



**SLOVINTEGRA**

**CONSOLIDATED ANNUAL REPORT**

**2011**



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS, BOARD  
OF DIRECTORS AND SUPERVISORY BOARD OF SLOVINTEGRA, A.S.**

We have audited consolidated financial statements of SLOVINTEGRA, a.s.- Group („the Group“, which comprise consolidated statement of financial position as at 31 December 2011, consolidated statement of comprehensive income, statement of cash flows and statement of changes in equity and the notes for the year then ended, and also a summary of significant accounting policies and accounting methods and other explanatory notes.

***Management's Responsibility for the Financial Statements***

Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards accepted by European Union. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and accounting methods, and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether consolidated financial statements for the year 2011 are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies and accounting methods used, and the reasonableness of accounting estimates made by the management, as well as the overall presentation of consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2011, and of its financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards accepted by European Union.

Bratislava, 2. October 2012

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Licencia Skau č.150, IČO 35737689  
Obchodný register, zložka 16463/B



Ing. Viera Häuerová  
zodpovedný audítor  
Licencia SKAU č.494



## Group activities in 2011

SLOVINTEGRA, a.s. (hereinafter referred to as “Slovintegra”, or “the Company” or “the parent company”) has been carrying out its activities for more than 16 years. Our first decade was characterized mainly by participation of the Company in the privatisation of Slovnaft. In subsequent years, Slovintegra’s activities focused on diversification of assets - by investing in industry, financial investments and new technologies, taking into account optimal profitability and risks – and on generating sufficient profit to finance further development of the Company and meet the dividend policy objectives. We were successful at accomplishing our goals. Except the crisis-hit year 2008, we always succeeded in delivering positive income results which enabled regular dividend payout.

In recent years, the global economy, national economies, as well as the companies themselves have been affected by a number of negative factors. Most national economies have been hit by the financial crisis, a significant slowdown in economic growth with an oncoming period of recession. EU countries are suffering from heavy public finance problems. The Eurozone members are striving to counteract the unfavourable development by adopting radical measures to save the single currency.

Naturally, the current economic and financial crisis has a direct impact not only on the Slovak economy, but to a large extent it influences the operation of Slovintegra, with particular negative impact on financial investments. The earthquake and the subsequent Fukushima nuclear accident in Japan (March 2011), the US credit rating downgrade in summer 2011, an escalation of problems in Greece and Italy, threatening credit downgrades in practically all Eurozone countries and lowering of economic indicators forecasts for the next periods strongly increased uncertainty and volatility on world markets.

In 2011, due to market turbulence, many debt instruments in our portfolio were revaluated for lower than their nominal value, which had a negative impact on earnings (revaluation loss). In case of their sale at current stressed prices, i.e. before maturity, Slovintegra would waive the potential further growth of the price to nominal value. Our decision proved reasonable in the first quarter of 2012, when a positive correction had a favourable impact on the current year earnings.

Throughout the year, The Board of Directors in conjunction with the Supervisory Board thoroughly analysed the 16 years of Slovintegra’s operation, its strengths and weaknesses, considering its future, opportunities, threats and risks in the environment of the current and expected development of the Slovak economy, Eurozone, EU, as well as the global economy. It is obvious that in the forthcoming period we cannot really expect appreciation of our assets, particularly the financial investments, at the levels comparable to previous years.

As for our investments in the area of industry and services, we are not planning to expand the portfolio of our business activities in the upcoming years. The Company will focus on their consolidation so that even in the challenging environment we are able to solve the crucial problems in all our projects in terms of achieving the expected level of earnings, performance, costs and legal issues. Moreover, we expect the government and the lawmakers to proceed with addressing the negative business environment attributes, such as corruption and poor law enforcement that we experienced ourselves.

In this regard, the year 2011 saw a positive development of situation in our subsidiaries in Levice - SLOVINTEGRA ENERGY s.r.o., Gas Trading, s.r.o. and SI Teplo, s.r.o. In 2011, we succeeded in reducing the losses in SI Medical, s.r.o. by nearly half compared to the previous year level. Another good news is that we signed a contract with Všeobecná zdravotná poisťovňa, a.s. (General Health Insurance Company). The results in our subsidiaries Granitol akciová spoločnosť (hereinafter referred to as „Granitol“) and Trenčianske minerálne vody, a.s. (hereinafter referred to as „TMV“) improved, mainly due to a contribution of new investments.

