



f e r o n a a n n u a l r e p o r t

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a word from the chairman of the supervisory board

Dear friends and colleagues,

the past year of 2009, especially the first half, was a time of deep uncertainty. While all difficulties have yet to be surmounted, the global economy is in much better condition than it was at this time last year. Only with the passage of time are we able to realize how close the world financial system and individual economies were to collapse last year. Commodities prices were in free fall, liquidity in credit markets literally dried up. The unprecedented weight of the worst economic downturn since the Great Depression was felt by everyone, and Feronia was no exception.

We continue to sail onward through uncharted waters and with the new decade come many new challenges for steel production in Europe. Europe likely awaits slower economic growth, higher unemployment, limited state expenditures, increased taxes, and less available credit for the majority of firms. These developments will have varying impacts on individual industries and European countries, nevertheless I believe that Feronia was able to optimize its operations and create a long-term strategic vision which will return us to the levels of productivity and profit to which we have been accustomed. This belief is based on the confidence and support which we have received over recent months from our main banking institutions, for which we are grateful.

In our primary markets, i.e. the Czech Republic, Poland and Slovakia, the economic recovery continues. Everyone has seen visible improvement in economic conditions, either resulting from public expenditures and support measures, the reduction of interest rates, or the injection of additional liquidity from central banks. And although full economic recovery will not be immediate or without problems, I am convinced that the conservative strategy which Feronia continues to follow will allow us to bounce back more quickly and strongly than our competitors.

I would also like to take this opportunity to personally thank all of our employees who, even in these uncertain times, have continued to give their all. I can sincerely say that they are among the best that I have ever had the honor of leading, and that they will play a major role in the continuing recovery of our company this year and in the coming decade.

I wish you and your families a healthy and successful 2010.

Robert Kay
Chairman of the Supervisory Board
of Feronia, a. s.



a word from the chairman of the board

Dear ladies and gentlemen,

let us look back once again at 2009 and remember those events which we all thought could never happen. For us, these difficult times actually began in the spring of 2008. At the height of the boom, when consumption and prices reached their peak, it was clear to us that 2009 was going to be difficult and that similar growth could not continue. Already at that time, we implemented our first austerity measures, especially in the area of employment. As the global crisis quickly moved from America to Europe in the fall of 2008, it became clear that only the quick decision to implement austerity measures in all areas of costs along with quick and effective measures in asset management, particularly inventory, could counteract the drop in revenue and tragic fall of prices. A somber end to 2009 was the repeated reduction in manufacturing prices in the 4th quarter at a time when market prices were gradually stabilizing. The year's performance can be described as an unpalatable cocktail mixed from the above ingredients. In short, bad across the board and not to be dwelled upon.

Just as 2009 and its problems began in 2008, so has 2009 given us firm foundations for the present. First and foremost, we must recognize the entire collective of our employees, who were able to unite and work intensively following radical layoffs. Thanks are due to all. Secondly, we must mention our customers, their loyalty, their skill in obtaining orders, and their ability to finance their obligations. We thank you. Likewise our suppliers, strong partners able to handle market fluctuations and declining volume, who were able to find solutions to allow us to properly manage our assets and cash-flow. We thank you. And for our banking group – not all banks were strong enough to stay with us during these difficult times. Some were afraid, others perhaps had their own problems, and therefore left. Remaining was the group of those who believed in us, strengthened by a new bank. We thank you. I must also recognize and mention my closest colleagues. Under tremendous pressure they were able to make the right decisions at the right times. I thank you. Building upon the significantly reduced costs and strength of the group, which expanded once again last year, we have a strong foundation for future years. In early 2009 we purchased a 70% share in Pragmet, s.r.o., a young, developing service center supplying the automobile industry. In the fall we were able to open a modern service center in Bratislava for slitting HRS sheets using technology which is completely new for Central and Eastern Europe. And last but not least we have added technology to FDC, a.s. for welding pipes and profiles. One could be satisfied with these acquisitions and improvements, but we shall not. We shall continue moving forward, there is much work to be done.

It is a good thing to work in a company built upon such foundations, and it is good to know that we have the strength to turn the rudder around 180° and get back to where hard work brings success and satisfaction.

Jiří Plajner
Chairman of the Board of Directors



company structure and profile

COMPANY IDENTIFICATION

- Company name: **Ferona, a. s.**
- Identification number: **26 44 01 81**
- Registered office: **Havlíčkova čp. 1043/11, 111 82 Prague 1**

- The company is entered into the Register of Companies kept at the Prague Municipal Court, section B, file 7143.

- Date of incorporation: **21. 3. 2001**

- The company was originally incorporated as Rekulus, a.s., by a group of majority shareholders of the former Ferona, a.s. (identification no. 25 79 20 75) acting in concert.

- As of 1. 4. 2001 the company was taken over by Ferona, a.s. (identification no. 25 79 20 75) as majority shareholder in accordance with Section 220p of the Commercial Code and based upon the takeover agreement approved by the General Meetings of both companies on 27. 6. 2001. The entry of the takeover into the Register of Companies became effective on 29.8.2001. Based upon the merger agreement, as of 1. 1. 2005 the company assumed the equity of the dissolved parent company STEEL INVESTMENTS GROUP, a.s.

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



BASIC DESCRIPTION OF THE COMPANY

Today's Feron continues to carry out the activities of its legal predecessors, which were primarily involved in the distribution of metallurgical products throughout post-1945 Czechoslovakia under various trade names and in various organizational forms. Thus, the company carries on an entrepreneurial tradition in the territory of the Czech Republic which reaches back to 1829.

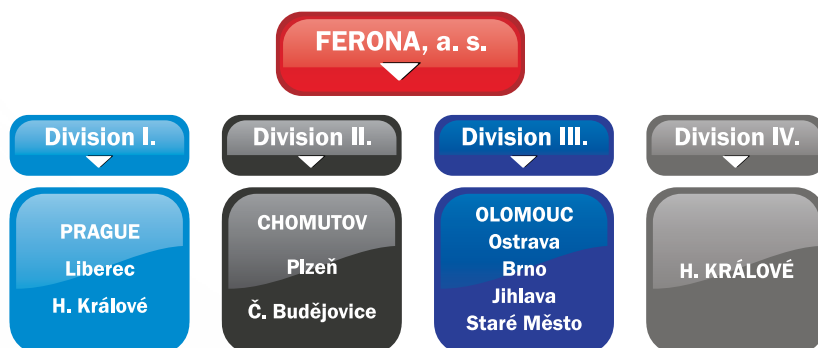
Feron came into being as a joint-stock company in 1992, through the transformation of the state firm of the same name. During the privatization process from 1992 to 1994, ownership of the company was fully transferred from the state to private hands. In 2001, the assets of Feron a.s. were taken over by its majority shareholder, which continued with its business activities. In 2004, the company was acquired by STEEL INVESTMENTS GROUP, a.s., which, on 1.1.2005 merged with Feron a.s. and was subsequently dissolved. The new controlling subject of Feron a.s. became IRG Steel Limited, London, which had owned STEEL INVESTMENTS GROUP, a.s.

