech accounting regulations.

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

Report on the Annual Report

We have verified the correspondence of the Annual Report with the Final Accounts, which make a part of this Annual Report by the state-owned company Povodí Odry and which was prepared at the 31st of December 2012.

The Statutory Body of the company is responsible for the correctness 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 the state-owned company Povodí Odry, prepared at the 31st of December 2012, corresponds in all important facts with the above-mentioned Final Accounts.

In Ostrava on the 19th of April 2013

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

On behalf of the Auditing company:
Ing. Ivo Knopp,
Auditor, Certificate No. 1537
Company Statutory Representative

MORÁVKA



BALANCE SHEET in full prepared at the 31st of December 2012 (in thousand CZK)

Class a	ASSETS b	Line c	Current Accounting Period			Previous period 4
			Gross 1	Adjustment 2	Net 3	
	TOTAL ASSETS	001	7 825 882	-3 073 333	4 752 549	4 737 450
B.	Long-term Assets	003	7 443 196	-3 055 802	4 387 394	4 405 644
B.I.	Long-term Intangible Assets	004	106 226	-93 336	12 890	19 120
B.I.2.	Intangible Research and Development	006	13 948	-13 948	0	0
B.I.3.	Software	007	40 953	-39 386	1 567	1 993
B.I.6.	Other Intangible Long-term Assets	010	45 457	-40 002	5 455	11 893
B.I.7.	Intangible Long-term Assets in Progress	011	5 237	0	5 237	4 603
B.I.8.	Provided long-term intangible assets-related deposits	012	631	0	631	631
B.II.	Long-term Tangible Assets	013	7 336 970	-2 962 466	4 374 504	4 386 524
B.II.1.	Land	014	370 108	0	370 108	344 160
B.II.2.	Building Structures	015	6 376 138	-2 634 721	3 741 417	3 774 945
B.II.3.	Independent Items and Sets of Items	016	451 452	-327 332	124 120	125 215
B.II.4.	Permanent Growths	017	413	-413	0	0
B.II.6.	Other Long-term Tangible Assets	019	314	0	314	314
B.II.7.	Long-term Tangible Assets in Progress	020	138 255	0	138 255	140 014
B.II.8.	Provided long-term tangible assets-related deposits	021	290	0	290	1 876
C.	Current Assets	031	380 319	-17 531	362 788	328 383
C.I.	Inventory	032	10 962	0	10 962	10 493
C.I.1.	Materials	033	4 223	0	4 223	3 889
C.I.4.	Animal Stock	036	6 552	0	6 552	6 575
C.I.5.	Goods	037	26	0	26	29
C.I.6.	Provided deposits on inventory	038	161	0	161	0
C.II.	Long-term Receivables	039	333	0	333	207
C.II.5.	Long-term Advance Payments	044	174	0	174	179
C.II.7.	Other Receivables	046	159	0	159	28
C.III.	Short-term Receivables	048	146 201	-17 531	128 670	177 770
C.III.1.	Trade Receivables	049	107 936	-908	107 028	99 692
C.III.6.	State - Taxation Receivables	054	44	0	44	29 394
C.III.7.	Short-term Prepayments	055	1 534	0	1 534	1 541
C.III.8.	Estimated Receivables	056	19 489	0	19 489	45 741
C.III.9.	Other Receivables	057	17 198	-16 623	575	1 402
C.IV	Short-term Financial Assets	058	222 823	0	222 823	139 913
C.IV.1.	Cash in Hand	059	371	0	371	392
C.IV.2.	Cash in Banks	060	222 452	0	222 452	139 521
D.I.	Accruals	063	2 367	0	2 367	3 423
D.I.1.	Deferred Expenditures	064	2 310	0	2 310	3 368
D.I.3.	Deferred Income	066	57	0	57	55
	Control Number	998	31 301 161	-12 293 332	19 007 829	18 946 377