We will continue to focus our efforts on improving the performance of our current business portfolio and on solving the crucial problems in operation of our subsidiaries.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

for the period  
as at 31 Dec 2011

for the period  
as at 31 Dec 2010

ASSETS

<i>Non-current assets</i>	<b>256 044 411</b>	<b>315 834 759</b>
Land, buildings and equipment	97 086 470	102 330 138
Long-term intangible assets	871 036	1 111 304
Financial assets	0	100 806
Goodwill	20 582 691	20 582 691
Other investments for sale	137 504 214	191 709 820
<i>Current assets</i>	<b>52 985 706</b>	<b>53 811 241</b>
Cash and cash equivalents	27 422 772	10 112 165
Inventories	7 429 177	9 162 459
Trade and other receivables	14 324 360	26 195 317
Tax receivables	62 314	1 409 753
Deferred tax receivable	1 625 418	1 784 147
Other assets	2 121 665	5 147 400

**TOTAL ASSETS**

**309 030 117**

**369 646 000**

LIABILITIES

<i>Long-term liabilities</i>	<b>46 794 148</b>	<b>49 993 161</b>
Long-term bank loans	44 739 945	46 615 549
Deferred tax liability	667 394	566 036
Other long-term liabilities	1 386 809	2 811 576
<i>Short-term liabilities</i>	<b>18 202 382</b>	<b>36 168 127</b>
Trade and other payables	4 551 190	11 673 173
Employee benefits and social security	955 165	1 014 520
Tax liabilities	837 486	692 146
Short-term loans	4 106 506	10 979 044
Short-term provisions	5 889 175	10 362 116
Other short-term liabilities	1 862 860	1 447 128
<b>TOTAL LIABILITIES</b>	<b>64 996 530</b>	<b>86 161 288</b>

SHAREHOLDER'S EQUITY

Share capital	109 735 000	109 735 000
Treasury shares and interests	-445 000	0
Funds	62 055 142	62 169 855
Non-controlling interest	0	1 156 514
Retained earnings/accumulated losses from previous years	83 573 670	108 550 331
Profit/loss from current period	-10 885 225	1 873 012
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>244 033 587</b>	<b>283 484 712</b>

**TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES**

**309 030 117**

**369 646 000**

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

	for the period of the year 2011	for the period of the year 2010
Revenues from sale of merchandise	4 052 815	2 422 416
Revenues from sale of own goods and services	95 434 018	86 256 913
Changes in internal inventories	434 729	1 469
Result of property sale	-36 162	0
Other revenues	5 463 191	6 839 950
<b><i>Operating revenues</i></b>	<b>105 348 591</b>	<b>95 520 748</b>
Cost of materials and energy	39 912 328	34 728 769
Cost of goods sold	31 176 199	30 660 480
Personnel costs	12 751 768	12 189 918
Depreciation	9 468 586	10 164 917
Services	7 406 279	12 076 106
Other costs	14 947 048	5 411 778
<b><i>Operating costs</i></b>	<b>115 662 208</b>	<b>105 231 968</b>
OPERATING PROFIT/LOSS	<b>-10 313 617</b>	<b>-9 711 220</b>
Interest revenues	578 413	16 308
Revenues from sale of securities and interests	81 068 910	8 535 906
Revenues from long-term financial assets	89 000	11 430 010
Other financial revenues	1 763 929	1 677 715
<b><i>Financial revenues</i></b>	<b>83 500 252</b>	<b>21 659 939</b>
Interest expense	495 873	302 636
Securities and interests sold	88 293 893	8 268 533
Adjusting entries to financial assets	-8 114 568	0
Other financial expenses	2 473 615	1 151 011
<b><i>Financial expenses</i></b>	<b>83 148 813</b>	<b>9 722 180</b>
PRE-TAX PROFIT/LOSS	<b>-9 962 178</b>	<b>2 226 539</b>
Tax due	584 572	535 007
Tax deferred	466 607	-539 228
PROFIT/LOSS AFTER TAX	<b>-11 013 357</b>	<b>2 230 760</b>
<b><i>Other comprehensive income</i></b>		
Revaluation surplus	128 256	-357 646
Tax deferred	124	102
<b><i>Other comprehensive income after tax</i></b>	<b>128 132</b>	<b>-357 748</b>
<b>TOTAL COMPREHENSIVE INCOME AFTER TAX</b>	<b>-10 885 225</b>	<b>1 873 012</b>
Non-controlling interest	0	0
<b>COMPREHENSIVE INCOME AFTER TAX</b>	<b>-10 885 225</b>	<b>1 873 012</b>

**CONSOLIDATED STATEMENT OF  
SHAREHOLDER'S EQUITY**

	31 12 2010	addition	disposal	31 12 2011
<b>SHAREHOLDER'S EQUITY</b>				
Share capital	283 484 712	0	1 716 227	244 033 587
Funds	109 735 000	0	445 000	109 290 000
Interest without the right to control	62 169 855	0	114 713	62 055 142
Retained earnings/accumulated losses	1 156 514	0	1 156 514	0
	110 423 343			72 688 445
	<i>108 550 331</i>		<i>24 976 661</i>	<i>83 573 670</i>
	<i>1 618 932</i>	<i>0</i>	<i>20 107 296</i>	<i>-18 488 364</i>
	<i>254 080</i>	<i>7 349 059</i>	<i>0</i>	<i>7 603 139</i>

## 1. CONSOLIDATED ENTITY

### Parent company

SLOVINTEGRA, a.s. Tematínska 5/A, 851 05 Bratislava, Company Registration No.: 31392318, is a joint stock company (the „Company“) founded on 27 February 1995 and entered into the Commercial Register of the Slovak Republic on 6 April 1995. The consolidated financial statements of the Company for the year ended on 31 December 2011 are prepared for the Company and its subsidiaries (the „Group“) and are drawn up in EUR.