The **primary business** of the company is wholesale warehousing, including the purchase, storage, treatment and sale of metallurgical products, secondary metallurgical products, non-ferrous metals and related hardware products. The commercial activity of Feron is primarily focused on the domestic market. The customer base consists of thousands of mostly small and medium industrial, construction, agricultural, or commercial business and trades which cannot effectively make purchases from manufacturers. Through its sales network of warehouses and retail stores, Feron is able to serve a wide range of customers, from large industrial firms to small clients.

The Feron a.s. joint-stock company is organized into three sales divisions defined by region. A fourth division is the service center for the transversal and longitudinal slitting of cold-rolled steel coils. All four divisions are entered into the Register of Companies as subsidiaries:

- **Divize I.** headquartered in Prague has branches in Liberec and Hradec Králové.
- **Divize II.** headquartered in Chomutov has branches in Plzeň and České Budějovice (the facility in Ostrov nad Ohří is leased).
- **Divize III.** headquartered in Olomouc has branches in Brno and Ostrava, and additional facilities in Jihlava and Staré Město u Uherského Hradiště.
- **Divize IV.** – Steel Service Center headquartered in Hradec Králové.

Customers may contact any of the above locations with questions or orders.





SUPERVISORY BOARD, BOARD OF DIRECTORS, AND COMPANY DIRECTORS

The Board of Directors, the Supervisory Board, and Company Directors are listed as of 31. 12. 2009

SUPERVISORY BOARD

Robert Kay, Chairman of the Supervisory Board, born in 1949, member of the Supervisory Board since 1. 1. 2005

Ing. Jiří Hypš, Vice-Chairman of the Supervisory Board, born in 1943, graduate of the Czech University of Life Sciences – Faculty of Economics and Management, member of the Supervisory Board since 1. 1. 2005

Roman Cypro, born in 1963, vocational college graduate, employed with the company since 1987, elected employee representative, member of the Supervisory Board since 22. 3. 2007.

BOARD OF DIRECTORS

Jiří Plajner, Chairman of the Board of Directors, high school graduate, born 1961, member of the Board of Directors since 1. 1. 2005

Ing. Miroslav Horák, Vice-Chairman of the Board of Directors, born in 1970, graduate of the University of Economics, member of the Board of Directors since 1. 1. 2005

Ing. Pavel Horák, born in 1962, graduate of Czech Technical University, member of the Board of Directors since 1. 1. 2005

Ing. Milan Rada, born in 1963, graduate of the University of Economics, member of the Board of Directors since 1. 1. 2005

Ing. Miroslav Vaníček, born in 1961, graduate of the University of Economics, member of the Board of Directors since 1. 1. 2005

COMPANY DIRECTORS

Jiří Plajner, General Director, born in 1961, high school graduate, company employee since 1992

Ing. Miroslav Horák, Business Director, born in 1970, graduate of the University of Economics, company employee since 1996

Ing. Pavel Horák, Logistics Director, born in 1962, graduate of the Czech Technical University, company employee since 1986

Ing. Milan Rada, Director of Human Resources and Informatics, born in 1963, graduate of the University of Economics, company employee since 1992

Ing. Miroslav Vaníček, Financial Director, born in 1961, graduate of the University of Economics, company employee since 1985

Ing. Petr Mikulecký, Director of Division I, subsidiary plant headquartered in Prague, born in 1966, graduate of the Czech Technical University, Faculty of Construction, company employee since 2003

Miroslav Vrkota, Director of Division II., subsidiary plant headquartered in Chomutov, born in 1957, graduate of Secondary Technical School of Mechanical Engineering, company employee since 1992

Ing. Petr Vlach, Director of Division III, subsidiary plant headquartered in Olomouc, born in 1965, graduate of Brno University of Technology, Faculty of Mechanical Engineering, company employee since 1989

Doc. Ing. Ivo Juříčka, CSc., Director of Division IV – Steel Service Center, subsidiary plant headquartered in Hradec Králové, born in 1963, graduate of the Technical University of Ostrava, Faculty of Metallurgy and Materials Engineering, company employee since 2003



COMPANY SUBSIDIARIES

Ferona, a.s., is the parent company in a group which as of December 31st, 2009 included the following controlled entities and companies, and the entities controlled by them:



FERONA Slovakia, a. s.

a) Registered office and ID	Bytčická 12, Žilina, Slovakia	ID 36401137
b) Other facilities	Bratislava, Nitra, Martin, Košice	
c) Activity	wholesale of metallurgical products	
d) Equity		18 260 000 EUR
e) Profit/loss in 2009		-16 392 000 EUR
f) Share of Feronia, a.s. in registered capital		100 %
g) Book value of the share of Feronia, a.s. (net)		494 492 000 CZK



FERONA – Servis Centrum Slovakia, a. s.

a) Registered office and ID	Prístavná 12, Bratislava, Slovakia	ID 44066716
b) Other facilities	none	
c) Activity	steel bands slitting	
d) Equity		7 336 000 EUR
e) Profit/loss in 2009		-405 000 EUR
f) Share of Feronia, a.s. in registered capital		100 %
g) Book value of the share of Feronia, a.s. (net)		207 013 000 CZK



FERONA POLSKA, S. A.

a) Registered office and ID	Mikolowska 31, Myslowice, Poland	ID 240569429
b) Other facilities	none	
c) Activity	wholesale of metallurgical products	
d) Equity		3 560 000 PLN
e) Profit/loss in 2009		-10 028 000 PLN
f) Share of Feronia, a.s. in registered capital		100 %
g) Book value of the share of Feronia, a.s. (net)		33 825 000 CZK

**FERONA – Dělicí centrum, a. s.**

a) Registered office and ID	Plzeňská 18, Ostrava	ID 26168634
b) Other facilities	none	
c) Activity	steel bands slitting	
d) Equity		111 378 000 CZK
e) Profit/loss in 2009		13 815 000 CZK
f) Share of Feron, a.s. in registered capital		100 %
g) Book value of the share of Feron, a.s.		57 257 000 CZK