Class a	LIABILITIES b	Line c	Current Accounting Period 5	Previous Accounting Period 6
A.	Equity	068	4 430 813	4 421 905
A.I.	Registered Capital	069	1 519 186	1 519 186
A.I.1.	Registered Capital	070	1 519 186	1 519 186
A.II.	Capital Funds	073	2 658 329	2 654 477
A.II.2.	Other Capital Funds	075	2 658 329	2 654 477
A.III.	Profit Funds	078	238 051	235 521
A.III.1.	Legal Reserve/Indivisible Fund	079	151 919	151 919
A.III.2.	Statutory and Other Funds	080	86 132	83 602
A.V	Profit/Loss of the Current Accounting Period	084	15 247	12 721
B.	Foreign Resources	085	321 691	315 468
B.I.	Reserves	086	117 619	105 332
B.I.4.	Other Reserves	090	117 619	105 332
B.II.	Long-term Liabilities	091	172 622	160 587
B.II.9.	Other Liabilities	100	365	5 365
B.II.10.	Deferred Tax Payable	101	172 257	155 222
B.III.	Short-term Liabilities	102	31 450	49 549
B.III.1.	Trade Payables	103	6 198	19 138
B.III.5.	Employee Related Liabilities	107	11 249	10 640
B.III.6.	Social Security and Health Insurance Liabilities	108	7 066	6 864
B.III.7.	State - Taxation Liabilities and Subsidies	109	2 057	2 013
B.III.8.	Short-term Accepted Deposits	110	128	362
B.III.10.	Estimated Payables	112	1 731	2 185
B.III.11.	Other Liabilities	113	3 021	8 347
C.I.	Accruals	118	45	77
C.I.1.	Accrued Expenses	119	4	9
C.I.2.	Deferred Revenue	120	41	68
	Control Number	999	18 994 904	18 937 002

PROFIT/LOSS ACCOUNT in full in kind structure related to the period from the 1st of January 2012 to the 31st of December 2012 (in thousand CZK)

Class a	Text b	Line No. c	Result in the Accounting Period	
			Current 1	Previous 2
I.	Revenues from Sold Goods	001	0	3
A.	Costs of Sold Goods	002	1	3
+	Gross Margin	003	-1	0
II.	Production	004	618 463	587 961
II.1.	Revenues from Sales of Own Products and Services	005	617 594	588 058
II.2.	Change in Own Produced Stock	006	-487	-937
II.3.	Capitalisation	007	1 356	840
B.	Production Consumption	008	276 209	309 855
B.1.	Materials, Light and Power	009	50 509	45 289
B.2.	Services	010	225 700	264 566
+	Value Added	011	342 253	278 106
C.	Personnel Expenses	012	225 426	219 061
C.1.	Wages	013	155 396	152 352
C.3.	Social Security and Health Insurance Costs	015	54 940	53 532
C.4.	Fringe Benefits	016	15 090	13 177
D.	Fees and Taxes	017	2 517	2 317
E.	Long-term Tangible and Intangible Assets Depreciation	018	142 958	140 181
III.	Revenue from Sales of Long-term Assets and Materials	019	1 712	1 239
III.1.	Revenue from Sales of Long-term Assets	020	1 712	1 239
F.	Net Book Value of Sold Long-term Assets and Materials	022	248	55
F.1.	Net Book Value of Sold Long-term Assets	023	248	55
G.	Reserves and Deferred Income in Operating Revenue	025	12 246	1 314
IV.	Other Operating Revenues	026	80 851	121 582
H.	Other Operating Expenses	027	11 387	10 643
*	Operating Profit/Loss	030	30 034	27 356
X.	Interest Received	042	2 237	2 165
N.	Interest Paid	043	0	8
XI.	Other Financial Revenue	044	219	55
O.	Other Financial Expenses	045	208	210
*	Profit/Loss from Financial Operations	048	2 248	2 002
Q.	Income Tax on Ordinary Activities	049	17 035	16 637
Q.2.	- Deferred Tax	051	17 035	16 637
**	Profit/Loss from Ordinary Activities	052	15 247	12 721
***	Profit/Loss of the Accounting Period	060	15 247	12 721
****	Profit/Loss before Tax	061	32 282	29 358
	Control Number	999	2 968 120	2 910 361

GENERAL DATA

Commercial name: Povodí Odry, státní podnik (state-owned company River Odra Basin)

Official address: Varenská 49, Ostrava, Moravská Ostrava, Post Code 701 26

Legal form: state-owned company

Identification number: 70890021

Main business activities: River basin administration 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.

