

**ANNUAL CORPORATE  
REPORT**

**2012**

**Ferona**

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## Foreword by the Chairman of the Supervisory Board

Dear Colleagues, Business Partners & Friends,

Uncertainty is a word we are becoming increasingly familiar with as Europe negotiates its way through one of the most difficult times in economic history. But during such times, stability and reliability are also words that are top of mind and, I am proud to say, these are the very qualities that Feronia has in abundance. The times may not be the best, but we are at our best when we face these challenges. Another year of such uncertainty and perhaps further such years to come do not make us weary, but instead we have adapted and illustrated how solid we are as a company.

As we navigate through the choppy waters of Europe's current economic situation, the global economy appears to be improving with positive indicators from the United States, China and, latterly, Japan, which has been in relative mothballs for more than 15 years but is now bravely attempting to stimulate its way out of torpor. As for Europe, it could be 2014 or more likely 2015 before we see the green shoots sprouting with any vigour, but we will be ready for that moment.

Commodity prices have gone from the free-fall situation of several years ago to a manageable pattern of undulating spikes and troughs, something we well understand; liquidity in the credit markets has improved, albeit slowly; and there is even the hint of an inflationary trend -- or, at least, a recovery in prices -- in some parts of the world.

Europe is in the midst of an intense debate about its future, but while this goes on, there is also the realisation that life as we know it doesn't just come to a standstill. There is activity out there, and we are well positioned to play our role. Our business partners, banking partners and our employees have been steadfast and recognise the solid ethos behind Feronia and the strength of its strategic vision.

I wish you and your families a prosperous, healthy and happy year and am confident that we are ready for greater times ahead.

Robert Kay  
*Chairman of the Supervisory Board*

We believe in Europe. A united Europe is not just going to go away, it's not going to slip over the side of a flat Earth, and it is certainly not going to wither and die. In whatever form the governments, banks and businesses of our part of the world opt for, there is still a mass of people with aspirations, with hope and with ideas that will power us forward.

We believe the fundamentals of a European future are sound. Our key markets, the Czech Republic, Poland and Slovakia, are weathering the storm and, far from flinching, have shown a resilience that is inspirational. These countries are key participants in building the foundations of a Europe that will be once again at the forefront of innovation and industry.

Like Feronia itself, these countries are solid, hard working and conservative. And like Feronia, the dreams are realistic and based on facts and a faith in the future.

These aspirations will be realised. Feronia, by weathering this storm, is well positioned to be in the vanguard of the recovery thanks to the hard work and intelligent application of our employees, who have stared difficulty in the face and forged ahead.



## Foreword by the Chairman of the Board of Directors

Ladies and Gentlemen, Dear Business Partners,

A year ago, when I said that the only certainty in the markets of present day is the certainty of change, I did not appreciate to what extent the events of 2012 will confirm this.

The European steel market overall contracted by circa 10%, affecting predominantly the construction and automotive sectors. This trend, during the year, gradually prevailed also in Central and Eastern Europe, our main markets. The prices continued in a moderately decreasing trend, continuing, except for a few short breaks since March 2011, i.e. seven consecutive calendar quarters. Under these circumstances, it is most satisfactory that Feronia succeeded in increasing the volume of the material sold and therefore, moderately increased its market share.

The price instability prevailing for the most of the year, the fight for the market and the increased risks inherent to the receivable portfolio inevitably took their toll in terms of the reduced percentage of margin and the required provisions for the receivable and the financial investments.

Under this difficult scenario, the board and the management of the company continued in the measures aimed at increasing the efficiency of all processes in the company. These measures shall prepare the company for the un-compromising conditions of the present-day markets and will ensure our market position for the future by interconnecting our dominant market share and our sustainable business model. I am pleased that our measures are bringing material results and encourage us in what we do.

On this occasion, I would like to thank our business partners for their continuing support and their readiness to look for and find solutions in the complex business situations so that the business relationships of the producers, the stockholders/wholesalers and the end-users could continue to function. We also appreciate the trust and support extended to us by our financing banks for whom we are and would like to remain a long-term business partner.

In closing, allow me to thank all the Feronia staff for their work in 2012.

I take the liberty of wishing you all good health and success in 2013.

František Kopřiva  
*Chairman of the Board*



## Company Structure and Profile

### Company Identification

Corporate name: **Ferona, a.s.**  
Identification number: **26 44 01 81**  
Registered office: **Havlíčková 1043/11, 111 82 Prague 1**

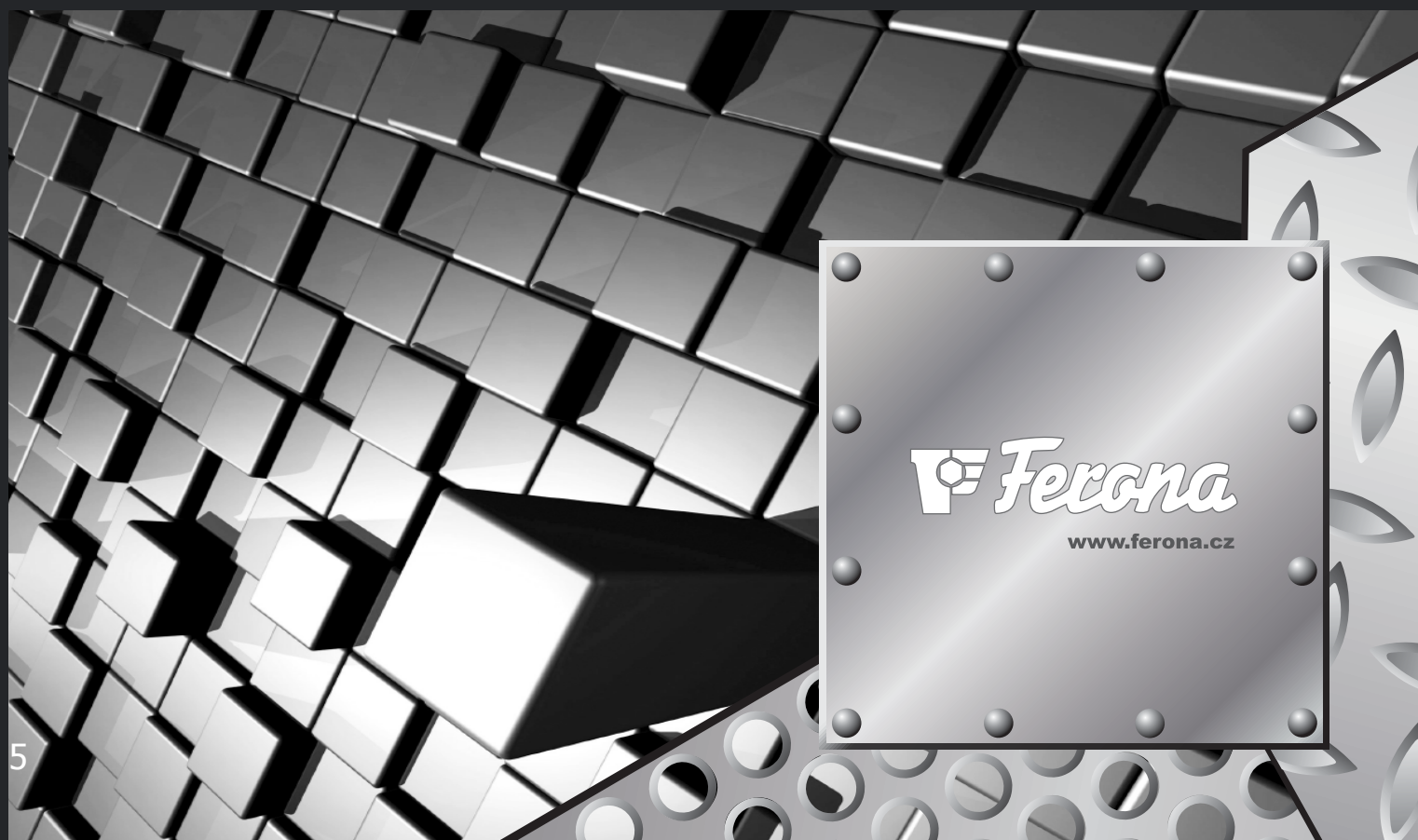
The company is registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 7143.

Date of incorporation: **21 March 2001**

The company was founded as Reklus, a.s. by a group of majority shareholders, acting together, of the then company Ferona, a.s. (ID No. 25 79 20 75).

As at the relevant date of 1 April 2001 the company was taken over by Ferona, a.s. (ID No. 25 79 20 75) as the main shareholder under section 220p of the Commercial Code, on the basis of a takeover agreement approved by the companies' respective general meetings 27 June 2001. The takeover entry in the Commercial Register took legal force on 29 August 2001. Through a merger agreement, the company as the successor company took over the assets and liabilities of the terminated parent company STEEL INVESTMENTS GROUP, a.s. as at the relevant date of 1 January 2005.

Registered capital: **3 000 000 000 CZK**



## Basic Description

The current Feronia continues the business of its legal predecessors, which distributed metallurgical products under various names and organisational forms in Czechoslovakia after 1945. Feronia continues a business tradition dating as far back as 1829 on the territory of the Czech Republic.

Feronia as a joint-stock company was incorporated in 1992 by transforming Feronia, the state-owned enterprise. Feronia became a 100% private-owned enterprise during privatization between 1992 and 1994. In 2001 Feronia's assets and liabilities were taken over by Feronia's majority shareholder, which continued the business. Becoming the owner of Feronia in 2004, STEEL INVESTMENTS GROUP, a.s. ceased to exist as at 1 January 2005 by merging with Feronia, and IRG Steel Limited, London, owning the terminated company of STEEL INVESTMENTS GROUP, a.s., became Feronia's controlling company.

The company's basic object of business is warehouse wholesale focused on purchase, storage, treatment and sale of metallurgical products, metallurgical secondary products, non-ferrous metals and the associated hardware products. The primary focus of Feronia's business is on the home market. Feronia's customers are thousands of primarily small and medium-sized industrial, building, farming and commercial companies and sole traders for which buying direct from producers is not cost-effective. At its selling establishments - wholesale warehouses and retail shops, Feronia is able to serve a wide range of customers from large industrial companies to petty buyers.

Feronia's organisational chart consists of nine territorial branches, a Steel Service Centre for transverse and longitudinal cold cutting of rolled steel coils, and headquarters.

Customers may submit their queries and orders to any of these units.



## Board of Directors, Supervisory Board, and Officers

The board of directors, the supervisory board and the officers are given as at 31 December 2012.