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

a) Registered office and ID	ul. ČSA 730, Velká Bystřice	ID 25354418
b) Other facilities	Hořovice, Brno a FTP Slovakia, s. r. o., Bratislava, Slovakia *)	
c) Activity	wholesale of technical plastics	
d) Equity		118 677 000 CZK
e) Profit/loss in 2009		774 000 CZK
f) Share of Feron, a.s. in registered capital		50 %
g) Book value of the share of Feron, a.s.		8 218 000 CZK

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

a) Registered office and ID	Púchovská 14, Bratislava, Slovakia	ID 35861134
b) Other facilities	none	
c) Activity	wholesale of technical plastics	
d) Equity		373 000 EUR
e) Profit/loss in 2009		11 000 EUR
f) Share of FERONA THYSSEN PLASTICS in registered capital		100 %
g) Book value of the share of FERONA THYSSEN PLASTICS, s.r.o.		3 514 000 CZK

**PRAGMET, s. r. o.**

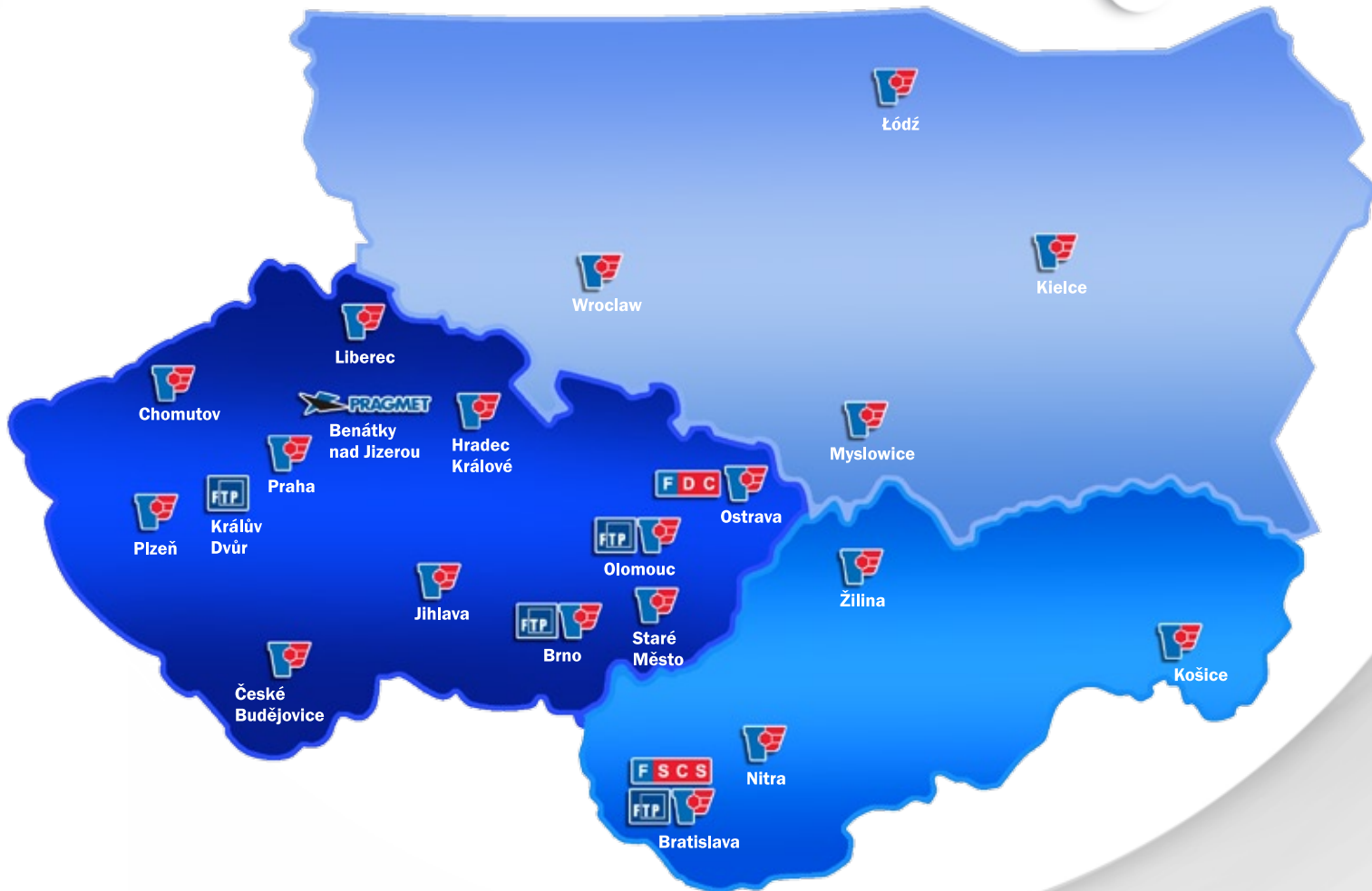
a) Registered office and ID	Kostelecká 879, Praha 9	ID 25789449
b) Other facilities	Benátky nad Jizerou	
c) Activity	slitting of flat products for the automotive industry	
d) Equity		69 994 000 CZK
e) Profit/loss in 2009		16 794 000 CZK
f) Share of Feron, a.s. in registered capital		70 %
g) Book value of the share of Feron, a.s.		98 550 000 CZK

SUBSIDIARIES



- FERONA, a. s.
- FERONA SLOVAKIA, a. s.
- FERONA – SERVIS CENTRUM SLOVAKIA, a. s.
- FERONA POLSKA, S. A.
- FERONA – DÉLÍČÍ CENTRUM, a. s.
- FERONA THYSSEN PLASTICS, s. r. o.
- PRAGMET, s. r. o.
- FTP SLOVAKIA, s. r. o.

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b u s i n e s s s e c t i o n

A WORD FROM THE SALES DIRECTOR

2009 was in many aspects a very difficult year, bringing results which unfortunately corresponded to the nature of the crisis through which we passed. No forecasts at the end of 2008 anticipated such a steep drop in the consumption of steel in our region as the stark statistics for the past period ultimately show.

All of Europe must come to terms with this price drop of several dozen percentage points, and it will be several years before industrial production, and in turn consumption, returns to pre-crisis levels. Of course, this does not mean that we will hang our heads in the meantime and wait for a miracle.