In 2011, the headcount of the Company averaged to 12 employees, 2 of whom were managers.

### **Statutory and Supervisory Body:**

Chairman of the Board of Directors: Ing. Slavomír Hatina

Members of the Board of Directors: Ing. Jolana Petrášová

Ing. Dušan Durmis

Ing. Ivan Horvát

Ing. Vratko Kaššovic

Members of the Supervisory Board: Ing. Ján Kavec, M.B.A., CSc.

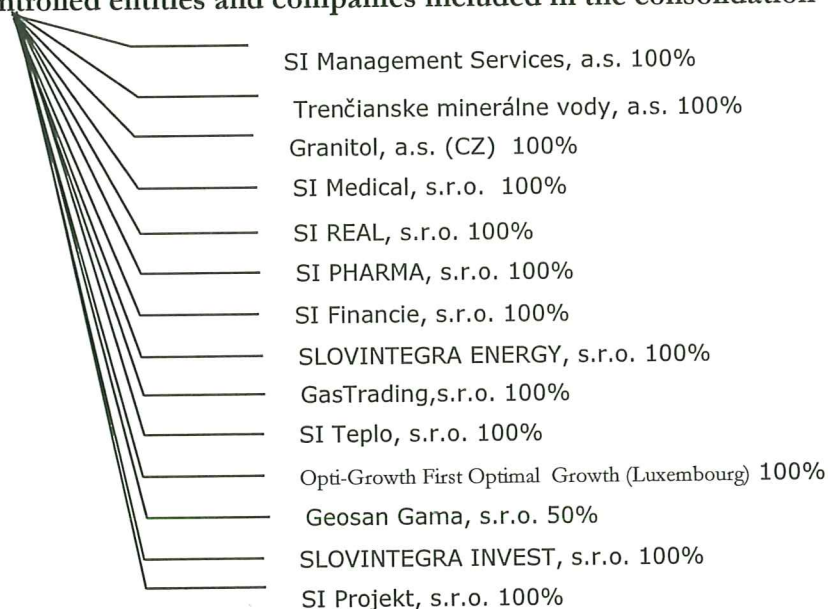
Ing. Peter Ďatel

Ing. Daniel Krajniak

Ing. Ľuboš Čonka

Ing. Jaroslav Linkeš

### **SLOVINTEGRA, a.s. – controlled entities and companies included in the consolidation**



### Subsidiaries

Name and Registered Office: **SI Management Services, a.s.**

Tematínska 5/A, 851 05 Bratislava 29, Slovak Republic

Line of business: - activities of business, organisational and economic advisers



- providing investment services for parent company and subsidiaries

Company Reg. No.: 35 87 35 31  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 2, 1 of whom is a manager

Name and Registered Office: **Trenčianske minerálne vody, a.s.,**  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic

Line of business: - bottling of natural mineral water and production of soft drinks

Company Reg. No.: 35 86 71 59  
Share: 100 % SLOVINTEGRA, a.s.  
Number of employees: 37, 2 of whom are managers

Name and Registered Office: **GRANITOL, akciová spoločnosť**  
Partyzánska 464, 793 05 Moravský Beroun, Czech Republic

Line of business: - plastic products and sets manufacturing  
- metalworking  
- locksmithery  
- assembly and repairs of specific electrical equipment

Company Reg. No.: 00 01 21 14  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 333, 17 of whom are managers

Name and Registered Office: **SI Medical, s.r.o.,**  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic

Line of business: - operation of a healthcare facility – a general hospital providing outpatient, inpatient, one-day medical care and common examination and treatment units within the fields and scope of the permission granted by the Bratislava Self-Governing Region – MEDISSIMO Hospital and Clinic

Company Reg. No.: 36 68 04 78  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 126, 8 of whom are managers

Name and Registered Office: **SI REAL, s.r.o.**  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic

Line of business: - real property lease and providing more than basic lease-related services  
- movable property lease

Company Reg. No.: 36 29 27 88  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 5, 1 of whom is a manager

Name and Registered Office: **SI PHARMA, s.r.o.**,  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic  
Line of business: - providing pharmacy services in the public pharmacy and individual drug preparation  
- retail, wholesale  
- informative testing, measurements, analyses and checks  
Company Reg. No.: 44 35 32 27  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 5, 1 of whom is a manager

Name and Registered Office: **SI Financie, s.r.o.**  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic  
Share: 100%  
Line of business: - accounting and bookkeeping services  
- activities of business, organisational and economic advisers  
Company Reg. No.: 45 35 25 42  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 7, 1 of whom is a manager

Name and Registered Office: **SLOVINTEGRA ENERGY, s.r.o.**  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic  
Line of business: - retail, intermediary activities involving commerce, services and production in the scope of free trade licences  
- electroenergetics within the scope of electricity generation and supply  
- heat generation  
Company Reg. No.: 35 96 84 86  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 26, 4 of whom are managers