### Board of Directors

**Ing. František Kopřiva,**  
chairman, graduate from the University of Economics, born in 1951, member of the governing body since 23 November 2010

**Ing. Miroslav Vaníček,**  
deputy chairman, graduate from the University of Economics, born in 1961, member of the governing body since 1 January 2005

**Ing. Milan Rada,**  
born in 1963, graduate from the University of Economics, member of the governing body since 1 January 2005

**Ing. Jan Moravec Ph.D.,**  
born in 1974, graduate from the Czech Technical University, member of the governing body since 1 February 2012

### Supervisory Board

**Robert Kay,**  
chairman of the supervisory board, born in 1949, membership in the supervisory board since 1 January 2005

**Ing. Jiří Hypš,**  
deputy chairman of the supervisory board, born in 1943, graduate from the Czech University of Life Sciences Prague, Faculty of Economics and Management, membership in the supervisory board since 1 January 2005

**Roman Cypro,**  
born in 1963, graduate from a secondary technical school, employed with the company since 1987, elected for company employees, membership in the supervisory board since 22 March 2007

### Officers

**Ing. František Kopřiva,**  
managing director, born in 1951, graduate from the University of Economics, employed with the company since 2012

**Ing. Pavel Horák,**  
logistics director, born in 1962, graduate from the Czech Technical University, employed with the company since 1986

**Ing. Tomáš Krejčí,**  
purchasing director, born in 1968, graduate from the University of Economics, employed with the company since 2007

**Ing. Milan Rada,**  
human resources and information technology director, born in 1963, graduate from the University of Economics, employed with the company since 1992

**Ing. Miroslav Vaníček,**  
financial director, born in 1961, graduate from the University of Economics, employed with the company since 1985

**Ing. Petr Vlach,**  
sales director, born in 1965, graduate from Brno University of Technology, Faculty of Mechanical Engineering, employed with the company since 1989

**Doc. Ing. Ivo Juříčka, CSc.,**  
SSC director, born in 1963, graduate from the Technical University of Ostrava, Faculty of Metallurgy and Material Engineering, employed with the company since 2003

## Company's Position in Consolidation Whole

Ferona a.s. is a parent company in a group which had included by 31 December 2012 the following controlled companies and accounting units under substantial influence and companies controlled by them:



### **FERONA Slovakia, a.s.**

|  |                               |                                     |
|--|-------------------------------|-------------------------------------|
| a) Registered office and ID              | Bytčická 12, Žilina, Slovakia | ID no. 36401137                     |
| b) Other establishments:                 |                               | Bratislava, Nitra, Martin, Košice   |
| c) Business                              |                               | wholesale in metallurgical products |
| d) Equity                                |                               | 17 525 000 EUR                      |
| e) Profit/loss for 2012 - loss           |                               | 1 388 000 EUR                       |
| f) Feronia's share in registered capital |                               | 100 %                               |
| g) Book value of Feronia's share (net)   |                               | 452 711 000 CZK                     |



### **Feronia – Servis Centrum Slovakia, a.s.**

|  |                                    |                     |
|--|------------------------------------|---------------------|
| a) Registered office and ID              | Prístavná 12, Bratislava, Slovakia | ID no. 44066716     |
| b) Other establishments                  |                                    | none                |
| c) Business                              |                                    | steel strip cutting |
| d) Equity                                |                                    | 7 895 000 EUR       |
| e) Profit/loss for 2012 - profit         |                                    | 132 000 EUR         |
| f) Feronia's share in registered capital |                                    | 100 %               |
| g) Book value of Feronia's share (net)   |                                    | 196 649 000 CZK     |



### **FERONA POLSKA, S.A..**

|  |                                  |                                     |
|--|----------------------------------|-------------------------------------|
| a) Registered office and ID              | Mikolowska 31, Myslowice, Poland | ID no. 240569429                    |
| b) Other establishments                  |                                  | none                                |
| c) Business                              |                                  | wholesale in metallurgical products |
| d) Equity                                |                                  | 6 641 000 PLN                       |
| e) Profit/loss for 2012 - loss           |                                  | 2 727 000 PLN                       |
| f) Feronia's share in registered capital |                                  | 100 %                               |
| g) Book value of Feronia's share (net)   |                                  | 43 809 000 CZK                      |



### **Feronia – Dělicí centrum, a.s.**

|  |                      |                     |
|--|----------------------|---------------------|
| a) Registered office and ID              | Plzeňská 18, Ostrava | ID no. 26168634     |
| b) Other establishments                  |                      | none                |
| c) Business                              |                      | steel strip cutting |
| d) Equity                                |                      | 138 252 000 CZK     |
| e) Profit/loss for 2012 - profit         |                      | 1 003 000 CZK       |
| f) Feronia's share in registered capital |                      | 100 %               |
| g) Book value of Feronia's share         |                      | 57 257 000 CZK      |



## Company's Position in Consolidation Whole

FTP

### FERONA THYSSEN PLASTICS, s.r.o.

|   |                         |   |
|---|-------------------------|---|
| a) Registered office and ID             | ČSA 730, Velká Bystřice | ID no. 25354418   |
| b) Other establishments                 |                         | Hořovice, Brno and FTP Slovakia, s.r.o.,<br>Bratislava, Slovensko*) |
| c) Business                             |                         | wholesale in industrial plastics                                    |
| d) Equity                               |                         | 82 268 000 CZK  |
| e) Profit/loss for 2011 - loss          |                         | 12 833 000 CZK  |
| f) Feroná's share in registered capital |                         | 50 %  |
| g) Book value of Feroná's share         |                         | 8 218 000 CZK   |

### \*) FTP Slovakia, s.r.o., Bratislava

|   |                                     |                                  |
|---|-------------------------------------|----------------------------------|
| a) Registered office and ID                             | Púchovská 14, Bratislava, Slovensko | ID no. 35861134                  |
| b) Other establishments                                 |                                     | none                             |
| c) Business   |                                     | wholesale in industrial plastics |
| d) Equity   |                                     | 403 000 EUR                      |
| e) Profit/loss for 2011                                 |                                     | 7 000 EUR                        |
| f) FERONA THYSSEN PLASTICS' share in registered capital |                                     | 100 %                            |
| g) Book value of FERONA THYSSEN PLASTICS' share         |                                     | 3 338 000 CZK                    |

PRAGMET

### PRAGMET, a.s.

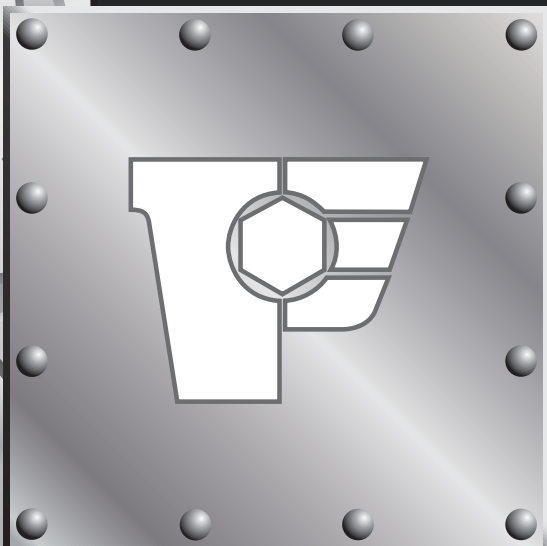
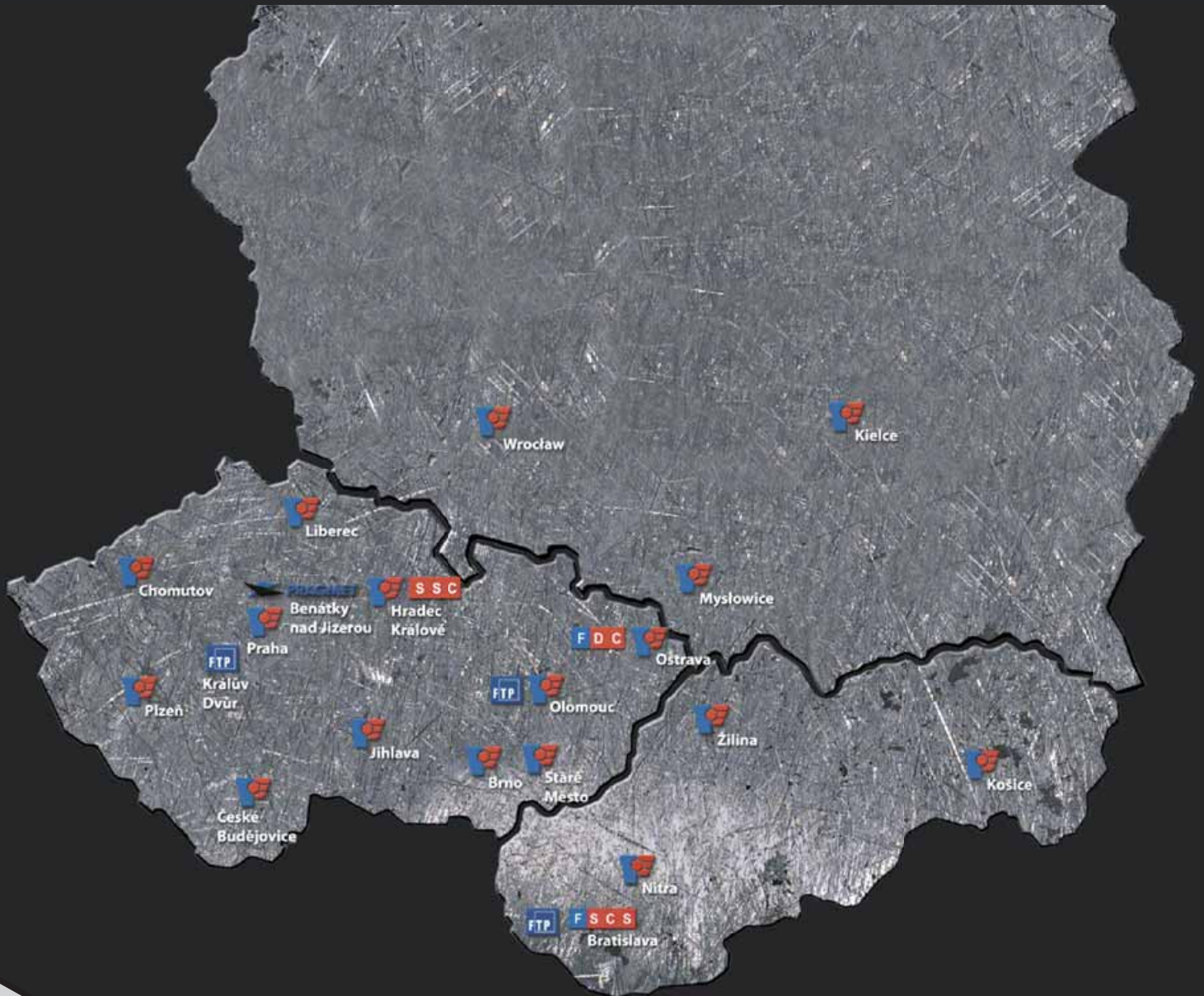
|   |                              |                                     |
|---|------------------------------|-------------------------------------|
| a) Registered office and ID             | Havlíčková 1043/11, Prague 1 | ID no. 25789449                     |
| b) Other establishments                 |                              | Benátky nad Jizerou                 |
| c) Business                             |                              | cutting of automotive flat products |
| d) Equity                               |                              | 110 834                             |
| e) Profit/loss for 2011 - profit        |                              | 27 409                              |
| f) Feroná's share in registered capital |                              | 70 %                                |
| g) Book value of Feroná's share (net)   |                              | 118 550 000 CZK                     |