Looking back at 2009, we can be proud of increasing our market share in the trade of metallurgical goods in the CR, since the decline in our sales was less than that of the majority of major firms in our field. In this way, we fulfilled one of our principal goals.

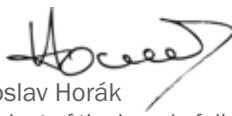
We must also positively assess the fact that we were able to effectively adjust our asset structure to correspond with sales volume midway through the second quarter, i.e. inventory corresponding to two-month turnover. Throughout Europe, other companies were still struggling to optimize inventory halfway through the year.

Although it was very difficult to do business during this time of depressed prices and great pressure on company liquidity, our entire business team performed as best they could under the given conditions. A total of 641,319 tons of goods were sold. Sales revenue reached 11.15 bil. CZK. For their outstanding performance, I must thank all those who made positive contributions.

Regardless of the direction of further developments during the year, I am sure that our long-term partnership with customers and suppliers will always enable us to find compromises beneficial to both parties.

We strive to provide our clients with certainty, and I think that we demonstrated this during this difficult time when concessions were often required of both sides. For the accommodating approach of all our several thousand customers I am also thankful.

The unprecedented price fluctuations of the past year showed that a previously very stable segment may quickly become a speculative commodity with an uncommon degree of volatility. Therefore, such possibilities must be accounted for in the future, both on our part and by our customers, in tenders, in determining long-term contracts etc. Steps in this direction have already been made this year and increased caution must be adopted in the pursuit of set goals.



Ing. Miroslav Horák
vice-president of the board of directors
business director

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REVENUE STRUCTURES

Revenue structure by individual product group in 2009 was as follows:





product line

The extensive product line, over nineteen thousand items, is purchased from dozens of renowned domestic and foreign steel manufacturers. Because trends in the production and distribution of steel continue to show the increasing importance of precision in products offered, part of Feron's strategy is to continue gradually increasing its assortment of products offered, especially with respect to new high quality materials.

In the area of purchasing, Feron a.s. concentrated on maintaining and strengthening existing relationships with individual contracted suppliers. As the portfolio of suppliers remained extensive in 2009, it was possible to maintain the necessary diversification of supplies with respect to individual commodities and product types.

From a business perspective, 2009 was a difficult year. The ongoing economic and financial crisis reduced the general demand for steel, which led to a drop in sales volume compared to previous years. The situation was complicated not only for sellers, but also for purchasing teams which were responsible for adjusting purchasing policy to the current economic and commercial situation.

The main goal in the area of purchasing was to optimize inventory. Due to lower demand, a relatively large amount of inventory remained in the retail network, with customers, and final consumers. This inventory was consumed more slowly than usual because of weak demand. Business policy had to adapt to this situation, and there was a gradual reduction in inventory due to sales and reduced orders from suppliers. A reduction in inventory was a global phenomenon for distributors of steel in 2009 which came to an end mid-year in accordance with the situation in Europe.

Price development was a significant factor affecting business policy in 2009. Prices of steel products dropped for most of the year and did not rebound until the 3rd and 4th quarters due to demand caused by resupply of inventory in the distribution network. Real demand from end consumers was weak and not responsible for the growth trends on the market.

NEW DEVELOPMENTS

In spite of the difficulties mentioned, there was an effort to maintain the current portfolio of products and services provided for our customers. A new service center was opened in Bratislava focusing on the slitting of hot-rolled coils and working as part of subsidiary company FERONA – Servis Centrum Slovakia, a.s. These slitting lines expand the assortment of cut sheets up to thicknesses of 15 mm and complement the assortment of Feron products produced by the Ostrava slitting center. The operations of another subsidiary company, Feron – Dělicí centrum, a.s., which manufactures sheets



and bands with longitudinal and transversal slitting from hot-rolled sheets, were expanded to include the manufacture of hollow welded circular, square and rectangular profiles. All the products of both service centers are sold within the commercial network of the entire Feron group, and the input materials are procured by the purchasing team for flat product commodities.



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Another major success was the expansion of the secondary product line to include a new assortment of steel fibers for concrete, which are used in all branches of construction and prefabrication, where concrete is used as the basic building material.

PRODUCT PURCHASING

The company purchases products with steady sales both from domestic manufacturers such as ArcelorMittal Ostrava, Moravia Steel, Evraz Vítkovice Steel, as well as from abroad, especially from Slovakia (U.S. Steel Košice, Železářny Podbrezová), Poland (Mittal Poland, CMC Zawiercie), Germany (Ekostahl, Salzgitter etc.) and other countries (Marcegaglia, etc.). The range of suppliers is constantly tailored to specific market conditions. These conditions change in large part due to modifications of business policy to suit the interests of the Feron group.



m a j o r p r o j e c t s

As in every company which aims to continually improve its commercial activity and provision of services, contract orders are quite important at Feron. The Feron joint-stock company values all of its partners and customers. Nonetheless, there are certain projects of which every firm is proud, and which are the most significant each year.

The manufacturing program of Iveco Czech Republic, a.s. produces a complete line of buses used for municipal or regional transit and tourism. The company also manufactures mini-buses. The products of Iveco Czech Republic, a.s., Vysoké Mýto are sold throughout most countries of Central and Eastern Europe.



Supplier of precision steel bands and stamped parts:
Feron, a. s. - Steel Servis Centrum

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The more than three-kilometer stretch of road from Sedlice – Opatovice connects highway D11 with primary road I/37. The dominant feature of this junction will be a unique multi-level interchange at Opatovice, connecting R35 with rebuilt I/37 and other roads. The interchange will have three levels.

Supplier of reinforcing steel: Feron, a.s.
Contractor: Skanska DS, a.s.
Investor: Ředitelství silnic a dálnic ČR

Galerie Harfa is the largest commercial and administrative center built to date in Prague, located directly next to the O2 Arena in the Vysočany district of Prague.

Supplier of reinforcing steel : Feron, a.s.
Contractor: Metrostav



In 2009 the ČEZ power company began construction of a spent fuel storage facility at the Temelín nuclear power plant. This is a reinforced concrete building with areas for receiving and storage. The storage capacity should be sufficient for thirty years of power plant operations.
Supplier of reinforcing steel: Feron, a.s., PSG, a.s.



ferona as a strong and socially responsible company

2009 was an economically demanding year for all companies, not only in the Czech Republic, but in Europe and the rest of the world. Nevertheless, as a mature and stable company, even during difficult times we uphold the ideals of solidarity. Naturally, the financial crisis also affected the non-profit sector, which is why Ferona management is aware of the even greater obligation to support charities and projects which help those in need.