Name and Registered Office: **GasTrading, s.r.o.**  
Priemyselný park Géňa 5603/60A, 934 01 Levice, Slovak Republic  
Line of business: - gas supply, gas distribution  
- expert inspections and tests of selected technical gas equipment  
- repairs of selected technical gas equipment within the following scope: - repairs and maintenance – assembly into a functional unit at the site of its future operation - reconstructions  
- repairs of selected technical pressure equipment within the following scope: - assembly into a functional unit at the site of its future operation in the following scope: technical pressure equipment of group A, a3 steam and fluid boilers of class III., a4 steam and fluid boilers of class IV., b1 stable pressure vessels of

class IV., b2 stabile pressure vessels of class III., technical pressure equipment of group B, a1 steam and fluid boilers of class V., b1 stabile pressure vessels of class II., b2 stabile pressure vessels of class I., d1 pipelines with steam or hot water as a working medium of class I., d2 pipelines with air as a working medium of class II., e1 safety devices for overpressure protection

Company Reg. No.: 36 28 58 71  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 11, 4 of whom are managers

Name and Registered Office: **SI Teplo, s.r.o.**

Tematínska 5/A, 851 05 Bratislava, Slovak Republic

Line of business: - real property lease and providing more than basic lease-related services  
- retail, wholesale  
- activities of business, organisational and economic advisers

Company Reg. No.: 45 56 04 04  
Share: 100% SLOVINTEGRA, a.s.  
Number of employees: 34, 5 of whom are managers

Name and Registered Office: **GEOSAN GAMA, s.r.o.**

Vincenta Hložníka 2, 841 05 Bratislava, Slovak Republic

Line of business: - engineering activities  
- procurement activities in the construction industry, construction consultancy services, procurement activities in the field of real property lease and administration

Company Reg. No.: 35 94 71 01  
Share: 50% SLOVINTEGRA, a.s.  
Number of employees: 0

Name and Registered Office: **SI PROJEKT, s.r.o.**

Tematínska 5/A, 851 05 Bratislava, Slovak Republic

Line of business: - real property lease and providing more than basic lease-related services  
- retail, wholesale  
- activities of business, organisational and economic advisers

Company Reg. No.: 45 56 10 10  
Share: 100 % SLOVINTEGRA INVEST, s.r.o.  
Number of employees: 0

Name and Registered Office: **SLOVINTEGRA INVEST, s.r.o.**  
Tematínska 5/A, 851 05 Bratislava, Slovak Republic

Line of business: - real property lease and providing more than basic lease-related services  
- retail, wholesale  
- activities of business, organisational and economic advisers

Company Reg. No.: 45 56 07 57

Share: 92,5 % SLOVINTEGRA ENERGY, s.r.o.  
7,5 % SLOVINTEGRA, a.s.

Number of employees: 0

Name and Registered Office: **Opti-Growth - First Optimal Growth**

Share: 99.9971 % Slovintegra, a.s.  
00.0029 % SI Management Services, a.s.

## 2. Accounting rules

The consolidated financial statements were drawn up in compliance with International Financial Reporting Standards („IFRS“) adopted by the International Accounting Standards Board.

The consolidated financial statements of the Group include the financial statements of the parent company and its subsidiaries. The financial statements were drawn up on the basis of the historical cost principle, except for the assets and liabilities reported at fair value, including derivative financial instruments, marketable investments, investments available for sale and real estate investments. The consolidation is carried out using acquisition method with elimination of mutual relations.

The consolidated financial statements are based on accounting records kept in compliance with Slovak legislation, taking into account some modifications and reclassifications in order to achieve IFRS compliance. The accounting rules mentioned below were consistently applied for all periods presented in the financial statements and for the opening balance sheet drawn up in accordance with IFRS as at the date of transition on 1 January 2004 for the purpose of conversion to IFRS. These rules were consistently applied also within the accounting units included in the Group.

### Subsidiaries

Subsidiaries are entities controlled by the parent company (hereinafter referred to as “the Company”). Control exists when the Company has the power to govern the financial and operational policies directly or indirectly so as to obtain benefits from its activities. In assessing control, potential exercisable voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, account balances, expenses and revenues are eliminated.

### **Moment of revenue recognition**

Revenues are valued at the fair value of considerations received or receivables and represent amounts receivable for goods and services provided in the ordinary course of business. Revenues are reported after deducting discounts, VAT or other business taxes (excise tax). Revenues for supplies are recognised at the moment the goods and services are delivered and the ownership (the right to use) is transferred to the buyer.

### **Foreign currency**

Transactions in foreign currency are converted at the exchange rate ruling on the transaction date. Exchange differences are recognised as expenses or income in the profit and loss statement. As at the balance sheet date, monetary items of assets and liabilities denominated in foreign currency are converted into EUR at the exchange rate valid at the statement of financial position date. Unrealised gains and losses arising from exchange rate fluctuations are fully recognised in the accounts of the statement of comprehensive income.