### FERONA Holešovice, a. s.

|   |                              |                           |
|---|------------------------------|---------------------------|
| c) Registered office and ID             | Havlíčková 1043/11, Prague 1 | ID no. 29134722           |
| d) Other establishments                 |                              | U Pergamenky 11, Prague 7 |
| e) Business                             |                              | real estate management    |
| h) Equity                               |                              | */                        |
| i) Profit/loss for 2011 - profit        |                              | */                        |
| j) Feroná's share in registered capital |                              | 100 %                     |
| k) Book value of Feroná's share (net)   |                              | 2 000 000 CZK             |

\*/ The company was founded at the end of 2012 and decided, in accordance with section 3 (4) (a) of the Accounting Act, as amended, to choose an accounting period from 29 November 2012 to 31 December 2013. As a result, no equity and 2012 profit/loss data are given.

# Consolidation Entity Map



Ferona ranks among the major companies in warehouse trade in metallurgical products, secondary products, non-ferrous metals and the associated hardware products in the Czech Republic. Ferona's market shares differ according to product but the long-term average share varies between 15 and 20% of the supplies for the home market. The 2012 sales results represent a slight increase in the market position.

The company sold customers 679,084 tonnes of merchandise, which is an increase by 2,783 tonnes against the year 2011 and an increase by 37,765 tonnes (5.9%) against the year 2010.

### Sales structure by production group in 2012:

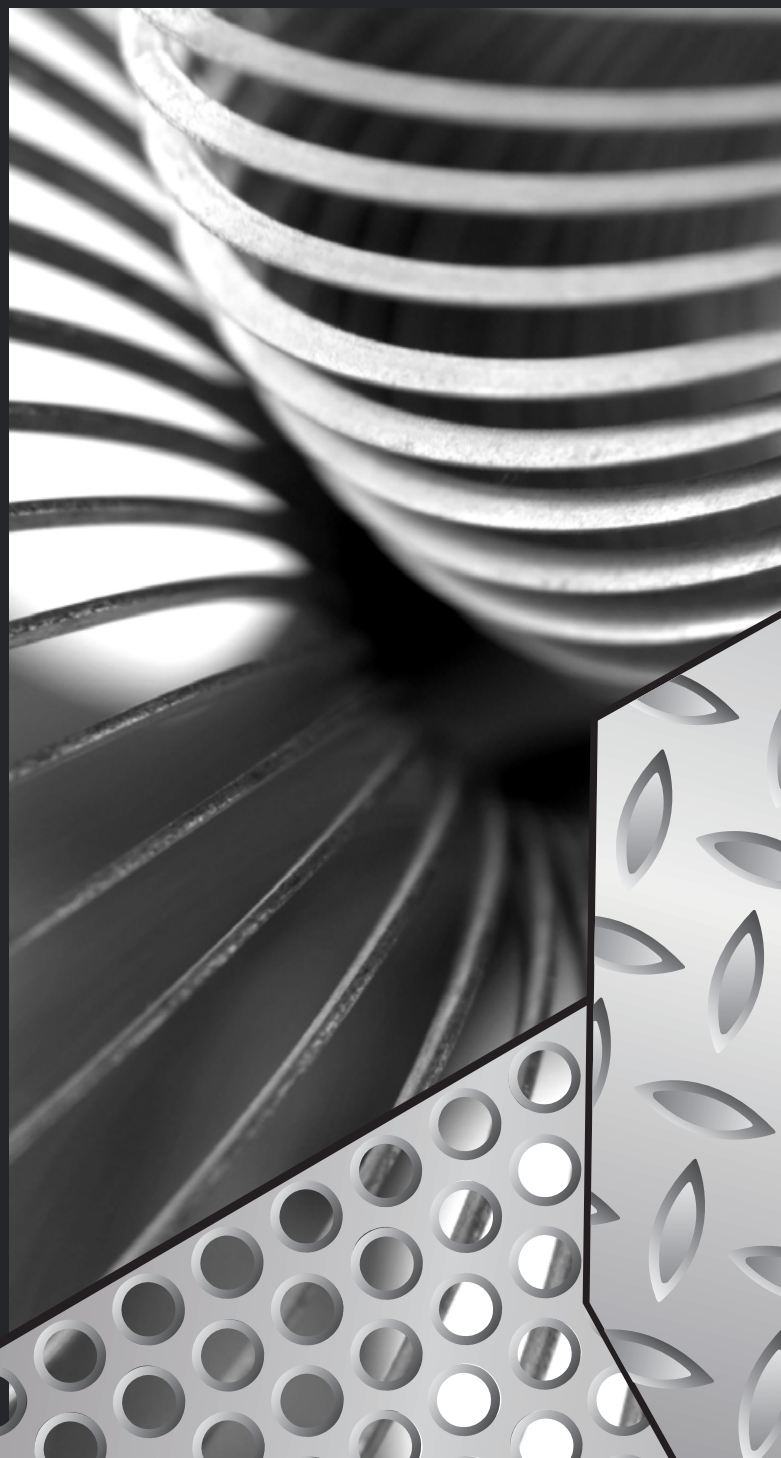
|                                  |      |
|----------------------------------|------|
| Long products                    | 30 % |
| Flat products                    | 43 % |
| Tubes                            | 10 % |
| Premium steel                    | 5 %  |
| Metallurgical secondary products | 4 %  |
| Non-ferrous metals               | 6 %  |
| Retail shops                     | 2 %  |

Sales of merchandise were 14,014,401,000 CZK which is a drop by 428,724,000 CZK as compared to 2011. Sales are higher by 789,373 CZK (an increase by 6.0%) as compared to 2010.

The year 2012 was another year of fluctuating demand for metallurgical products. A slight price increase was seen at the beginning of the year and continued until mid April. Prices grew more stable over the rest of spring and summer, as a result of a temporary drop in production capacity in the region and factory holiday at producers. Prices were declining from mid September to hit the bottom at the end of the year. Consequently, the value of the stock for the orders contracted for 2013 was raised towards the end of the year.

### Purchasing

In purchasing, the company focused on continuing to work with the existing long-standing home and international suppliers, such as Arcelor Mittal, U.S. Steel Košice and Moravia Steel. At the same time, we continue to diversify the portfolio of our suppliers. This portfolio is subject to adjustments to the material requirements of our customers and the markets. The company's strategy is to continue extending our range of those products offered to a limited degree only so far and not offered at all. This applies to new items or dimension variants.



## Major Projects

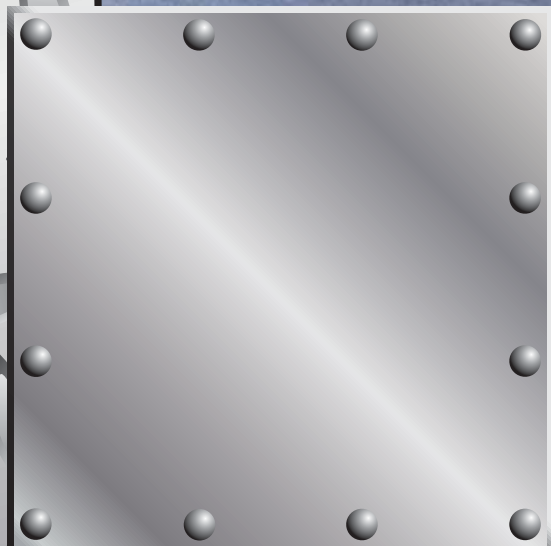


Reinforcing steel for Division 6 of Metrostav a.s. for Petřiny metro station construction.

Picture of permanent boarding.



Supplies to Ammann Czech Republic a.s. - manufacturer of road construction and metallurgical machinery.





Supply and installation of steel structures for PSG - International a.s. for the football stadium in Chomutov.



Supply and installation of a steel structure for waste heat boilers K1 and K2 as part of the construction of a new Počerady power plant boiler delivered by PSG - International a.s.



Euromont Group a.s., construction of a new tank in Kralupy nad Vltavou.



Lattice cableway mast manufactured by EGE spol. s r.o.

## Basic Indicators for Last Three Years

The company continues the business of its legal predecessor established as a joint-stock company in 1992.

|                                     | 2010   | 2011   | 2012   |
|-------------------------------------|--------|--------|--------|
| Material sales ('000 tonnes)        | 659    | 676    | 679    |
| Revenues from goods sold (mil. CZK) | 13 225 | 14 443 | 14 014 |
| Profit/loss (mil. CZK)              | 201    | 158    | -144   |
| Stock (mil. CZK)                    | 2 914  | 2 627  | 2 803  |
| Short-term receivables (mil. CZK)   | 2 845  | 2 657  | 2 901  |
| Short-term payables (mil. CZK)      | 2 264  | 1 809  | 1 807  |
| Bank loans (mil. CZK)               | 3 361  | 3 391  | 3 099  |
| Number of employees (persons)       | 1 075  | 1 079  | 1 064  |

### Comment on Profit and Loss Account

The **sales margin** in 2012 was 1,080,464,000 CZK which is by 153,694,000 CZK and 209,246,000 CZK less than in 2011 and 2010 respectively. In 2012 the sales margin dropped significantly and this resulted in adopting restrictive internal measures. The sales for services - material cutting and treatment, such as customer-specific burning of metal plates and services provided for subsidiaries - were 123,788,000 CZK and dropped by 2,839,000 CZK (2.2%) as compared to 2011 and increased by 2.1% as compared to 2010.