WHERE MONEY CAN HELP

The mission of the early care center EDUCO Zlín, o.s. is to provide social services in the field to families with young children who have medical problems. The goal is to provide specialized assistance and support leading to an improved quality of life for these families, helping the children to remain with their families, become independent and self-supporting, and participate as equals in society.



The Třinec Social Assistance Center is a charity organization whose primary mission is to provide support and assistance to children and adults in coping with difficult life situations arising due to age or medical condition, social crisis, or other serious reason.

„The most valuable thing a person has in life is his humanity, his feelings, his ability to connect with other people...“

CONFRONTATION OF YOUNG ADEPTS OF THE BLACKSMITH'S TRADE WITH EXPERIENCED ARTISANS AND FIRMS

Our long-running cooperation with the Guild of Artisan Blacksmiths and Locksmiths of Bohemia, Moravia, and Silesia is indispensable in eliminating the shortage of training and care devoted to our cultural heritage. The traditional trade of metal working, both commercial and artistic, holds great importance for preserving our rich tradition of hand-crafted work.



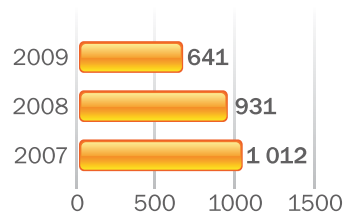


e c o n o m i c s e c t i o n

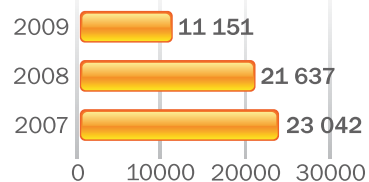
BASIC INDICATORS FOR THE PAST THREE YEARS

The company continues to fully carry out the activities of its legal predecessor, which was founded as a joint-stock company in 1992.

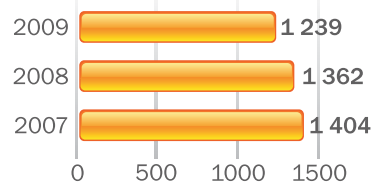
SALES IN WEIGHT (thou. tons)



REVENUE FROM THE SALE OF GOODS (mil. czk)



NUMBER OF EMPLOYEES (persons)



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		2007	2008	2009
Profit/loss	(mil. CZK)	533	326	-1 493
Inventory	(mil. CZK)	4 618	4 063	1 891
Short-term receivables	(mil. CZK)	3 049	3 474	2 362
Short-term payables	(mil. CZK)	2 633	1 864	1 038
Bank loans	(mil. CZK)	3 845	4 486	3 259

COMMENTARY ON THE PROFIT/LOSS STATEMENT

The profit margin in 2009 was 14,237 thou. CZK. The dramatic drop in profit margin is due to the ongoing economic crisis and the related significant decline in the prices commercial goods. The overall negative impact represents a value of 963 mil. CZK. Revenue for services consisting of slitting and processing of material, such as custom-ordered flame cutting of thick sheets and services provided to subsidiary companies reached 124,856 thou. CZK

Costs for consumed material and energy were 891,074 thou. CZK, of which material consumed for production in Division IV – Steel Service Center constituted 778,132 thou. CZK, which represents 87 %. The largest items for purchased services were contracted transport (32% of purchased services), consulting (16% of purchased services) and repairs and maintenance (14% of purchased services). The company promptly reacted to the economic crisis and significantly reduced its consumption of material and purchased services.

Total personnel costs were 555,297 thou. CZK, which is 27.4 % less than in 2008. Depreciation and amortization of fixed tangible and intangible assets amounted to 212,522 thou. CZK, which represents a drop of 3.3 % from the previous year.

Operations ended with a loss of 936,247 thou. CZK, which represents a decline of 1,486,566 thou. CZK from 2008 due to the aforementioned circumstances, and a decline of 1,747,249 thou. CZK from 2007.

Interest paid on operating loans amounted to 157,177 thou. CZK, which was 19.2% less than the previous year because of decreased sales, yet still remained for the largest cost item for financial operations. Additional financial costs such as bank fees and exchange rate losses totaled 107,730 thou. CZK. Other financial revenue represented primarily by exchange rate profit was 70,035 thou. CZK. In 2009, liquidation was completed of the Topham Vídeň company. For its ownership share, Feron received a portion of the liquidation balance amounting to 3,094 thou. CZK. The most significant item in financial operations was the creation of adjustments for long-term financial assets totaling 410,000 thou. CZK (350,000 thou. CZK for Feron Slovakia, a.s., and 60,000 thou. CZK for Feron Polska, S.A.) along with the creation of adjustments for securities (unpaid discount bills of exchange) amounting to 8,781 thou. CZK.

In 2009 the company did not carry out any accounting operations affecting **exceptional profit/loss**. Before tax profit in 2009 was a loss of 1,539,373 thou. CZK.

The loss for the fiscal year was 1,493,437 thou. CZK, due primarily to the drop in market prices for metallurgical products and the creation of adjustments for long-term financial assets.

COMMENTARY ON THE BALANCE SHEET

Total assets of the company as of December 31st, 2009 fell from the previous year by 3,631,763 thou. CZK to a total net book value of 7,979,028 thou. CZK. This development was caused primarily by a reduction in the value of inventory of goods due to price instability for metallurgical products, a drop in the value of receivables due to the steep drop in prices during 2009, and the creation of adjustments for long-term financial assets.

Fixed assets, accounting for 46 % of total assets (a relative increase of 11.7%), declined by 7.8% from 2008 to 3,671,906 thou. CZK. Fixed assets were structured as follows (given in thousands of CZK and as % of total fixed assets):

	%	thou. CZK
intangible fixed assets	0,5	17 380
tangible fixed assets	74,7	2 742 622
financial assets	24,8	911 904

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The most significant **fixed assets** are buildings and structures valued at 1,622,344 thou. CZK (59.2 % of total fixed assets), followed by movables valued at 575,014 thou. CZK (21 % of total) and land worth 530,442 thou. CZK (19.3 % of total).

The net value of **financial assets** was 911,904 thou. CZK, which includes an increase in the value of financial investments abroad according to the exchange rate of the Czech National Bank for the crown on the last day of 2009 totaling 72,716 thou. CZK. During the course of the fiscal period, an ownership share was acquired in Pragmet, s.r.o., the capital equipment of Ferona – Servis Centrum Slovakia, a.s. was completed in Bratislava, and adjustments were created for the financial investments of Ferona Slovakia, a.s. (350,000 thou. CZK) and Ferona Polska, S.A. (60,000 thou. CZK).