Foreign operations include foreign subsidiaries and associated companies. Their assets and liabilities were converted into EUR at the exchange rate of ECB valid as at the statement of financial position date. Costs and revenues of the foreign operations were converted into EUR at the exchange rate of ECB for the given period. Exchange differences arising in reporting foreign operations are recognised in equity as translation reserves and are reported in the statement of comprehensive income upon disposal of a subsidiary or associated company.

### **Social security and pension schemes**

The company pays contributions to compulsory health insurance, sickness insurance and pension security system and to the Unemployment insurance fund from the amount of gross wages in accordance with the rates applicable in the given year. Social security costs are recognised in the statement of comprehensive income in the same period as the relevant wages costs. The Company is not obliged to pay contributions from the amount of gross wages to these funds in excess of the limit stipulated by law.

### **Borrowing costs**

All external borrowing costs are recognised in the statement of comprehensive income. Borrowing costs incurred for loans within the Group are eliminated.

### **Income Tax**

Income tax is paid in the amount of 19% of income, following the adjustment by non-deductible and deductible items to calculate taxable income.

Deferred tax is calculated using balance sheet method for all temporary differences arising between the tax and accounting carrying values of the assets and liabilities. Deferred tax is

calculated at the rate expected to be in effect for the period in which assets will be realized or liability will be settled. Deferred tax is recorded in accounts of the statement of comprehensive income, except for the cases when it relates to items recorded in equity accounts. The applicable income tax rate as at 1 January 2012 is 19%. For purposes of deferred tax, the main temporary differences arise from differences between book depreciation and tax depreciation, from differences between recognising leases for income tax and at the moment of their recording, from revaluation funds. Deferred tax is calculated also for temporary differences arising in case of investing in subsidiaries and associated companies, except for the cases when the settlement of temporary differences is under control and temporary differences will be settled in the foreseeable future.

### **Non-current tangible and intangible assets**

#### **a) Equity**

Land, buildings and equipment are valued at the costs of acquisition. These costs include the price of acquired assets and additional costs of acquisition such as transportation, assembly, duty. Buildings and equipment manufactured at our own expenses are valued as direct material, direct labour and manufacturing overhead.

Non-current tangible and intangible assets are depreciated and allocated to expenses in the profit and loss statement using a straight-line method over their estimated useful lives. Non-current intangible assets with indefinable useful lives are not depreciated. Land is not depreciated. Estimated useful lives for the major categories of non-current tangible assets are as follows:

Buildings, constructions	20 years
Machines, equipment, means of transport	4-12 years
Non-current intangible assets	4-5 years

In accordance with IAS 36, the evaluation is carried out as at the financial statements date to determine whether the assets are impaired. The impairment losses are recorded directly on accounts in the profit and loss statement. The applied interest rate used for calculation of the present value of future cash flows when determining the value in use is the one which is reasonable in terms of the company within the economic environment of Slovakia.

Non-current assets under construction and intended as future real estate investment are recorded on the account of assets under construction until their completion at the amount of their acquisition costs. After completion, they are reclassified to the account of real estate investments and valued at the fair value.

Expenses related to the replacement of a component which is a part of an asset item but it is accounted for separately including major inspection and overhaul costs are capitalized. Other expenses after the date of acquisition are added to the carrying amount of the asset only if future benefits against the original amount are expected. Other expenses are recorded as costs in the profit and loss statement.

#### **b) Leased assets**

Lease is always classified as financial lease when all risks and benefits of ownership are transferred to the lessee in accordance with the terms and conditions of the contract. All other kinds of lease are classified as operating lease. Assets and liabilities acquired on the basis of financial lease are accounted for at the lower of the acquisition-date fair value and the present value of minimum lease payments. Financial expense representing the difference between the total financial lease obligation and the fair value of acquired assets is recorded in the profit and loss statement over the lease term using an implicit interest rate.

#### c) Non-current assets held for sale

Non-current assets classified as held for sale are valued at the lower of carrying amount and fair value (less costs to sell).

### **Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition of the investment over the interest in the fair value of the identifiable assets and liabilities of subsidiaries and associated companies. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment loss is recognised in the profit and loss statement and is not subsequently reversed. On disposal of a subsidiary or an associated company, goodwill is recognised in the profit and loss statement as a part of the profit/loss on disposal.

### **Investments**

#### a) Investments in debt securities and equity securities

Investments in securities are recognised at the trade date and are initially recorded at acquisition cost. Held-to-maturity debt securities are reported at amortized cost and reviewed for impairment reflecting non-recoverability of the amounts.

Other investments are classified as marketable or available for sale. These investments are valued at the fair value. The fair value is the quoted price as at the balance sheet date. Gains and losses from marketable securities are recorded in the profit and loss statement. Gains and losses from available-for-sale securities are recorded in equity on the revaluation account.

#### b) Real estate investments

Investment is recorded at the fair value which is assessed annually based on the independent expert opinion. The fair value is based on current prices on an active market for similar items in the same location and under the same conditions. Gains and losses arising from the change in the fair value are recorded in the profit and loss statement.