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

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

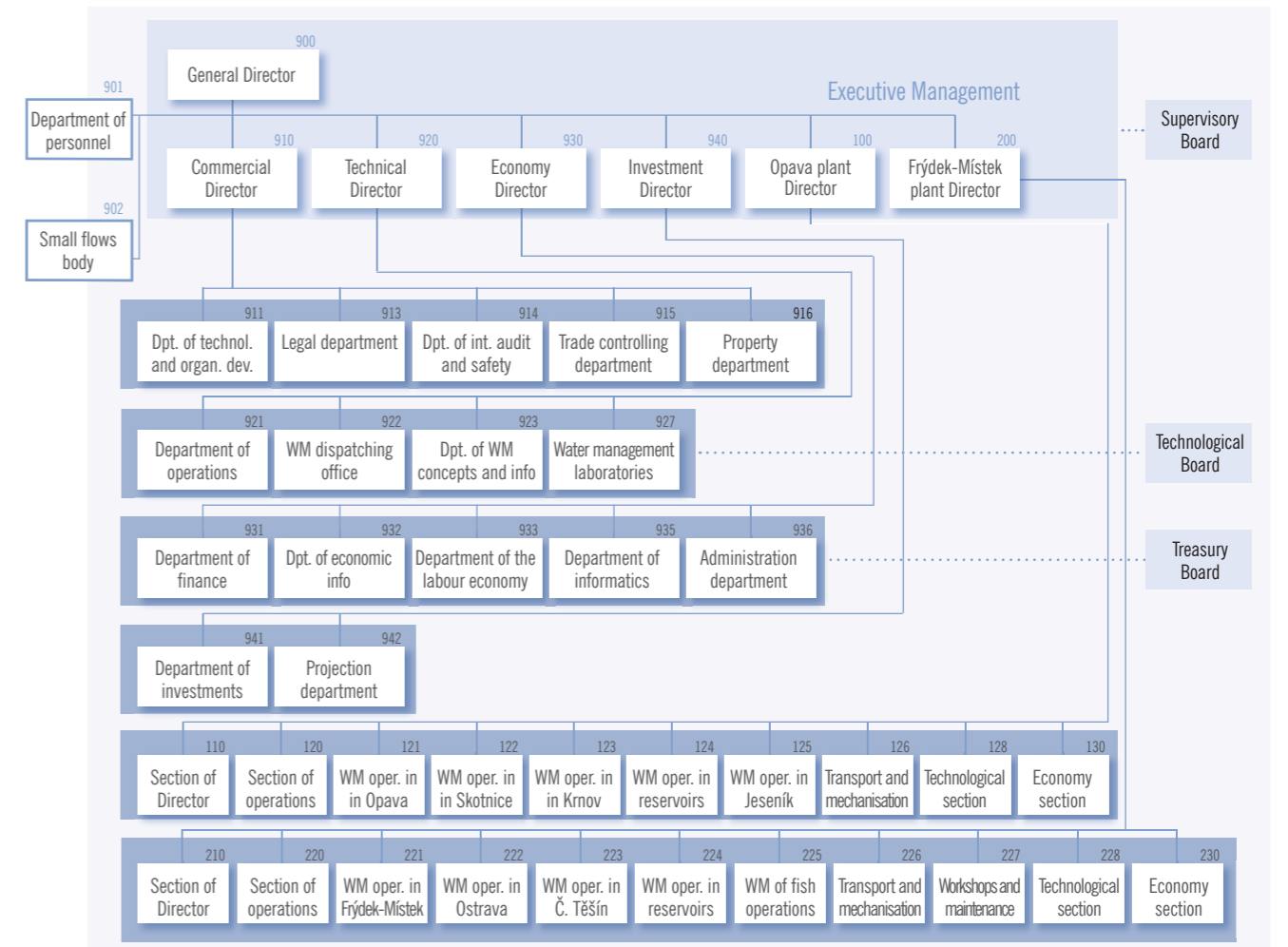
Founder: Ministry of Agriculture of the Czech Republic