The costs of materials and energies were 1,097,981,000 CZK of which the costs of the materials consumed in production at the Steel Service Centre were 974,408,000 CZK accounting for 89%. In terms of purchased services, the highest item was the costs of contracted transport fare (38% of the services purchased), consulting (13% of the services purchased), and repairs and maintenance (13% of the services purchased). This year the company continued to adjust its costs of materials and services to revenues.

The added value in 2012 was 813,221,000 CZK having dropped by 163,685,000 CZK and 274,587,000 CZK as compared to 2011 and 2010, respectively. The total personnel costs were 529,554,000 CZK which is by 4.4% less than in 2011. Depreciation of intangible and tangible fixed assets at 195,320,000 CZK dropped by 2.9% on a year-on-year basis.

The **operating profit** was 41,358,000 CZK which is a drop by 235,534,000 CZK and 297,280,000 CZK as compared to 2011 and 2010 respectively. The company created adjustments to receivables and stock in the amounts of 52,266,000 CZK and 16,511,000 CZK respectively.

The interest paid on operations loans, which were 105,144,000 CZK and dropped by 20.9% on year-on-year basis because of the drop in the bank's margin and a lower usage of loan money, continue to be the highest cost item in the current financial profit/loss. Other financial costs, such as banking fees and exchange rate loss, were 167,468,000 CZK. Other financial gains, prevailingly consisting of exchange rate gains, were 118,428,000 CZK. An adjustment of 43,500,000 CZK was made in respect of financial investments.

In 2012 the company posted no transaction with impact on **extraordinary profit/loss**. The 2012 loss **before tax** is 143,569,000 CZK.

There is an **accounting period loss** of 143,569,000 CZK due to lower sales margin and adjustments to liabilities.

## Comment on Balance Sheet

The company's total assets as at 31 December 2012 saw a slight increase as compared to the previous period, amounting to a book value of 9,321,121,000 CZK. This development was primarily due to a low investment activity in the fixed assets, a growth in merchandise stock by title of building advance stock and providing an intra-group loan to Feronia Polska, S.A.

Accounting to 36.5% of the assets' value, **fixed assets** were 3,393,405,000 CZK.

### Fixed assets' structure (values in '000 CZK and percentage shares in fixed assets):

|                            | CZK '000  | %    |
|----------------------------|-----------|------|
| intangible fixed assets    | 8 449     | 0.2  |
| tangible fixed assets      | 2 479 796 | 73.1 |
| long-term financial assets | 905 160   | 26.7 |

In terms of tangible fixed assets, the largest shares are buildings at 1,411,408,000 CZK (56.9% of total tangible fixed assets value), movables at 502,519,000 CZK (20% of total value), and land at 534,303,000 CZK (21.5% of total value).

The net value of **long-term financial assets** 905,160,000 CZK includes the value of financial investments abroad (16,054,000 CZK) converted using the current Czech crown rate of the Czech National Bank as at the last day of 2012. During the accounting period an adjustment was made to the financial investment of Feronia Slovakia, a.s. and Feronia Polska, S.A. at 49,500,000 CZK and 24,000,000 CZK respectively because of the drop in their equities and changes to the Czech National Bank's closing rate; also an adjustment was posted to a financial investment of 30,000,000 CZK in Pragmet, a.s. because of positive changes to the company's equity.

**Current assets** account for 63.4% of total assets and increased over the year by 349,101,000 CZK to 5,909,919,000 CZK.

Accounting for the major total stock item, **stock of merchandise** increased by 137,419,000 CZK to 2,550,573,000 CZK by the end of the past year. The spot turnover time of stock, computed from the value of sold goods at the cost of acquisition, was 72 days by the end of the year, which is an increase by 5 days as compared to the previous year as a result of making advance stock for the projects contracted for Q1 of 2013 towards the end of the year, and low prices.

The company reports **long-term receivables** by title of advance payments made primarily for lease agreement principals and mobile phone activation.



## Comment on Balance Sheet

In terms of short-term receivables, **trade receivables** account for the largest share, having increased over the year by 36,563,000 CZK to a net value of 2,550,573,000 CZK. All receivables overdue one year and more are dealt with by adjustments. Adjustments to other receivables are made according to their risk assessment as at the date of financial statements. The spot turnover time of short-term trade receivables as at the end of the year was 60 days, which is a year-on-year increase by 3 days as a result of customers paying their debts with more delay towards the end of the year.

**Short-term financial assets** by the end of the year was 202,126,000 CZK which is a drop of more than 70 million CZK as compared to the beginning of the year.

**Accruals** are 17,797,000 CZK which is nearly 0.2% of total assets.

**Registered capital** is 3,000,000,000 CZK divided into 300 shares of a nominal value of 10,000,000 CZK each. Shares are certificated shares and not registered for public trading. Changes are described in the Notes to Annual Financial Statements.

The company's **equity** as at 31 December 2012 was 3,685,014,000 CZK accounting for 39.5% of total book value of liabilities.

**External sources as at the end of 2012 were 5,616,253,000 CZK having the following structure:**

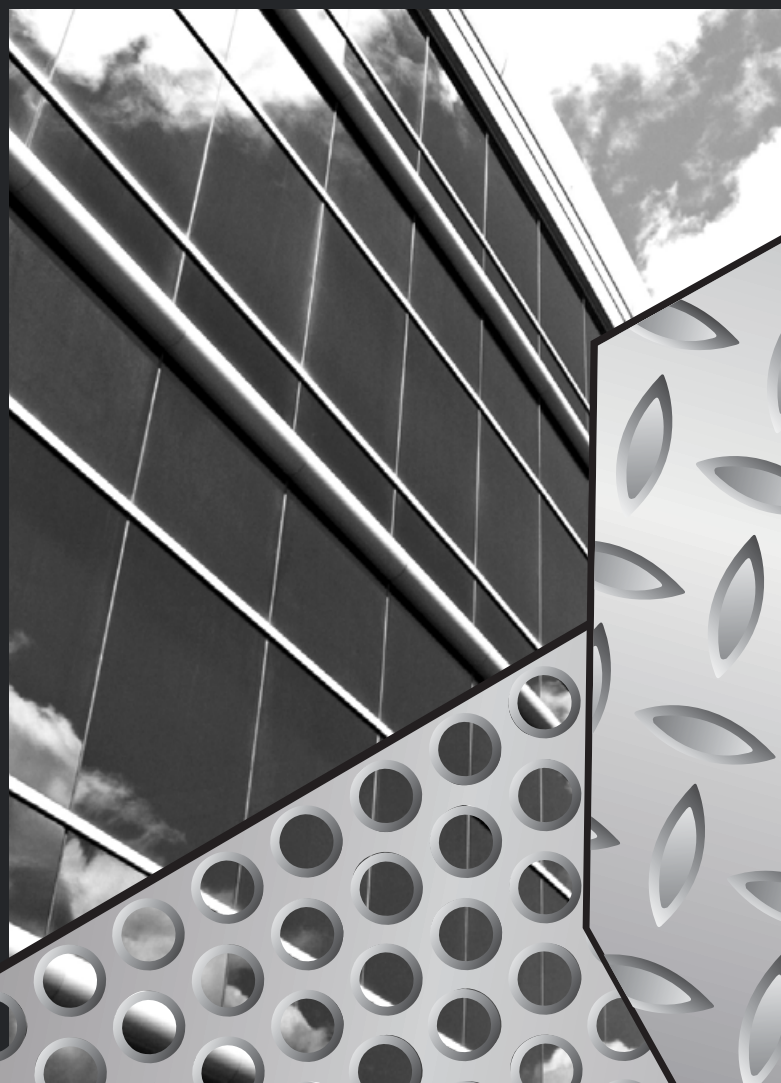
|                           | CZK '000  | %    |
|---------------------------|-----------|------|
| long-term payables        | 110 973   | 2.0  |
| short-term payables       | 1 806 635 | 32.2 |
| bank loans and assistance | 3 698 645 | 65.8 |

In terms of **long-term payables**, the highest value is deferred tax due to state at 108,920,000 CZK. Its year-on-year change in the structure is attributable to the posting of some of deferred tax due from state by title of tax loss and the suspension of tangible fixed assets tax depreciation.

In terms of short-term liabilities, **trade liabilities** account for the major share, amounting to 1,196,625,000 CZK as at the end of the year. These trading liabilities were not overdue liabilities except for the invoices retained as a result of complaints and the liabilities ready for offset. The year-on-year change is primarily related to that received invoices could not be posted in ledgers as a result of factory holiday and had to be posted in estimated payables. In 2012 the company paid its liabilities in due time over the year.

**Bank loans** without factoring were 3,670,741,000 CZK as at the end of the year. By the date of the financial statements the company had been drawing a short-term operations loan to fund current assets and discounted loans. An additional 27,904,000 CZK was regress factoring payables.

**Accruals** by the end of the year were 19,854,000 CZK with accrued interest on a shareholder's loan, accrued interest on bank loans and accrued levies for the disabled.



## Financial Standing

The financial statements show that the company's financial standing is stabilised. Total short-term receivables as at the end of 2012 were higher by 1,093,858,000 CZK than short-term payables and the company was able to pay its debts as they fell due.

The company's total indebtedness is kept at a reasonable level and the company defaults on no payment due. In 2012 the company continued to be trusted by banks and, along with its subsidiary Feron Slovakia, renewed funding for a next period. The share of external sources and other liabilities in the total corporate assets coverage as at 31 December 2012 was 60.5%.

The ratio of bank loans to total sales by the end of 2012 was 26.1% - an increase by 2.8% as compared to the previous year.

### Consolidation Entity's Profit/Loss

The companies in the group achieved sales for merchandise of 16,931,624,000 CZK in 2012, which is 1.6% less than in the past year. The added value is 1,123,284,000 CZK and the consolidated operating profit as at 31 December 2012 is 68,915,000 CZK.

The consolidated loss (without minority shares of the profit/loss and including the share in the companies' equivalence profit/loss) was 141,782,000 CZK.

The value of the consolidated entity's assets as at the end of 2012 was 11,126,376,000 CZK and the value of equity was 3,748,967,000 CZK.

The **consolidated loss** (without minority shares of the profit/loss and including the share in the companies' equivalence profit/loss) was 141,782,000 CZK.

The value of the consolidated entity's **assets** as at the end of 2012 was 11,126,376,000 CZK and the value of equity was 3,748,967,000 CZK.

### Events after Balance-sheet Day and Outlook for 2013.

After the balance sheet date Mgr. Tomáš Balko became a member of the board of directors and sales director from 1 January 2013.



## Investments

Total 2012 investments of 121,179,000 CZK were targeted on warehousing and support and improvements of services to customers.