### **Trade and other receivables**

Trade and other receivables are recorded at their nominal value. Their value is reduced through an adjusting entry in an estimated amount if it is reasonably expected not to be collected fully or partially.

### **Derivative financial instruments**

Financial instruments are initially recorded at acquisition cost. Subsequently they are valued at the fair value. The fair value of an interest rate swap is an estimated amount which the Group would pay or receive on termination of the swap as at the balance sheet date, while common interest rates and third-party credibility are taken into account. The fair value of forward foreign exchange contract is its quoted market price as at the balance sheet date which is the present value of quoted forward price.

The Group uses derivative financial instruments to hedge their exposure to foreign exchange and interest rate risks occurring during its operating, financing and investing activities. In accordance with its company bylaws, the Group does not issue any derivative financial instruments for trading purposes. Nevertheless, those derivative financial instruments which fail to meet the hedging requirements are recognised as traded instruments.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank balances and investments of high liquidity and insignificant risk of changes in value with original maturities of three months or less from the date of their acquisition. Short-term financial investments for trading are not considered as cash equivalents.

### **Provisions**

Provisions are defined as liabilities of uncertain timing or uncertain amount. Provisions are recognised when a legal or constructive obligation has arisen as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Segment reporting**

Segment is a distinguishable component of a group that produces products or provides services (business segment) or delivers products and services within a particular economic environment (geographical segment) that is subject to risks and benefits that are different from those to which other segments are exposed.

## **3. REVENUES**



Group revenue analysis (in EUR):

	2011	2010
Revenues from sale of merchandise	4,052,815	2,422,416
Revenues from sale of goods and services	95,434,018	86,256,913
Changes in internal inventories	434,729	1,469
Other operating revenues	5,427,029	6,839,950
Interest revenues	578,413	16,308
Investment revenues	81,157,910	19,965,916
Other financial revenues	1,763,929	1,677,715

Revenues from sale of goods, products and services increased year-on-year as a result of higher production volumes in subsidiaries (particularly Slovintegra Energy, Granitol and TMV). A significant increase in investment revenues is related to the sale of Multiworld shares in the parent company Slovintegra.

#### **4. EXPENSES**

Group expense analysis (in EUR):

	2011	2010
Costs of materials, energy and goods sold	71,088,527	65,389,249
Costs of services	7,406,279	12,076,106
Personnel costs	12,751,768	12,189,918
Depreciation	9,468,586	10,164,917
Other operating costs	14,947,048	5,411,778
Financial expenses	2,473,615	1,151,011
Interest expenses	495,873	302,636
Securities and ownership interests sold	88,293,893	8,268,533
Adjusting entries to financial assets	-8,114,568	0

In 2011, operating costs slightly increased as a result of an increase in production (higher volumes) on the one hand and an increase in acquisition costs on the other hand. Financial activities were affected mainly by the costs of securities sold (Multiworld) and related revaluation gain on the sale of this financial investment. For the year ended on 31 December 2011, the Group recorded a decrease of 37% in costs of services.

#### **5. TAXES**

Taxes (in EUR)	2011	2010
Tax expense	584,572	535,007
Deferred tax	466,607	-539,126

#### **6. GOODWILL**

Goodwill (in EUR)	2011	2010
Total goodwill	20,582,691	20,582,691

(of which:)		
Granitol, a.s.	8, 564, 097	8, 564, 097
SLOVINTEGRA ENERGY, s.r.o. (additional purchase of 33,33% share by SLOVINTEGRA, a.s)	12, 018, 594	12, 018, 594

## **7. MARKETABLE INVESTMENTS**

Marketable investments (in EUR)	2011	2010
Total	137, 504, 214	191, 709, 820

The fair value of these securities is based on market prices. The year-on-year decrease is a result of the sale of all Multiworld fund shares during the year 2011.

## **8. INVENTORIES**

Inventories comprise these items (in EUR):

	2011	2010
Material	4,789, 492	6, 232, 300
Work in process	1, 409, 487	1, 366, 140
Finished goods	1, 496, 486	1, 324, 246
Merchandise	596, 574	1, 386, 093
Adjusting entry to material and merchandise	-862 862	-1, 146,320

Inventories are recorded in the companies Trenčianske minerálne vody, a.s., Granitol, a.s. SI Medical, s.r.o., SLOVINTEGRA ENERGY, s.r.o. and SI Pharma, s.r.o.

## **9. OTHER ASSETS**

Group assets analysis (in EUR):

	2011	2010
Buildings, land, equipment	97, 086, 470	102, 330, 138
Other intangible assets	871, 036	1, 111, 304
Trade and other receivables	14, 324, 360	26, 195, 317
Cash and cash equivalents	27, 422, 772	10, 112, 165

### **Buildings, land, equipment**

Buildings are registered in the subsidiaries Trenčianske minerálne vody, a.s., Granitol, a.s., GasTrading, s.r.o., SLOVINTEGRA ENERGY, s.r.o. and SI REAL, s.r.o.

Equipment comprises mainly production lines, medical equipment, electric generators, turbines, motor vehicles and other equipment necessary for operation of the Group's subsidiaries.