Current assets accounted for 53.9 % of total assets and during the course of the year dropped by 3,318,233 thou. CZK to 4,301,485 thou. CZK.

The major inventory item was **inventory of goods**, which compared to last year fell 2,154,689 thou. CZK to 1,717,898 thou. CZK. The immediate turnover period for inventory, calculated from the value of goods sold at cost, was 56 days at the end of the year, representing a decline of 6 days from the previous year due to the reduced value of inventory because of price instability.

The company has **long-term receivables** from security deposits for leases and the activation of mobile telephones.

Trade receivables accounted for the largest portion of the company's short-term receivables. These dropped by 992,604 thou. CZK, reaching a net value of 2,145,798 thou. CZK due to the dramatic drop in prices for metallurgical products. Adjustments have been created for all receivables more than 1 year overdue. Adjustments for other receivables are created based upon a risk assessment at the close of the fiscal period. The immediate turnover period for trade receivables at the end of the year was 70 days, meaning it took 17 days longer than the previous year to receive payments.

Short-term financial assets at the end of the year amounted to 45,239 thou. CZK, which represents a decline of more than 34 mil. CZK compared to the beginning of the year due to increased routing of customer payments to the company's overdraft account in the final days of 2009.

Accruals and deferrals of 5,637 thou. CZK represent an insignificant portion of total assets.

Registered capital totals 3,000,000 thou. CZK and is divided among 300 shares, each having a nominal value of 10,000 thou. CZK. The shares are certificated but not registered for public trading. Changes are described in the Appendix to the Annual Financial Statements.

Equity of the company as of December 31st, 2009 was 3,526,158 thou. CZK, which covers 44.2 % of the total book value of the company's liabilities.

Liabilities at the end of 2009 totaled 4,436,688 thou. CZK and were structured as follows:

	%	thou. CZK
long-term liabilities	3,1	139 164
short-term liabilities	23,4	1 038 029
bank loans and assistance	73,5	3 259 495

Short-term liabilities primarily consist of **trade liabilities**, which amounted to 919,553 thou. CZK at the end of the year, none of which were overdue except for invoices for which payment had been stopped because of pending claims and liabilities to be set off. In spite of the difficult situation in 2009, the company was not late in the payment of any of its liabilities throughout the entire year.

Bank loans amounted to 3,221,702 thou. CZK at the end of the year not including factoring. At the close of the fiscal period, the company had drawn a short-term operating loan to finance current assets and discount loans. Liabilities from regressive factoring amounted to an additional 37,793 thou. CZK.

Accruals and deferrals at the end of the year amounted to 16,182 thou. CZK. As in past years, the largest single item was accrued interest on bank loans drawn in tranches with various interest periods.

FINANCIAL SITUATION OF THE COMPANY

From the Annual Financial Statements it is clear that the financial situation of the company has stabilized. The total volume of short-term receivables at the end of 2009 exceeded the volume of short-term liabilities by 1,323,643 thou. CZK and the company was not insolvent.

The total debt of the company has been maintained at a viable level and the company is not late with the payment of any of its liabilities. Nor did the company lose the confidence of its banking houses. At the close of the fiscal year the company, along with its subsidiary Ferona Slovakia, a.s., was in the process of refinancing. As of 31.12.2009 the company's liabilities amounted to 55.8% of total assets.

The ratio of bank loans and assistance to total revenue at the end of 2009 ranged around 28%.

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RESULTS OF THE CONSOLIDATED GROUP

In 2009 group companies took in revenue from the sale of goods totaling 12,687,589 thou. CZK, which is 50.3 % less than last year. This drop compared to last year was caused by the decline in demand due to the economic crisis and the sharp drop in prices of metallurgical products. Value added was negative 346,437 thou. CZK due to price deviations projected into the costs for goods sold, in spite of all austerity measures adopted by group companies. For the aforementioned reasons, as of 31.12.2009 the consolidated result of operations was a loss of 1,356,269 thou. CZK.

Consolidated profit/loss (without minority shares in profit/loss but including shares in profit/loss in equivalence) was also a loss of 1,583,453 thou. CZK.

The value of consolidated assets at the end of 2009 was 9,591,020 thou. CZK and the value of equity was 3,585,591 thou. CZK.

EVENTS OCCURRING AFTER THE CLOSE OF THE FISCAL PERIOD, AND OUTLOOK FOR 2010

The company concluded a credit agreement with the club of banks for refinancing Ferona, a.s., and Ferona Slovakia, a.s. for the period up to 15. 2. 2011.

Pragmet, s.r.o. has begun the process of changing its legal form from a limited to a joint-stock company.



d o c u m e n t s

- auditor's report on the company's Annual Report
- annual Financial Statements as of 31.12.2009
- consolidated Financial Statements as of 31.12.2009



independent auditor's report

TO THE SHAREHOLDERS OF FERONA, A. S.

We have audited the accompanying financial statements of Ferona, a. s., i.e. the balance sheet as of 31.12.2009, the profit and loss statement for the period from 1.1.2009 to 31.12.2009, as well as the appendices to these statements and summary of significant accounting methods used.

STATUTORY BODY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The statutory body of Ferona, a. s. is responsible for the preparation and fair presentation of these financial statements in accordance with Czech financial reporting standards. 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 making accounting estimates that are reasonable in the given circumstances.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditors Act and International Audit Standards and the related application clauses issued by the Czech Chamber of Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements give a true and fair view of the assets, liabilities and financial position of Ferona, a. s., as of 31.12.2009, and of its expenses, revenue and income from operations for the year then ended in accordance with the applicable Czech accounting regulations.