In last year stage 2 of roof deck renovation was carried out in Olomouc. The total value of this investment demand in terms of both organisation and technical solution was 12,922,000 CZK. As much as 33,099,000 CZK and 18,529,000 CZK was invested in new cranes and lorries. A Euro pallets saw for 5,042,000 CZK was re-established in Olomouc.





As many as 1,065 people were employed with the company in 2012, of which:

- **587 technical and administrative employees**
- **423 labourers**
- **3 POP employees**
- **52 OPP employees**

Total MOON wages in 2012 were 384 million CZK, that is by 3.8% lower than the actual wages in 2011.

Fringe benefits in 2012 were 10,192,000 CZK. The priority was, as in previous years, meal allowance, grant to organise summer sports games, and financial gifts for jubilees. An average of 9,570 CZK was spent per employee on fringe benefits.



## Documents:

- **Annual Financial Statements as at 31 December 2012**
- **Independent auditor's report on the review of the annual report and the consolidated financial statements of the company**
- **Consolidated Financial Statements as at 31 December 2012**

# Annual Financial Statements as at 31 December 2012

## FULL BALANCE SHEET as at 31 December 2012 (in CZK ,000.00)

| Ident.<br>a   | ASSETS<br>b   | line<br>c | Current accounting period |                   |                  | Last<br>accounting<br>period Net<br>4 |
|---------------|---|-----------|---------------------------|-------------------|------------------|---------------------------------------|
|               |   |           | Gross<br>1                | Correction<br>2   | Net<br>3         |                                       |
|               | <b>TOTAL ASSETS</b>   | <b>01</b> | <b>12 630 116</b>         | <b>-3 308 995</b> | <b>9 321 121</b> | <b>9 184 635</b>                      |
| B.            | Fixed Assets  | 03        | 6 121 344                 | -2 727 939        | 3 393 405        | 3 536 465                             |
| B.I.          | Intangible fixed assets   | 04        | 89 260                    | -80 811           | 8 449            | 9 081                                 |
| 3.            | Software  | 07        | 89 046                    | -80 597           | 8 449            | 9 081                                 |
| 4.            | Valuable rights   | 08        | 214                       | -214              | 0                |                                       |
| B.            | Tangible fixed assets   | 13        | 4 731 424                 | -2 251 628        | 2 479 796        | 2 561 943                             |
| B. I.         | Land  | 14        | 534 303                   |                   | 534 303          | 534 303                               |
| 3.            | Buildings   | 15        | 2 548 568                 | -1 137 160        | 1 411 408        | 1 491 506                             |
| 4.            | Separate movables and sets<br>of movables                                   | 16        | 1 616 987                 | -1 114 468        | 502 519          | 512 567                               |
| B. II.        | Other tangible fixed assets   | 19        | 370                       |                   | 370              | 370                                   |
| B. II.<br>1.  | Tangible fixed assets under<br>construction                                 | 20        | 31 196                    |                   | 31 196           | 22 780                                |
| 2.            | Advance payments for tangible<br>fixed assets                               | 21        |                           |                   | 0                | 417                                   |
| 3.            | Long-term financial assets  | 23        | 1 300 660                 | -395 500          | 905 160          | 965 441                               |
| 6.            | Ownership interests in controlled<br>and managed entities                   | 24        | 1 266 476                 | -395 500          | 870 976          | 933 126                               |
| 7.            | Shares and ownership interests<br>with substantial influence in enterprises | 25        | 8 218                     |                   | 8 218            | 8 218                                 |
| 8.            | Other securities and ownership<br>interests                                 | 26        | 25                        |                   | 25               | 25                                    |
| B. III.       | Acquired financial investments  | 29        | 25 941                    |                   | 25 941           | 24 072                                |
| B. III.<br>1. | Current Assets  | 31        | 6 490 975                 | -581 056          | 5 909 919        | 5 560 818                             |

# Annual Financial Statements as at 31 December 2012

| Ident.<br><b>a</b> | ASSETS<br><b>b</b>                           | line<br><b>c</b> | Current accounting period |                        |                 | Last<br>accounting<br>period Net<br><b>4</b> |
|--------------------|--|------------------|---------------------------|------------------------|-----------------|--|
|                    |  |                  | Gross<br><b>1</b>         | Correction<br><b>2</b> | Net<br><b>3</b> |  |
| 2.                 | Inventory                                    | 32               | 2 819 975                 | -16 511                | 2 803 464       | 2 626 949                                    |
| 3.                 | Materials                                    | 33               | 249 271                   |                        | 249 271         | 208 590                                      |
| 6.                 | Work in progress and semi-finished products  | 34               | 3 623                     |                        | 3 623           | 4 563  |
| C.                 | Merchandise                                  | 37               | 2 567 054                 | -16 511                | 2 550 543       | 2 41a3 124                                   |
| C. I.              | Advances for inventory paid                  | 38               | 27                        |                        | 27              | 672  |
| C. I.<br>1.        | Long-term receivables                        | 39               | 3 814                     | 0                      | 3 814           | 3 934  |
| 2.                 | Long-term advances paid                      | 44               | 3 814                     |                        | 3 814           | 3 934  |
| 5.                 | Short-term receivables                       | 48               | 3 465 060                 | -564 545               | 2 900 515       | 2 657 327                                    |
| 6.                 | Trade receivables                            | 49               | 2 887 396                 | -564 461               | 2 322 935       | 2 286 372                                    |
| C. II.             | Receivables - controlling or managing entity | 50               | 398 624                   |                        | 398 624         | 229 556                                      |
| 5.                 | Short-term advances paid                     | 55               | 7 509                     |                        | 7 509           | 7 610  |
| C. III.            | Estimated receivables                        | 56               | 169 006                   |                        | 169 006         | 126 794                                      |
| C. III.<br>1.      | Other receivables                            | 57               | 2 525                     | -84                    | 2 441           | 6 995  |
| 2.                 | Short-term financial assets                  | 58               | 202 126                   | 0                      | 202 126         | 272 608                                      |
| 7.                 | Cash   | 59               | 2 240                     |                        | 2 240           | 1 996  |
| 8.                 | Bank accounts                                | 60               | 199 886                   |                        | 199 886         | 270 612                                      |
| 9.                 | Short-term financial assets                  | 63               | 17 797                    | 0                      | 17 797          | 87 352                                       |
| C. IV.             | Deferred expenses                            | 64               | 8 775                     |                        | 8 775           | 4 635  |
| C. IV.<br>1.       | Accrued revenues                             | 66               | 9 022                     |                        | 9 022           | 82 717                                       |

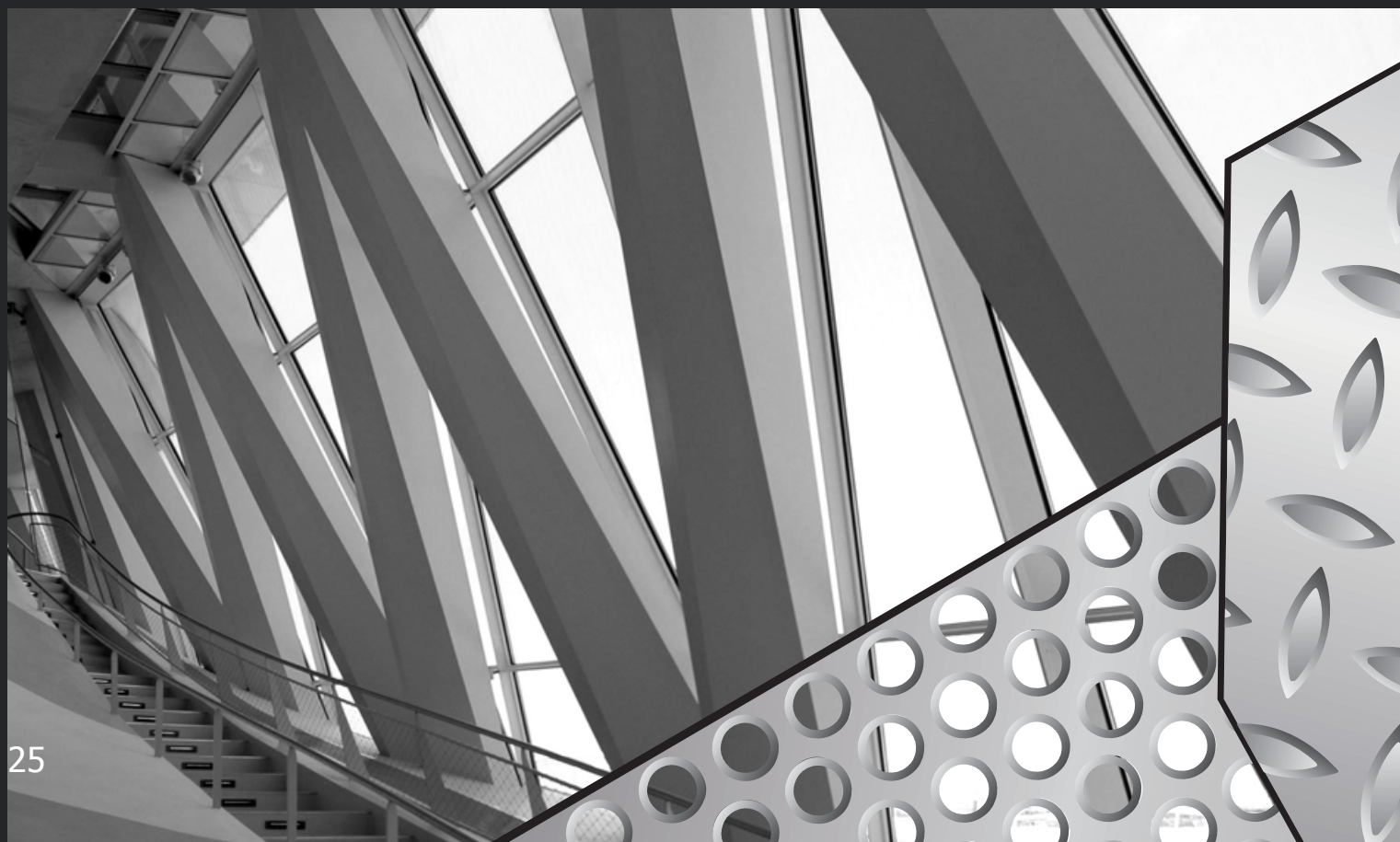
# Annual Financial Statements as at 31 December 2012