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

Balance Sheet Date: 31st of December 2012

Date of the Balance Sheet Preparation: 7th of March 2013

ORGANISATION CHART



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

The Regional Court in Ostrava, Department of the Commercial Register, has entered the following changes in 2012:

- **25th of April 2012** - There has been a Resolution issued which related to the Founding Document registering changes in members of the Supervisory Board and the entry of the actual value of determined assets (the legality of the Resolution occurred on the 11th of May 2012).
- **9th of July 2012** - There has been a Resolution issued which related to the Founding Document registering changes in members of the Supervisory Board (the legality of the Resolution occurred on the 23rd of July 2012).

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

Ing. Miroslav Krajiček, General Director

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

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

SUPERVISORY BOARD (as at the Balance Sheet date)

Miroslav Novák

JUDr. Jindřich Urfus

Ing. Aleš Kendík

Zdeněk Havlík

Ing. Michal Sírko

Mgr. Petr Procházka

Ing. Ivana Mojžíšková

Ing. Ivana Musálková

Ing. Jiří Tkáč

CHANGES IN THE ORGANISATION STRUCTURE

There were no changes in the organisational structure of the state-owned company Povodí Odry during the accounting period.

EMPLOYEES AND PERSONNEL COSTS

	31 st of December 2011	31 st of December 2012
Average number of employees	464	464
Wage costs, including Other personnel costs (in thousand CZK)	152 352	155 396
Costs of the social security and health insurance (in thousand CZK)	53 531	54 927

OTHER PAYMENTS TO PEOPLE WHO MAKE UP THE STATUTORY BODY OR WHO 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 the use pursuant to § 6 (6) in the Income Tax Act)
- **Members of the Supervisory Board, who are the employees of the state-owned company Povodí Odry:** Ing. Ivana Mojžíšková, Ing. Ivana Musálková and Ing. Jiří Tkáč - the company car free of charge, 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 the use pursuant to § 6 (6) in the Income Tax Act).

VALUATION WAYS AND THE USED ACCOUNTING METHODS**THE VALUATION WAY**

- Purchased inventory - purchase prices,
- Own created inventory (including fish gains) - own costs,
- Decreases in the 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,
- Long-term tangible and intangible assets gained free of charge from state-owned companies - accounted 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 into the Czech currency using the daily exchange rates valid on the foreign-exchange market and 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 one 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 31.12.2011		At 31.12.2012	
	Purchase price	Corrections	Purchase price	Corrections
Buildings, halls and structures	333 738	94 489	339 649	97 585
Other constructions	5 976 095	2 443 399	6 036 489	2 537 136
TOTAL	6 309 833	2 534 888	6 376 138	2 634 721

LIST OF INDEPENDENT TANGIBLE ASSETS AND SETS OF TANGIBLE ASSETS - ACCOUNT 022 (IN THOUSAND CZK)

Class	At 31.12.2011		At 31.12.2012	
	Purchase price	Corrections	Purchase price	Corrections
Energy-related and driving machinery	127 953	76 319	128 860	86 359
Work machines and facilities	79 669	50 489	85 684	54 732
Instruments and technological facilities	117 167	95 197	126 861	101 721
Transport equipment	103 679	82 508	105 088	81 021
Inventory	4 706	3 446	4 959	3 499
TOTAL	433 174	307 959	451 452	327 332

The state-owned company Povodí Odry has not had any pledged tangible or intangible assets.