Prague, March 15th, 2010

BDO Audit s.r.o. auditing authorization no. 18, represented by partners:

Ing. Eva Knyplová
auditor, certificate no. 1521

Ing. Ladislav Novák
auditor, certificate no. 0165



complete balance sheet

as of 31.12.2009 (in thousands of CZK)

Designation a	ASSETS b	Line c	Current year			Previous year
			Gross 1	Adjustment 2	Net 3	Net 4
	TOTAL ASSETS	01	10 804 187	-2 825 159	7 979 028	11 610 791
B.	Fixed assets	03	6 021 481	-2 349 575	3 671 906	3 984 687
B. I.	Intangible fixed assets	04	76 163	-58 783	17 380	21 023
3.	Software	07	72 788	-58 605	14 183	19 343
4.	Royalties	08	214	-178	36	89
7.	Intangible fixed assets not in use	11	3 161	0	3 161	1 591
B. II.	Tangible fixed assets	13	4 623 414	-1 880 792	2 742 622	2 831 969
B. II. 1.	Land	14	530 442	0	530 442	524 635
2.	Buildings, halls and structures	15	2 485 983	-863 639	1 622 344	1 679 832
3.	Machinery, tools and equipment, vehicles and furniture	16	1 592 167	-1 017 153	575 014	605 304
6.	Other tangible fixed assets	19	371	0	371	371
7.	Tangible fixed assets not in use	20	3 863	0	3 863	3 833
8.	Prepayments for tangible fixed assets	21	10 588	0	10 588	17 994
B. III.	Long-term investments	23	1 321 904	-410 000	911 904	1 131 695
B. III. 1.	Shares in subsidiaries	24	1 301 137	-410 000	891 137	1 115 752
2.	Shares in associates	25	8 218	0	8 218	9 177
3.	Other securities and ownership interests	26	25	0	25	25
6.	Long-term financial assets acquired	29	12 524	0	12 524	6 741
C.	Current assets	31	4 777 069	-475 584	4 301 485	7 619 718
C. I.	Inventory	32	2 030 799	-140 000	1 890 799	4 063 196
C. I. 1.	Material	33	170 152	0	170 152	161 052
2.	Work in progress and semi-finished products	34	2 749	0	2 749	2 232
5.	Merchandise	37	1 857 898	-140 000	1 717 898	3 872 587
6.	Prepayments towards inventory	38	0	0	0	27 325

Designation a	ASSETS b	Line c	Current year			Previous year	
			Gross 1	Adjustment 2	Net 3	Net 4	
C. II.	Long-term receivables	39	3 775	0	3 775	3 664	
5.	Long-term prepayments	44	3 775	0	3 775	3 664	
C. III.	Short-term receivables	48	2 686 641	-324 969	2 361 672	3 473 547	
C. III. 1.	Trade receivables	49	2 470 388	-324 590	2 145 798	3 138 402	
2.	Receivables from controlling entities	50	113 367	0	113 367	24 168	
3.	Receivables from associates	51	0	0	0	157	
6.	Taxes receivable	54	5 000	0	5 000	95 949	
7.	Short-term prepayments	55	3 993	0	3 993	5 447	
8.	Estimated assets	56	91 336	0	91 336	206 556	
9.	Other receivables	57	2 557	-379	2 178	2 868	
C. IV.	Short-term investments	58	55 854	-10 615	45 239	79 311	
C. IV. 1.	Cash in hand	59	2 697	0	2 697	1 979	
2.	Cash at bank	60	36 610	0	36 610	61 439	
3.	Short-term investments	61	16 547	-10 615	5 932	15 893	
D. I.	Temporary assets	63	5 637	0	5 637	6 386	
D. I. 1.	Deferred expenses	64	4 744	0	4 744	6 230	
3.	Accrued income	66	893	0	893	156	

Designation a	LIABILITIES b	Line c	Current year 5	Previous year 6
	TOTAL LIABILITIES	67	7 979 028	11 610 791
A.	Equity	68	3 526 158	5 034 391
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	303 250	318 045
2.	Other capital funds	75	230 534	230 534
3.	Gains or losses from revaluation of assets	76	72 716	87 511
A. III.	Reserve funds, non-distributable fund and other funds created from profit	78	208 246	191 968
A. III. 1.	Statutory reserve fund / non-distributable fund	79	208 246	191 968
A. IV.	Retained earnings or loss from previous years	81	1 508 099	1 198 817
A. IV. 1.	Retained earnings from previous years	82	1 508 099	1 198 817
A. V.	Profit or loss of current year [+/-]	84	-1 493 437	325 561
B.	Liabilities	85	4 436 688	6 535 917
B. II.	Long-term payables	91	139 164	185 664
5.	Long-term prepayments received	96	138	138
10.	Deferred tax liability	101	139 026	185 526
B. III.	Short-term payables	102	1 038 029	1 864 350
B. III. 1.	Trade payables	103	919 553	1 583 177
4.	Payables to partners and members	106	0	43 774
5.	Payables to employees	107	144	195
6.	Payables to employees	108	15 561	30 007
7.	Tax payable and subsidies	109	42 220	121 840
8.	Short-term prepayments received	110	675	452
10.	Estimated liabilities	112	28 279	6 548
11.	Other liabilities	113	31 597	78 357
B. IV.	Bank loans and borrowings	114	3 259 495	4 485 903
2.	Short-term bank loans	116	3 221 702	4 447 439
3.	Short-term borrowings	117	37 793	38 464
C. I.	Temporary liabilities	118	16 182	40 483
C. I. 1.	Accrued expenses	119	15 472	39 177
2.	Deferred income	120	710	1 306



complete profit & loss statement

as of 31.12.2009 (in thousands of CZK)

Designation a	TEXT b	Line c	Accounting period	
			current 1	previous 2
I.	Sales of goods purchased for resale	01	11 151 131	21 636 695
A.	Cost of goods sold	02	11 136 894	19 585 663
+	Gross margin	03	14 237	2 051 032
II.	Production	04	925 276	1 479 369
II. 1.	Sale of own products and services	05	124 856	179 171
3.	Own work capitalized	07	800 420	1 300 198
B.	Purchased consumables and services	08	1 176 309	1 812 264
B.1.	Consumables	09	891 074	1 363 184
2.	Services	10	285 235	449 080
+	Value added	11	-236 796	1 718 137
C.	Personnel costs	12	555 297	765 157
C.1.	Wages and salaries	13	396 037	554 370
2.	Remuneration of board members	14	10 080	10 080
3.	Social security and health insurance	15	127 292	169 860
4.	Social benefits	16	21 888	30 847
D.	Taxes and charges	17	16 509	16 750
E.	Depreciation/amortization of tangible and intangible fixed assets	18	212 522	219 754
III.	Sale of fixed assets and materials	19	13 219	138 615
III.1.	Sale of fixed assets	20	6 416	11 338
2.	Sale of material	21	6 803	127 277
F.	Net book value of fixed assets and material sold	22	8 987	126 011
F.1.	Net book value of fixed assets sold	23	2 479	634
2.	Material sold	24	6 508	125 377
G.	Change in reserves and adjusting entries in operation and complex deferred expenses	25	-37 453	231 057