| Ident.<br>a | LIABILITIES<br>b   | line<br>c | Current accounting<br>period balance<br>5 | Past accounting<br>period balance<br>6 |
|-------------|--|-----------|---|--|
|             | <b>TOTAL LIABILITIES</b>                                   | <b>67</b> | <b>9 321 121</b>                          | <b>9 184 635</b>                       |
| A.          | Equity   | 68        | 3 685 014                                 | 3 849 233                              |
| A. I.       | Registered capital   | 69        | 3 000 000                                 | 3 000 000                              |
| A. I. 1.    | Registered capital   | 70        | 3 000 000                                 | 3 000 000                              |
| A. II.      | Capital funds  | 73        | 246 604                                   | 267 255                                |
| 2.          | Other capital funds  | 75        | 230 550                                   | 230 550                                |
| 3.          | Gains or losses from revaluation of assets and liabilities | 76        | 16 054                                    | 36 705                                 |
| A. III.     | Reserve funds, indivisible fund and other profit funds     | 78        | 226 200                                   | 218 299                                |
| A. III. 1.  | Legal reserve fund / Indivisible fund                      | 79        | 226 200                                   | 218 299                                |
| A. IV.      | Profit/loss of previous years                              | 81        | 355 779                                   | 205 673                                |
| A. IV. 1.   | Retained profits   | 82        | 355 779                                   | 205 673                                |
| A. V.       | Profit/Loss of current accounting period (+/-)             | 84        | -143 569                                  | 158 006                                |
| B.          | External sources   | 85        | 5 616 253                                 | 5 310 871                              |
| B. II.      | Long-term liabilities                                      | 91        | 110 973                                   | 110 702                                |
| 5.          | Long-term advances received                                | 96        | 161                                       | 138                                    |
| 9.          | Other payables   | 100       | 1 892                                     | 1 644                                  |
| 10.         | Deferred tax payable                                       | 101       | 108 920                                   | 108 920                                |
| B. III.     | Short-term payables  | 102       | 1 806 635                                 | 1 809 102                              |
| B. III. 1.  | Trade payables   | 103       | 1 196 625                                 | 1 316 861                              |
| 2.          | Liabilities – group undertakings                           | 104       | 201 120                                   | 206 400                                |



# Annual Financial Statements as at 31 December 2012

| Ident.<br><b>a</b> | LIABILITIES<br><b>b</b>                                  | line<br><b>c</b> | Current accounting<br>period balance<br><b>5</b> | Past accounting<br>period balance<br><b>6</b> |
|--------------------|--|------------------|--|---|
| 5.                 | Payables to employees                                    | 107              | 112  | 68  |
| 6.                 | Payables to social security and health insurance systems | 108              | 11 211   | 12 183  |
| 7.                 | State - tax payables and subsidies                       | 109              | 7 238  | 52 898  |
| 8.                 | Short-term advances received                             | 110              | 1 083  | 657   |
| 10.                | Estimated payables                                       | 112              | 364 313  | 191 076                                       |
| 11.                | Other payables   | 113              | 24 933   | 28 959  |
| B. IV.             | Bank loans and assistances                               | 114              | 3 698 645  | 3 391 067                                     |
| 2.                 | Short-term bank loans                                    | 116              | 3 670 741  | 3 331 144                                     |
| 3.                 | Short-term financial assistance                          | 117              | 27 904   | 59 923  |
| C. I.              | Accruals and deferrals                                   | 118              | 19 854   | 24 531  |
| C. I. 1            | Deferred expenses  | 119              | 19 564   | 24 292  |
| 2.                 | Deferred income  | 120              | 290  | 239   |



# Annual Financial Statements as at 31 December 2012

## FULL PROFIT/LOSS ACCOUNT as at 31 December 2012 (in CZK ,000.00)

| Ident.<br>a | TEXT<br>b  | line<br>c | Balance in accounting period |            |
|-------------|--|-----------|------------------------------|------------|
|             |  |           | current<br>1                 | past.<br>2 |
| I.          | Revenues from goods sold                             | 01        | 14 014 401                   | 14 443 125 |
| A.          | Cost of goods sold                                   | 02        | 12 933 937                   | 13 208 967 |
| +           | Sales margin   | 03        | 1 080 464                    | 1 234 158  |
| II.         | Production   | 04        | 1 133 725                    | 1 141 588  |
| II. 1.      | Sales of own products and services                   | 05        | 123 788                      | 126 627    |
| 3.          | Capitalisation                                       | 07        | 1 009 937                    | 1 014 961  |
| B.          | Costs of production/sales                            | 08        | 1 400 968                    | 1 398 840  |
| B.1.        | Material and energy consumption                      | 09        | 1 097 981                    | 1 096 868  |
| 2.          | Services   | 10        | 302 987                      | 301 972    |
| +           | Added value  | 11        | 813 221                      | 976 906    |
| C.          | Personnel expenses                                   | 12        | 529 554                      | 553 867    |
| C.1.        | Payroll costs  | 13        | 383 908                      | 401 638    |
| 2.          | Remuneration of board members                        | 14        | 10 180                       | 13 080     |
| 3.          | Social security and health insurance expenses        | 15        | 125 274                      | 127 732    |
| 4.          | Social expenses                                      | 16        | 10 192                       | 11 417     |
| D.          | Taxes and fees                                       | 17        | 19 658                       | 17 314     |
| E.          | Depreciation of intangible and tangible fixed assets | 18        | 195 320                      | 201 160    |
| III.        | Revenues from fixed assets and materials sold        | 19        | 31 734                       | 52 084     |

# Annual Financial Statements as at 31 December 2012

| Ident.<br>a | TEXT<br>b   | line<br>c | Balance in accounting period |            |
|-------------|---|-----------|------------------------------|------------|
|             |   |           | current<br>1                 | past.<br>2 |
| III.1.      | Revenues from fixed assets sold   | 20        | 8 221                        | 6 760      |
| 2.          | Revenues from materials sold  | 21        | 23 513                       | 45 324     |
| F.          | Net book value of fixed assets and materials sold   | 22        | 29 499                       | 48 252     |
| F.1.        | Net book value of fixed assets sold   | 23        | 3 923                        | 3 334      |
| 2.          | Materials sold  | 24        | 25 576                       | 44 918     |
| G.          | Change in reserves and adjustments to operating expenses and revenues and complex deferred operating expenses | 25        | 68 778                       | -45 713    |
| IV.         | Other operating income  | 26        | 2 081 990                    | 1 940 264  |
| H.          | Other operating expenses  | 27        | 2 042 778                    | 1 917 482  |
| *           | Operating profit/loss   | 30        | 41 358                       | 276 892    |
| M.          | Change in reserves and adjustments to financial revenues and expenses   | 41        | 43 500                       | -1 675     |
| X           | Interest received   | 42        | 12 775                       | 9 585      |
| N.          | Interest paid   | 43        | 105 144                      | 132 868    |
| XI.         | Other financial revenues  | 44        | 118 428                      | 115 537    |
| O.          | Other financial expenses  | 45        | 167 486                      | 138 327    |
| *           | Profit/loss from financial operations   | 48        | -184 927                     | -144 398   |
| Q.          | Income tax on ordinary income   | 49        | 0                            | -25 512    |
| 2.          | -deferred   | 51        |                              | -25 512    |
| **          | Profit/loss for ordinary activity   | 52        | -143 569                     | 158 006    |
| ***         | Profit/loss for the accounting period (+/-)   | 60        | -143 569                     | 158 006    |
| ****        | Profit/loss before taxes  | 61        | -143 569                     | 132 494    |

# Independent Auditor's Report

## for Shareholders of Feron, a.s.

We audited the enclosed consolidated financial statements of Feron, a.s., registered office at Havlíčkova 1043/11, Prague 1, post code 111 82, company ID no. 26 44 01 81, consisting of a balance sheet as at 31 December 2012, a profit/loss account for the period from 1 January 2012 to 31 December 2012 and notes to these consolidated financial statements describing the material accounting methods used and other explanatory information.

Responsibility of the consolidating accounting unit's statutory body for consolidated financial statements Feron's statutory body is responsible for preparing consolidated financial statements providing a faithful and fair image in compliance with the Czech accounting regulations, and for such an internal control system necessary for the preparation of the consolidated financial statements so that they do not contain any significant (material) improprieties caused due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements. Audit was carried out in accordance with the Auditors Act, international auditing standards and the related application clauses of the Chamber of Auditors of the Czech Republic. In accordance with these rules we are required to observe ethical requirements and plan and carry out the audit in order to become reasonably sure that the consolidated financial statements contain no major inaccuracies.

The audit includes the implementation of auditing procedures to obtain evidence information related to amounts and data published in the balance sheet. The choice of auditing practices is at the auditor's discretion as is the assessment of the risk of material inaccuracy due to fraud or error of the data reported in the consolidated financial statements.

When assessing these risks, the auditor shall evaluate the internal control system relevant for the preparation of the financial statements providing a faithful and fair image.

The goal of this assessment is to suggest appropriate auditing procedures, not to comment on the efficiency of the internal control system of the accounting unit. The audit also includes an assessment as to the appropriateness of the accounting methods used, the reasonability of accounting estimates made by the management and an assessment as to the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained provides a sufficient and reasonable basis to express our opinion.

## Auditor's Opinion

We are of the opinion that the consolidated financial statements give a true and fair picture of assets and liabilities of Feron, a.s. as at 31 December 2012, and Feron's costs, income and profit/loss for the period from 1 January 2012 to 31 December 2012, in accordance with the Czech accounting regulations.

# Independent Auditor's Report

## Report on the Report on Relations between Related Entities

We reviewed the material correctness of the data reported in Feroná's Report on Relations between Related Entities for the period from 1 January 2012 to 31 December 2012. The responsibility for the preparation of this Report on Relations is the statutory body of Feroná a.s. and our task is to express our opinion on this Report on Relations on the basis of the said review.

We performed the review in conformity with AS No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires us to plan and perform the review in such a way as to become sure to a limited degree that the Report on Relations contain no major material inaccuracies. The review is limited primarily to asking company employees and using analytical methods and checking data material accuracy in a selective manner. As a result, the review gives a lower degree of certainty than an audit.

We have not audited the Report on Relations and, accordingly, we do not express an auditor's opinion. Having done the review, no facts have been established that would make us believe that Feroná's Report on Relations between Related Entities for the period from 1 January 2012 to 31 December 2012 contain any major material inaccuracies.

## Report on the Review of the Annual Report

We have also reviewed compliance of the Annual Report of Feroná, a.s. with the consolidated financial statements included in the Annual Report and the company's non-consolidated financial statements as at 31 December 2012 in respect of which we expressed our opinion on 14 March 2013 as given in point 14 of the Annual Report. The responsibility for the accuracy of the Annual Report lies with the statutory body of Feroná, a.s. Our task is to express, on the basis of our review, our opinion on the compliance of the Annual Report with the consolidated financial statements. The review has been done in accordance with the international auditing standards and the related application clauses of the Chamber of Auditors of the Czech Republic.