### **Intangible assets**

Intangible assets reported on aforesaid accounts include licences, software and valuable rights. The most important item is a valuable right compliant with IAS 38 requirement. The period of use is 60 months.

### Cash

Bank balances and cash include the money held by the Group and short-term bank deposits with a maturity of three months or less. A significant increase is related to the sale price received upon the sale of Multiworld shares.

### 10. BANK LOANS

Group loans analysis (in EUR):

	2011	2010
Bank loans – long-term	44,739,945	46,615,549
Bank loans – short-term	4,106,506	10,979,044

SLOVINTEGRA, a.s. draws down a loan from Banque privée Edmond de Rothschild which is secured by the shares of Opti-growth First Optimal Growth (custody is in the same bank).

Bank loans of GRANITOL, a.s. comprise the loans granted by various commercial banks for purchase of non-current assets or operating loans. This company has a long-term credit facility with Komerční banka, ČSOB and Česká spořitelna. A short-term credit facility with ČSOB is secured by non-current assets, short-term operating loans with Česká spořitelna, Komerční banka and ČSOB are secured by assigned receivables.

### 11. PROVISIONS

	2011	2010
Provisions – short-term (in EUR)	5,889,175	10,362,116
Provisions – long-term (in EUR)	0	500,000

### 12. SHARE CAPITAL

There have been no changes to the share capital during the period of the year 2011 in comparison with the previous year and its specification is as follows:

<b>amount of share capital:</b>	<b>EUR 109,735,000</b>
amount paid-up:	EUR 109,735,000
type, form:	ordinary, materialized shares
number and nominal value:	9,747 shares, nominal value: EUR 5,000
	122 shares, nominal value: EUR 500,000

In the course of the year 2011, the Company re-purchased its own shares in the total amount of EUR 445,000. In 2012, the share capital of the Company will be reduced by this amount.

### **13. FUNDS**

Funds (in EUR)

	2011	2010
Total	62,055,142	62,169,855

Funds of the parent company were as at 31 December 2011 adjusted by funds arising on revaluation against subsidiaries and by adjustments of the funds of subsidiaries.

### **14. EARNINGS**

Earnings (in EUR)

	2011	2010
Retained earnings	83,573,670	108,550,331
<b>Consolidated earnings for the current year</b>	<b>-10,885,225</b>	<b>1,873,012</b>

Retained earnings are adjusted by intercompany profit from acquired assets of subsidiaries, adjustment from depreciations, deferred tax on unrealised profit and adjustments of funds and retained earnings of subsidiaries.

The value of Opti-Growth Fund was reported as at 31 December 2011 at its fair value. Its possible impact on earnings was adjusted within the retained earnings as follows (in EUR):

#### **OPTI-GROWTH FUND (in EUR)**

Value of the fund as at 31 December 2011 146,137,074

of which:

Slovintegra, a.s. - 99.9971%	146,129,778
<i>acquisition cost</i>	<i>165,647,117</i>
<i>adjusting entry</i>	<i>-19,517,339</i>
SI Management services, a.s. – 0.0029%	4,276
difference arising from rounding off the stakes	3,020

### **15. RELATED PARTIES**

The transactions between the Company and its subsidiaries which are related parties were eliminated on consolidation.

In the course of the year, the individual companies within the Group entered into transactions with related parties as follows:

(in EUR)

Company	Costs		Revenues	
	2011	2010	2011	2010
SLOVINTEGRA, a.s.	341,844	5,794,634	4,321,990	18,503,639
Trenčianske minerálne vody, a.s.	217,956	313,694	6,210	11,172
Granitol, akciová spoločnosť	0		84,905	97,488
SI REAL, s.r.o.	451,614	433,026	2,874,065	2,874,760
SI Medical, s.r.o.	2,239,221	3,228,220	5,212	13,241
SI PHARMA, s.r.o.	104,123	102,496	264,368	217,983
GEOSAN GAMA, s.r.o.	158,534	228,658	113,632	
GasTrading, s.r.o.	157,088	14,171	30,371,045	31,629,479
SLOVINTEGRA ENERGY, s.r.o.	31,997,019	32,741,925	3,016,023	128,038
SI Management Services, a.s.	38,465	41,388	167,677	447,707
SI Finance, s.r.o.	37,998	41,168	324,200	286,000
SLOVINTEGRA INVEST, s.r.o.	625,974	123,048	74,673	15,414
SI PROJEKT, s.r.o.	114,428	17,094	802,524	
SI Teplo, s.r.o.	3,006,192	36	85,282	

(in EUR)