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

Animals	At 31.12.2011	At 31.12.2012
Reported as long-term assets	-	-
Reported as inventory	6 575	6 551

RECEIVABLES (in thousand CZK)

Receivables (both long and short-term)	At 31.12.2011	At 31.12.2012
Receivables with due dates longer than 5 years	-	-
Receivables after the due date (without receivables related to the court costs compensation)	3 345	2 896

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

	Situation on 1.1.2012, Account 391 - opening balance - credit	Accounting in 2011 Turnover - debit	Creation in 2012 Turnover - credit	Situation on 31.12.2012, Account 391 - closing balance - credit
Legal	669	669	625	625
Accounting	16 903	16 903	16 906	16 906
TOTAL	17 572	17 572	17 531	17 531

LIABILITIES (in thousand CZK)

	At 31.12.2011	At 31.12.2012
Short-term liabilities		
Liabilities after due dates	1 674	1 674

The liabilities after the due date occurred in relation to collection of fees for contamination of surface waters and for the consumption of underground waters. Povodí Odry has managed this agenda by law till 2001 and sent the collected payments to the final receiver, i.e. the State Environmental Fund (SFŽP) of the Czech Republic. The reported value of these liabilities towards SFŽP exists, at the same level, in claims by Povodí Odry against individual contaminating parties and customers, who did not pay the prescribed payments and who are still parties to unfinished bankruptcies and insolvency procedures.

	At 31.12.2011	At 31.12.2012
Long-term liabilities		
Liabilities with the due date longer than 5 years	-	-
Liabilities after due dates	-	-

The state-owned company Povodí Odry does not have any Bank loans or financial assistance.

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

	At 31.12.2011	At 31.12.2012
Account 336		
Social Security	4 804	4 915

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

	At 31.12.2011	At 31.12.2012
Account 336		
Health insurance	2 060	2 151

The due liabilities were paid in January in the following accounting period.

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

	At 31.12.2011	At 31.12.2012
Contents		
Long-term deposits received	5 365	365
Total	5 365	365

RESERVES

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

Purpose	Situation at 1.1.2012, Account 459	Creation	Utilisation (Accounting)	Situation at 31.12.2012, Account 459
Reserve on not depreciated assets purchased with investment subsidies	74 332	5 491	3 104	76 719
Flood reserve	31 000	40 000	31 000	40 000
Other reserves	-	900	-	900
TOTAL	105 332	46 391	34 104	117 619

DEFERRED TAX – Account 481 (in thousand CZK)

Item	Situation at 31.12.2012
ACCOUNTING BALANCE PRICE DM (ÚZH)	3 475 692
TAXATION BALANCE PRICE DM (DZH)	2 569 086
Accounting and taxation price difference (ÚZH – DZH)	906 606
19 %	172 255
Not paid interest on delay	9
19 %	2
Total deferred tax liability	172 257
Deferred tax liability	
- Account 481 balance at 31.12.2011	155 222
- Account 481 balance at 31.12.2012	172 257
Difference – Account 592 Credit	17 035

The deferred tax has not been accounted for because of the carefulness principle.

INVESTMENT SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2011	At 31.12.2012
Removal of 2009 flood damage/state budget	46 633	55 617
Removal of 2010 flood damage/state budget	3 916	34 650
Flood prevention/state budget	128 556	105 732
Flood prevention/regional budgets	11 440	2 250
Provisions in the Upper River Opava – acquisitions/state budget	49 995	69 980
Study of flood-related risks/state budget, State Environmental Fund	2 484	2 388
Upgrading of the Dispatching Office/state budget, State Environmental Fund	3 823	5 247
Revival of water flows/state budget, State Environmental Fund	16 972	13 389
Planning in the water area/regional budgets	-	1 080
TOTAL	263 819	290 333