These standards require that the auditor plan and carry out the review in such a way as to become reasonably sure that the Annual Report information describing the facts reported in the financial accounts is in accordance with the financial statements in all substantial respects. We believe that the review provides a reasonable basis for expressing an opinion. We are of the opinion that the information reported in the Annual Report as at 31 December 2012 of Feroná, a.s. is in compliance with the aforesaid consolidated financial statements in all significant respects.

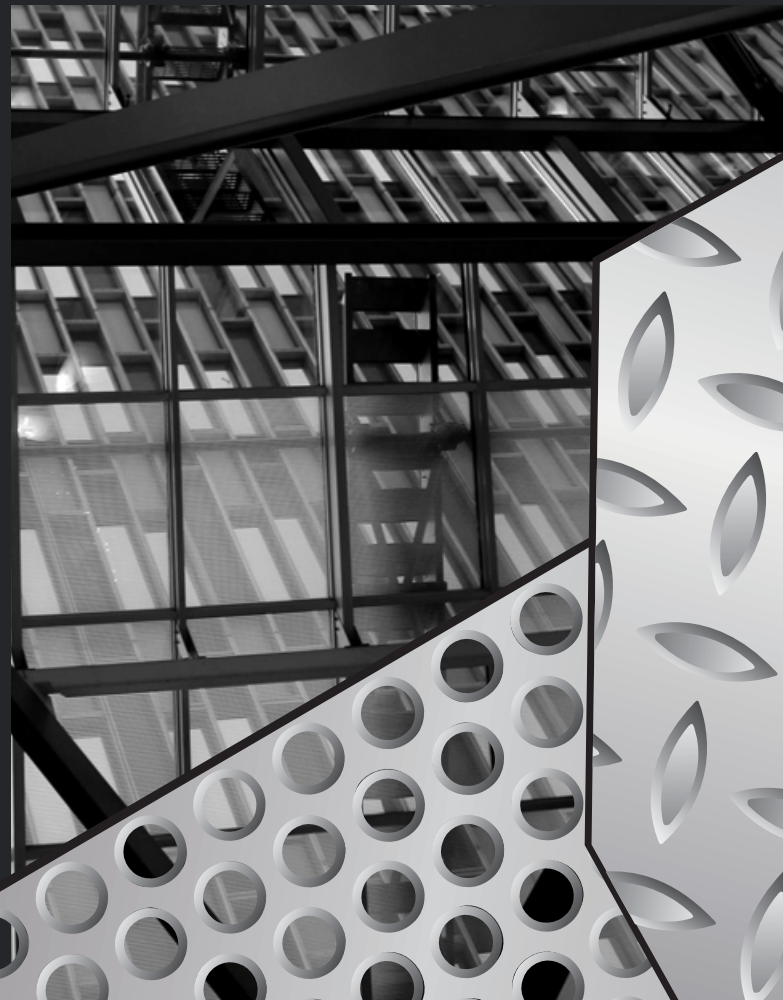
Prague on this day of 26 April 2013

BDO Audit s. r. o., auditor's licence no. 018

*Represented by partner:*

**Ing. Eva Knyplová**  
Auditor's licence no. 1521

**Ing. Vlastimil Hokr, CSc.**  
Auditor's licence no. 0071



**BALANCE SHEET - minimum scope of consolidated report  
(in CZK ,000.00)**

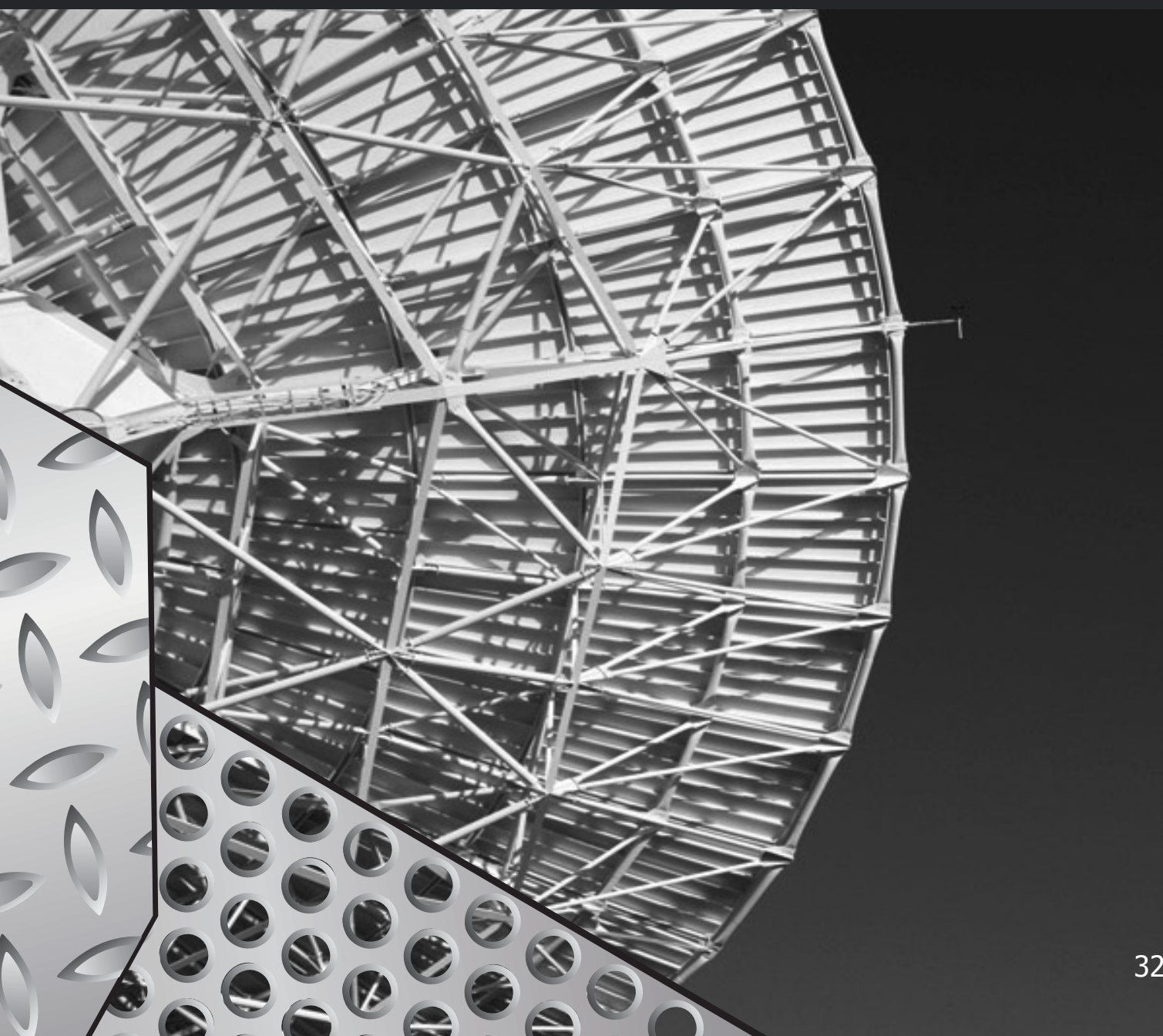
|   |   | Current<br>accounting<br>period | Previous<br>accounting<br>period | Accounting<br>period prior<br>to previous |
|---|---|---------------------------------|----------------------------------|---|
| Identification                              | T e x t   | as at<br>31 Dec 2012            | as at<br>31 Dec 2011             | as at<br>31 Dec 2010                      |
|   | <b>TOTAL ASSETS</b>                                       | <b>11 126 376</b>               | <b>11 052 126</b>                | <b>11 381 060</b>                         |
| A. Receivables for subscribed capital stock |   |                                 |                                  |   |
| B. Fixed Assets                             |   | 3 625 614                       | 3 785 012                        | 3 843 781                                 |
| B.I.  | Intangible fixed assets                                   | 12 282                          | 10 667                           | 17 584                                    |
| B.II.                                       | Tangible fixed assets                                     | 3 534 173                       | 3 685 929                        | 3 723 482                                 |
| B.III.                                      | Long-term financial assets                                | 27 966                          | 24 097                           | 23 709                                    |
| B.IV.                                       | Asset/liability related (+/-)<br>consolidation difference | 6 667                           | 13 334                           | 20 436                                    |
| B.V.  | Securities in equivalence                                 | 44 526                          | 50 985                           | 58 570                                    |
| C. Current Assets                           |   | 7 488 371                       | 7 180 782                        | 7 525 063                                 |
| C.I.  | Inventory   | 3 890 795                       | 3 615 433                        | 3 954 836                                 |
| C.II.                                       | Long-term receivables                                     | 7 972                           | 6 650                            | 6 614                                     |
| C.III.                                      | Short-term receivables                                    | 3 312 884                       | 3 188 881                        | 3 287 398                                 |
| C.IV.                                       | Financial assets  | 276 720                         | 369 818                          | 276 215                                   |
| D. Other assets -<br>estimated receivables  |   | 12 391                          | 86 332                           | 12 216                                    |

# Consolidated Financial Statements as at 31 December 2012

| Identification                            | T e x t   | Current<br>accounting<br>period<br>as at<br>31 Dec 2012 | Current<br>accounting<br>period<br>as at<br>31 Dec 2011 | Current<br>accounting<br>period<br>as at<br>31 Dec 2010 |
|---|---|---|---|---|
|   | <b>TOTAL LIABILITIES</b>  | <b>11 126 376</b>                                       | <b>11 052 126</b>                                       | <b>11 381 060</b>                                       |
| A. Equity                                 |   | 3 748 967   | 3 906 011   | 3 733 175   |
| A.I.                                      | Registered capital  | 3 000 000   | 3 000 000   | 3 000 000   |
| A.II.                                     | Capital funds   | 296 420   | 318 408   | 295 056   |
| A.III.                                    | Funds from profit   | 242 255   | 230 932   | 218 347   |
| A.IV.                                     | Profit/loss of previous years   | 316 600   | 154 557   | -12 610   |
| A.V.                                      | Profit/loss of current<br>accounting period<br>without minority interests | -141 782  | 158 780   | 185 524   |
| 1.  | Profit/Loss (+/-) of current<br>accounting period                         | -135 452  | 166 511   | 189 194   |
| 2.  | Share in profit/loss in<br>equivalence (+/-)                              | -6 330  | -7 731  | -3 670  |
| A.VI.                                     | Consolidation reserve fund  | 35 474  | 43 334  | 46 858  |
| B. External sources                       |   | 7 300 184   | 7 076 374   | 7 604 925   |
| B.I.                                      | Reserves  | 9 681   | 10 084  | 14 800  |
| B.II.                                     | Long-term liabilities   | 159 372   | 187 159   | 165 316   |
| B.III.                                    | Short-term payables   | 2 436 440   | 2 356 368   | 2 953 000   |
| B.IV.                                     | Bank loans and assistances  | 4 694 691   | 4 522 763   | 4 471 809   |
| C. Other liabilities – estimated payables |   | 43 974  | 44 713  | 16 510  |
| D. Minority equity capital                |   | 33 251  | 25 028  | 26 450  |
| D.I.                                      | Minority registered capital   | 900   | 900   | 900   |