Company	Receivables		Payables	
	2011	2010	2011	2010
SLOVINTEGRA, a.s.	274,673	83,643,292	17,012	125,403
Trenčianske minerálne vody, a.s.	210	564	15,125	74,794
Granitol, akciová spoločnosť	0	16,316	0	0
SI REAL, s.r.o.	262,275	829,801	17,576,637	19,123,327
SI Medical, s.r.o.	9,395	12,459	267,856	5,924,367
SI PHARMA, s.r.o.	25,733	15,768	11,598	322,710
GEOSAN GAMA, s.r.o.	0	0	2,399,284	2,330,948
GasTrading, s.r.o.	715,526	3,822,824	3,070,898	5,469,520
SLOVINTEGRA ENERGY, s.r.o.	860,586	13,238,613	53,384,162	55,027,746
SI Management Services, a.s.	-12,942	145,337	4,049	5,197
SI Finance, s.r.o.	28,920	25,464	7,100	6,107
SLOVINTEGRA INVEST, s.r.o.	2,011,064	1,393,514	12,774,103	12,645,973
SI PROJEKT, s.r.o.	13,200	0	2,285,073	1,777,146
SI Teplo, s.r.o.	60,943	0	730,219	10,036

Purchases and sales within the Group were carried out at normal prices as applied towards independent persons. Outstanding receivables and payables will be settled in cash. Guarantees were neither provided nor received.

## **16. NON-CONTROLLING INTEREST**

(in EUR)	2011	2010
MULTIWORLD	0	1,156,514

## **17. EVENTS AFTER THE BALANCE SHEET DATE**

After 31 December 2011, no events occurred that would change the data presented in these financial statements in a significant way and that would result in a need to adjust these financial statements or to amend these notes.

With effect from 1 April 2012, SI PROJEKT, s.r.o. and SLOVINTEGRA INVEST, s.r.o. were dissolved without liquidation, since they were merged into SLOVINTEGRA ENERGY, s.r.o. which became their successor company.

SLOVINTEGRA, a.s. set up a new company SI Hecu, s.r.o. which will process the heat purchased from SLOVINTEGRA ENERGY, s.r.o. into cold and subsequently sell it.

On the basis of the Company's decision, SI Financie, s.r.o., a subsidiary providing accounting and bookkeeping services for selected companies within the Group, will suppress its activities which, together with the selected employees, will be transferred to SI Medical, s.r.o. and SlovinTEGRA, a.s.

SLOVINTEGRA, a.s., SI REAL, s.r.o. and GEOSAN GAMA, s.r.o. as defendants continue in the lawsuit concerning invalidity of the sales and purchase agreement entered into in 2009, which has been brought against them by GEOSAN DEVELOPMENT SK, a.s. as plaintiff. SLOVINTEGRA, a.s. as plaintiff is a participant in a lawsuit concerning repayment of EUR 1,877,694.96 by GEOSAN DEVELOPMENT a.s. as defendant.

## CONSOLIDATED CASH FLOW STATEMENT

	for the period as at 31 Dec 2011	for the period as at 31 Dec 2010
Cash flow from operating activities		
Profit/loss for the current accounting period	-10 213 214	1 727 896
Non-cash transactions	10 491 245	-11 925 615
Depreciation of non-current intangible and tangible assets	9 468 586	10 164 917
Changes in accruals and deferrals	-1 447 206	63 168
Dividends and other shares in profit recorded in revenues	-89 000	-11 430 010
Other non-cash items affecting the profit/loss from current activities, except for those which need to be specified individually	2 558 865	-10 723 690
<b>Impact of changes in working capital, except for the items included in cash and cash equivalents</b>	<b>-1 841 497</b>	<b>4 307 794</b>
Changes in receivables from operating activities	13 218 396	-10 821 873
Changes in payables from operating activities	-16 793 175	17 717 487
Changes in inventories	1 733 282	-2 587 820
<b>Cash flow created in operating activities, except for incomes and expenses which need to be specified individually</b>	<b>-1 563 466</b>	<b>-5 889 925</b>
Incomes from dividends and other shares in profit, except for those that are included in investment activities	89 000	11 430 010
<b>Cash flow created in operating activities prior to the income tax cash flow of the accounting unit and cash flow from extraordinary activities</b>	<b>-1 474 466</b>	<b>5 540 085</b>
Income tax expenses of the accounting unit	-584 572	-535 007
<b>Net cash flow from operating activities</b>	<b>-2 059 038</b>	<b>5 005 078</b>
<b>Cash flows from investment activities (IA)</b>		
Other incomes/expenses related to investment activities (+/-)	48 000 465	-34 897 265
<b>Net cash flows from investment activities</b>	<b>48 000 465</b>	<b>-34 897 265</b>
<b>Cash flows from financing activities (FA)</b>		
Expenses related to decrease in shareholder's equity	-445 000	48 053 003
Expenses for dividend and profit-sharing payout	-28 185 820	-21 947 000
<b>Net cash flow from financing activities</b>	<b>-28 630 820</b>	<b>26 106 003</b>
<b>Net increase or decrease of cash</b>	<b>17 310 607</b>	<b>-3 786 184</b>
<b>Cash and cash equivalents at the beginning of the accounting period</b>	<b>10 112 165</b>	<b>13 898 349</b>
<b>Cash and cash equivalents at the end of the accounting period before exchange rate differences as at bookclosing date</b>	<b>27 422 772</b>	<b>10 112 165</b>

\* marketable short-term financial investments are not included in cash equivalents