OPERATIONS-RELATED SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2011	At 31.12.2012
Removal of 2009 flood damage/state budget	12 813	17 592
Removal of 2010 flood damage/state budget	42 974	42 901
Water monitoring/state budget, State Environmental Fund	913	-
TOTAL	56 700	60 493

REVIEW OF CHANGES IN THE EQUITY IN THE PERIOD FROM THE 1ST OF JANUARY 2012 TO THE 31ST OF DECEMBER 2012 (in thousand CZK)

Balance Sheet line	Item (Account)	Situation at the 1st of January	Increase	Decrease	Situation at the 31 st of December
A.I	Equity - Owner's capital (Acc. 411)	1 519 186	-	-	1 519 186
A.II	Capital funds (Acc. 413)	2 654 477	5 786	1 934	2 658 329
A.III	Reserve funds, other profit funds	235 521	20 607	18 077	238 051
A.III.1	Legal reserve fund (Acc. 421)	151 919	-	-	151 919
A.III.2	Statutory and other funds	83 602	20 607	18 077	86 132
A.III.2	thereof: - Investment fund (Acc. 427)	46 258	-	-	46 258
A.III.2	- Cultural and social fund (Acc. 423)	21 401	13 937	12 927	22 411
A.III.2	- Reward fund (Acc. 427)	15 943	6 670	5 150	17 463
A.V	Profit/Loss of the current period	12 721	15 247	12 721	15 247
	TOTAL EQUITY (A.I to A.V.)	4 421 905	41 640	32 732	4 430 813

DESCRIPTION OF CHANGES

Capital funds (Account 413)

Increase: CZK 5 786 thousand - the free of charge taking over land lots and other long-term assets

Decrease: CZK 1 934 thousand - the free of charge land transfers

Cultural and social fund (Account 423)

Increase: CZK 13 937 thousand (CZK 6 051 thousand - created from the 2011 profit – loan instalments and other increases)

STATUTORY AUDITOR'S AWARD (in thousand CZK)

Purpose	At 31.12.2011	At 31.12.2012
Compulsory Balance Sheet audit		
Contracted costs (w/o VAT), as in the contract	160	160
Current year costs	155	160
Previous years' audit (the accounting finalisation)	75	80
Current year audit (the running audit)	80	80
Other auditing services	-	-

REVENUE FROM SALES OF GOODS, PRODUCTS AND SERVICES BY ACTIVITY KINDS

Accounting group 60 (in thousand CZK)

Activity kind	At 31.12.2011	At 31.12.2012
Revenue from sales of surface water	497 413	528 672
Revenue from the electric power production	65 682	66 000
Revenue from sold fish	14 518	13 489
Rent-related revenue	3 745	4 143
Revenue from sales of laboratory works	1 851	1 973
Revenue from sales of goods	3	-
Other revenue	4 849	3 317
TOTAL	588 061	617 594

CASH-FLOW REVIEW of the period from the 1st of January 2012 to the 31st of December 2012 (in thousand CZK)

Class a	TEXT b	Reality 1
P.	Situation in cash and cash equivalents at the beginning of the accounting period	139 913
Cash flow from main earning activities (operations)		
Z.	Accounting profit/loss from ordinary activities before tax	32 283
A.1.	Adjustments and non monetary operations	179 322
A.1.1.	Depreciation of fixed assets, receivables and correction amortisation related to acquisitioned assets	143 953
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	39 070
A.1.3.	Profit/Loss from sales of fixed assets (-/+)	-1 464
A.1.4.	Revenue from dividends and profit shares (-)	0
A.1.5.	Accounted paid interests (+) and received interests (-)	-2 237
A.*	Net cash-flow from operations before tax, changes in working capital and extraordinary items	211 605
A.2.	Change in working capital needs	6 120
A.2.1.	Change in operations-related receivables (-/+)	22 762
A.2.2.	Change in short-term operations-related liabilities (+/-)	-16 172
A.2.3.	Change in the inventory situation (-/+)	- 469
A.**	Net cash-flow from operations before tax and extraordinary items	217 726
A.3.	Interest-related expenditures with the exception of capitalised interests (-)	0
A.4.	Received interests with the exception of companies executing investment activities as their main business activity	2 237
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	219 962
Cash-flow from investment activities		
B.1.	Fixed assets acquisition-related expenditures	-123 572
B.2.	Revenue from sales of fixed assets	1 712
B.3.	Loans and borrowings from/to connected persons (+/-)	0
B.***	Net cash-flow related to investment activities	-121 860
Cash flow from financial activities		
C.1.	Change in long-term or short-term liabilities balances	-5 000
C.2.	Impacts of changes in the own capital on monetary means	-10 192
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 (-)	-10 192
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	-15 192
F.	Net increase or decrease in monetary means	82 911
R.	Monetary means and monetary equivalents' balance at the end of the period	222 823