# Consolidated Financial Statements as at 31 December 2012

| Identification | Text  | Current accounting period | Current accounting period | Current accounting period |
|----------------|---|---------------------------|---------------------------|---------------------------|
|                |   | as at 31 Dec 2012         | as at 31 Dec 2012         | as at 31 Dec 2012         |
| D.II.          | Minority capital funds  | 0                         | 0                         | 0                         |
| D.III.         | Minority profit funds including retained earnings of previous years | 24 128                    | 25 550                    | 20 098                    |
| D.IV.          | Minority profit/loss of current accounting period                   | 8 223                     | -1 422                    | 5 452                     |





# Consolidated Financial Statements as at 31 December 2012

## Profit/Loss Account - minimum scope of consolidated report (in CZK ,000.00)

|                                   |   | Balance in accounting period |                      |                      |
|-----------------------------------|---|------------------------------|----------------------|----------------------|
| Identification                    | T e x t   | current                      | previous             | prior to previous    |
|                                   |   | as at<br>31 Dec 2012         | as at<br>31 Dec 2011 | as at<br>31 Dec 2010 |
| I.                                | Revenues from goods sold                                      | 16 931 624                   | 17 209 416           | 14 911 678           |
| A.                                | Cost of goods sold  | 15 436 000                   | 15 629 573           | 13 397 466           |
| +                                 | Sales margin  | 1 495 624                    | 1 579 843            | 1 514 212            |
| II.                               | Manufacturing   | 2 324 982                    | 2 523 035            | 2 318 626            |
| B.                                | Intermediate consumption                                      | 2 697 322                    | 2 702 304            | 2 322 278            |
| +                                 | Added value   | 1 123 284                    | 1 400 574            | 1 510 560            |
| C.                                | Personnel expenses  | 694 520                      | 723 245              | 693 905              |
| E.                                | Depreciation of tangible and intangible fixed assets          | 257 029                      | 262 692              | 278 059              |
|                                   | Consolidation difference depreciation (settlement) (+/-)      | 6 667                        | 27 102               | 20 437               |
|                                   | Consolidation difference settlement                           | 0                            | 0                    | 0                    |
|                                   |   |                              |                      |                      |
| G. + H.                           | Change in adjustments, provisions and accrued operating costs | 87 541                       | -35 163              | 88 703               |
| III.+ VI.- VII.                   | Other operating revenue                                       | 2 619 902                    | 2 468 376            | 1 838 838            |
| D.+ F.+I.-J.                      | Other operating expenses                                      | 2 628 514                    | 2 533 760            | 1 791 833            |
| *                                 | <b>Consolidated operating profit/loss</b>                     | <b>68 915</b>                | <b>357 314</b>       | <b>476 461</b>       |
|                                   |   |                              |                      |                      |
| VIII+IX+X+XI+XII+<br>+XIII+XIV-XV | Financial revenue   | 139 044                      | 138 096              | 114 181              |

# Consolidated Financial Statements as at 31 December 2012

| Identification     | Text  | Balance in accounting period    |                                  |  |
|--------------------|---|---------------------------------|----------------------------------|--|
|                    |   | current<br>as at<br>31 Dec 2012 | previous<br>as at<br>31 Dec 2011 | prior to<br>previous<br>as at<br>31 Dec 2010 |
| K+L+M+N+<br>+O+R-P | Financial expenses  | 331 094                         | 361 195                          | 382 271                                      |
| *                  | <b>Consolidated profit/loss<br/>from financial transactions</b>                         | <b>-192 050</b>                 | <b>-223 099</b>                  | <b>-268 090</b>                              |
| R.1.               | Income tax from ordinary activities - due   | 6 089                           | 681                              | 10 403                                       |
| R.2.               | Deferred income tax on ordinary income  | -1 995                          | -31 555                          | 3 322  |
| **                 | <b>Consolidated profit/loss<br/>from ordinary operations</b>                            | <b>-127 229</b>                 | <b>165 089</b>                   | <b>194 646</b>                               |
| XVI.               | Extraordinary revenues  | 0                               | 0                                | 0  |
| S.+T.1.            | Extraordinary expenses  | 0                               | 0                                | 0  |
| T.2.               | Deferred tax on income<br>from extraordinary operations                                 | 0                               | 0                                | 0  |
| *                  | <b>Consolidated Extraordinary<br/>Profit/Loss</b>                                       | <b>0</b>                        | <b>0</b>                         | <b>0</b>                                     |
| ***                | <b>Consolidated profit/loss<br/>for accounting period<br/>without equivalence share</b> | <b>-127 229</b>                 | <b>165 089</b>                   | <b>194 646</b>                               |
| of which           | - Profit/loss for current accounting<br>period without minority interests               | -135 452                        | 166 511                          | 189 194                                      |
|                    | - Minority profit/loss<br>of current accounting period                                  | 8 223                           | -1 422                           | 5 452  |
|                    | Share in profit/loss in equivalence   | -6 330                          | -7 731                           | -3 670                                       |
| ****               | <b>Consolidated profit/loss<br/>for accounting period</b>                               | <b>-141 782</b>                 | <b>158 780</b>                   | <b>185 524</b>                               |

## Quality management system under EN ISO 9001:2008

Ferona has a quality management system under EN ISO 9001:2008 in place and certified, in order to assure a high quality standard of the goods supplies and the services rendered.

This system is defined for the following:

- 1/ Throughout the company - procurement, storage, treatment, sale and transport of metallurgical materials, secondary products, non-ferrous metals and the related hardware goods.



Quality management system under EN ISO 9001:2008

2/ At the Steel Service Centre - transversal and longitudinal cutting of steel coils, testing of ferrous metal mechanical properties and chemical composition.

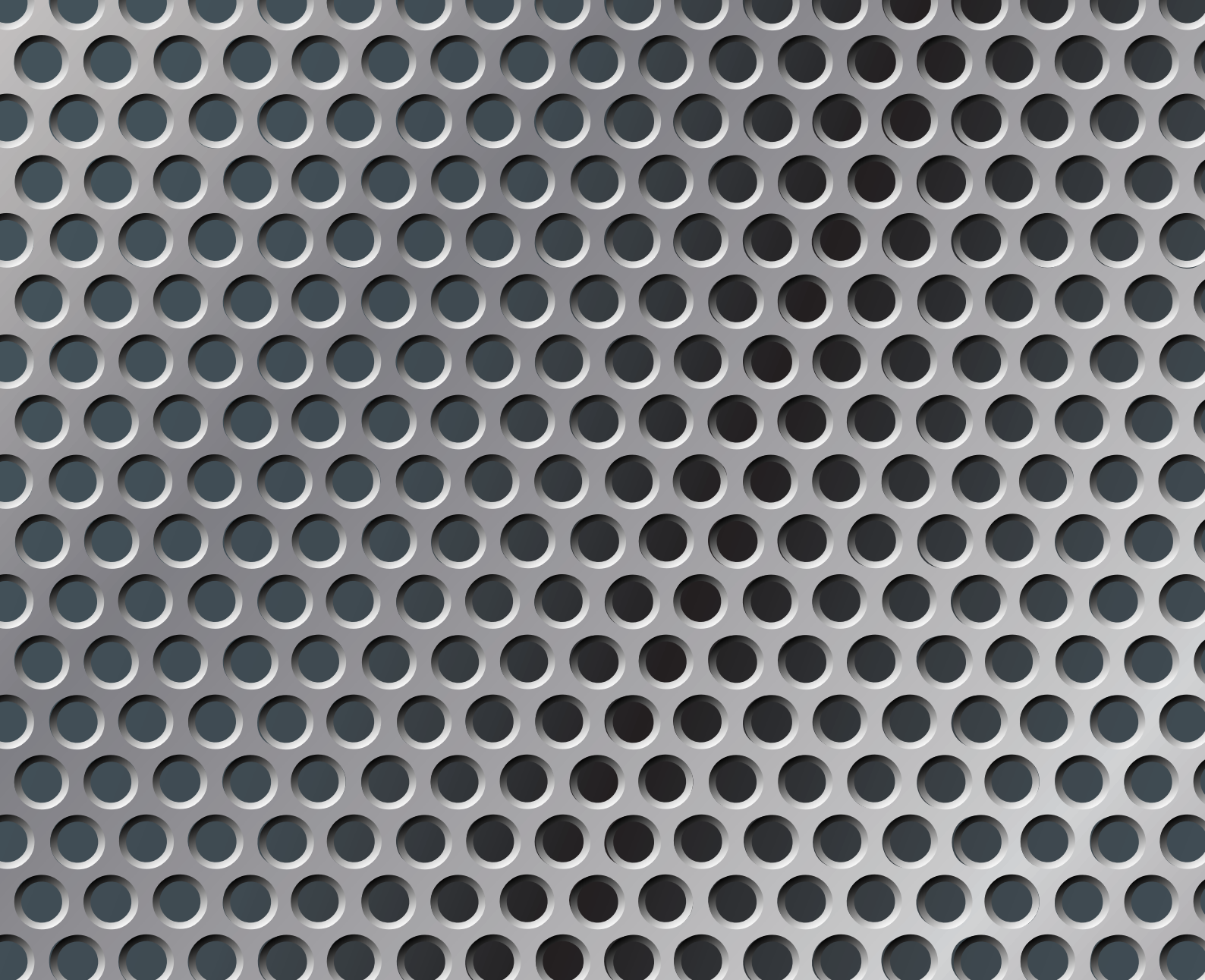


## Quality management system under ISO/TS 16949:2009

### QMS

- 3/ Since 2007 the Feron, a.s., Steel Service Centre has had in place a certified quality management system under ISO/TS 16949:2002 for the production of strips and metal sheets for the automotive industry by longitudinal and transversal steel coil cutting.





 *Feronia*  
[www.ferona.cz](http://www.ferona.cz)