ZERO ITEMS IN BOTH LAST AND CURRENT ACCOUNTING PERIODS, WHICH ARE NOT PRESENTED IN THE REPORTS**Balance Sheet**

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

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.1 – B.II.8, B.III.2 – B.III. 4, B.III.9, B.IV.1 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 OCCURRING DURING THE ACCOUNTING PERIOD OF 2012 AND WHICH HAVE NOT BEEN ACCOUNTED FOR ON THE BALANCE SHEET OR PROFIT/LOSS ACCOUNTS

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

The court dispute started in 2000 by OSTRAMO, Vlček a spol., s r.o. (Ltd.) filing a suit related to damage compensation worth CZK 1,296,900,000. The damage was supposed to be caused by the River Odra floods in summer 1997. A new suitor TRANSKOREKTA, s.r.o. (Ltd.) entered the proceedings later and the suitor progressively increased the originally claimed sum to CZK 8,139,110,400. The proceedings were then entered by just another new suitor (because of the rendered claim) RETISE ENTERPRISES LIMITED.

The dispute was progressively brought to the District Court in Ostrava and the Regional Court in Ostrava. In 2011, the Regional Court in Ostrava confirmed the verdict by the District Court rejecting the claim related to CZK 7,018,919,000 and 10 % interest rate on the delay. Then, the Court rejected also the claim within the scope of CZK 1,120,191,400 with the 10 % interest on the delay related to the period from the 1st of January 2001 to the payment execution date. The suitor has filed an appeal against the Regional Court's verdict to the High Court of the Czech Republic. The actual situation related to the dispute at the end of 2012 – the appeal by the suitor, asking for a speedy verdict on the filed suit, was delivered to the High Court of the Czech Republic. The state-owned company Povodí Odry sent its opinion on this to the high Court of the Czech Republic.

The above-mentioned facts have not been accounted for in the Final Accounts because the state-owned company Povodí Odry does not recognise the claim and considers it not justified. We thus do 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 an act distorting the true and honest presentation of facts in the Final Accounts.

CHANGES IN THE PERIOD BETWEEN THE BALANCE SHEET DATE AND THE DATE OF PREPARATION OF THE FINAL ACCOUNTS

There were no events between the Balance Sheet preparation date and the date of closing the Final Accounts which would influence the presentations by accounting reports.

The facts and data prescribed for the Attachment to the Final Accounts, according to the Accounting Act No. 563/1991 Coll. as amended and according to the Executive Bylaw No. 500/2002 Coll., but irrelevant to the accounting unit of the state-owned company Povodí Odry do not make a part of this Attachment.

KRUŽBERK





The effective roughness of the Lomná Creek after sixty years of operations

EFFECTIVE ROUGHNESS - THE EXCEPTIONAL AND NOT DEMANDING SOLUTION

In 2010, high water in Tyra Creek caused flood-related damages in sections between the river Km 2.5 to Km 3.2 and Km 4.4 to Km 4.8. The state-owned company Povodí Odry prepared because of that, in 2011, the project documentation and reconstructed the above-mentioned damaged sections of this water flow in 2012. Considering the outflow situation and the hydraulics of flow beds, it is worth to pay attention to the selected way removing the damages between Km 4.4 and Km 4.8. Tyra, in this section, is surrounded by a non continuous landscape the character of which allowed the selection of a unique approach renewing functions and the stability of the damaged bed in the form of the so-called effective roughness. The proposed solution counted on both beginning and end of the adjustments fixed by classic step objects. However, the adjustments in the flow bed in between them were designed without the use of any other step objects. The design is based on the insertion of a system of stone strikes in the flow profile, which will naturally and substantially increase the resistance flowing coefficient, ensure lower kinetic energy of the flowing water, while increasing turbulence, and decrease the medium profile water

speed below the erosion speed value. That should prevent the flow bed destruction. There were bigger "skeletal" boulders prescribed for Tyra (of the sizes 60/60/60 to 80/80/80 cm and the weight between 500 and 1000 Kg) in groups 3 x 3 m and "fill up" stones (of the sizes 20/20/20 cm to 40/40/40 cm and the weight between 20 and 200 Kg) in groups 1x1 to 1.5x1.5 m. The advantages of the "effective roughness" are its cheapness (the costs of the removal of the damage caused by the flood were worth CZK 4.3 million), the not extensive work demands, and the look of natural mountain flow beds with rough boulders. This has been generally quite a unique solution. We know just two situations in the past when similar designs were used. Before WWII, there was the effective roughness used in the Swiss River Aara, below the weir Thuner, and then, in the middle 1960s, there were the similar adjustments used in Lomná Creek in Dolní Lomná, in the section between the flow Km 10.2 and Km 10.8. Both adjustments were successful. When the design for the Lomná Creek was in progress, the then responsible project officer (of the state-owned Forests in Knov - Ing. Jařabáč) contacted the Water

Authority in Switzerland, which had supervised the constructions in Aara. They provided their Czech counterparts with valuable information and advice. Apart from this, the Water management Research Institute in Bratislava prepared a physical experiment in the form of two-dimensional model in a hydraulic gully. The most important finding was probably the fact that the insertion of boulders into the Lomná Creek bed increased the coefficient of the bed bottom resistance to about $n = 0.1$, i.e. more than the two and a half of the resistance coefficient of the bed own materials. In spite of the fact that the model research was conducted in a very simplified way and thus could not answer a number of other issues, it was decided to use the "effective roughness" in Lomná Creek as an experimental flow bed in nature. After almost sixty years of operations of the "water works", we can say that the adjustments have been stable, not requiring any maintenance and without any flood-related damages. We wish that Tyra adjustments are as successful as those in Lomná Creek. This way of flow beds' adjustments should be now used more often, especially in forest and meadow sections, or in more spread build-up areas.



Construction in progress



The return to roughness of the Tyra Creek

POVODÍ ODRY, státní podnik (State-owned company River Odra Basin)

www.pod.cz

Company administration

Ostrava, Post Code 701 26, Varenská 49

Tel.: +420 596 657 111

E-mail: info@pod.cz

Plant 1

Opava, Post Code 474 05, Kolofíkovo nábřeží 54

Tel.: +420 596 657 511

E-mail: zavod.op@pod.cz

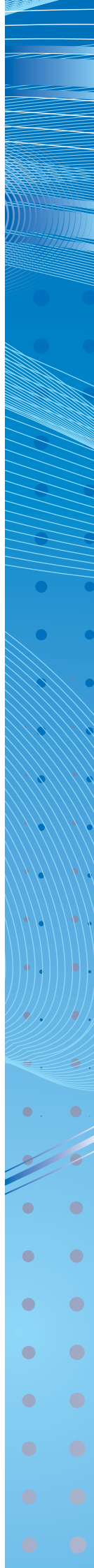
Plant 2

Frydek-Místek, Post Code 738 01, Horymírova 2347

Tel.: +420 558 442 911

E-mail: zavod.fm@pod.cz

© Dativ Ostrava 2013



**20
12**

annual report