Designation a	TEXT b	Line c	Accounting period	
			current 1	previous 2
IV.	Other operating income	26	1 068 612	1 640 307
H.	Other operating expenses	27	1 025 420	1 588 011
*	Operating profit or loss	30	-936 247	550 319
VII.	Income from investments	33	3 094	0
VII. 1.	Income from intercompany securities and ownership interests	34	3 094	0
M.	Change in reserves and adjustments relating to investments	41	418 781	-78 166
X.	Interest income	42	7 433	8 230
N.	Interest expense	43	157 177	194 444
XI.	Other financial income	44	70 035	124 459
O.	Other financial expenses	45	107 730	166 154
*	Financial profit or loss	48	-603 126	-149 743
Q.	Income tax on ordinary activities	49	-45 936	75 015
Q. 1.	- due	50	564	128 492
2.	- deferred	51	-46 500	-53 477
**	Profit or loss from ordinary activities	52	-1 493 437	325 561
***	Profit or loss of current year [+/-]	60	-1 493 437	325 561
****	Pre-tax profit or loss of current year	61	-1 539 373	400 576



balance sheet

Minimum required scope of a consolidated report (in thousands of CZK)

Designation	TEXT	Current period as of 31/12/2009 1	Last period as of 31/12/2008 1	Two years prior as of 31/12/2007 2
	TOTAL ASSETS	9 591 020	13 567 522	12 971 262
B.	Fixed assets	4 072 773	3 929 416	3 560 236
B.I.	Intangible fixed assets	20 126	22 480	15 211
B.II.	Tangible fixed assets	3 936 732	3 837 106	3 486 155
B.III.	Long-term investments	12 549	7 725	973
B.IV.	Consolidation difference – positive “+”, negative “-”	40 873	0	0
B.V.	Securities in equivalence	62 493	62 105	57 897
C.	Current assets	5 508 468	9 629 010	9 276 495
C.I.	Inventories	2 566 320	5 530 856	5 450 160
C.II.	Long-term receivables	5 621	8 773	6 861
C.III.	Short-term receivables	2 651 830	3 843 764	3 537 425
C.IV.	Short-term investments	284 697	245 617	282 049
D.	Temporary assets	9 779	9 096	134 531

Designation	TEXT	Current period	Last period	Two years prior
		as of 31/12/2009 1	as of 31/12/2008 1	as of 31/12/2007 2
	TOTAL LIABILITIES	9 591 020	13 567 522	12 971 262
A.	Equity	3 585 591	5 186 200	5 064 862
A.I.	Registered capital	3 000 000	3 000 000	3 000 000
A.II.	Capital funds	221 748	229 365	229 354
	Loss from revaluation of assets and liabilities	0	-1 169	-1 180
A.III.	Funds created from profit	218 898	191 968	165 313
A.IV.	Retained earnings or loss from previous years	1 681 795	1 466 056	1 078 989
A.V.	Profit (loss) of current year excluding minority shares	-1 583 453	255 885	551 851
1.	Profit (loss) of operations of current year (+/-)	-1 583 961	252 088	548 691
2.	Contribution to the profit in equivalence (+/-)	508	3 797	3 160
A.VI.	Consolidation reserve fund	46 603	42 926	39 355
B.	Liabilities	5 966 693	8 339 536	7 852 142
B.I.	Reserves	18 327	0	2 337
B.II.	Long-term payables	166 856	227 347	270 429
B.III.	Short-term payables	1 435 302	2 143 661	2 881 632
B.IV.	Bank loans and borrowings	4 346 208	5 968 528	4 697 744
C.	Temporary liabilities	17 738	41 786	54 258
D.	Minority equity	20 998	0	0
D.I.	Minority registered capital	900	0	0
D.III.	Minority profit funds including undivided profits from previous years	15 060	0	0
D.IV.	Minority profit/loss from current period	5 038	0	0



profit and loss statement

Minimum required scope of a consolidated report (in thousands of CZK)

Identification	TEXT	Accounting period		
		current as per 31/12/2009 1	last as of 31/12/2008 1	two years prior as of 31/12/2007 2
I.	Revenue from the goods sold	12 687 589	25 573 510	23 178 962
A.	Cost of goods sold	12 765 119	23 120 508	20 995 910
+	Gross margin	-77 530	2 453 002	2 183 052
II.	Production	1 862 436	1 968 525	3 599 622
B.	Purchased consumables and services	2 131 343	2 387 391	3 978 731
+	Value added	-346 437	2 034 136	1 803 943
C.	Personnel expenses	711 132	926 299	881 153
E.	Depreciation/amortization of tangible and intangible fixed assets	271 083	269 034	256 805
	Depreciation (accounting) of goodwill difference (+/-)	20 437	0	0
G. + H.	Change in reserves, adjust. and deferrals and accruals relating to operat. expenses	-33 585	231 048	-8 243
III.+ VI.- VII.	Other operating income	1 211 575	2 031 664	1 574 034
D.+ F.+I.-J.	Other operating expenses	1 252 340	2 014 200	1 369 224
*	Consolidated operating profit (loss)	-1 356 269	625 219	879 038
VIII+IX+X+XI+XII+ +XIII+XIV-XV	Financial income	106 364	202 962	116 701
K+L+M+N+ +O+R-P	Financial expenses	367 682	494 540	305 513
*	Consolidated financial profit (loss)	-261 318	-430 587	-367 385
R.1.	Income tax due from ordinary activities	11 120	139 009	178 573
R.2.	Deferred income tax on ordinary activities	-49 485	-57 456	-37 038
**	Consolidated profit (loss) from ordinary activities	-1 579 222	252 088	548 691
XVI.	Extraordinary income	299	0	0
*	Consolidated extraordinary profit/loss	299	0	0
***	Consolidated profit (loss) of current year exclusive of equivalence	-1 578 923	252 088	548 691
z toho	- Profit (loss) of operations of current year exclusive of minority shares	-1 583 961	252 088	548 691
	- Minority profit (loss) of operations of current year	5 038	0	0
	Contribution to the result in equivalence	508	3 797	3 160
****	Consolidated profit (loss) of operations of current year	-1 583 453	255 885	551 851



investment activity, services

Investment activity in 2009 again concentrated primarily on renewing investment aimed at improving services to our customers. A total of 122,471,000 CZK was invested. The most intensive investments were made in crane technology, with a total of 28,806,000 CZK being invested.

TRANSPORTATION

To transport materials to customers, Feroná primarily uses its own fleet of 102 Mercedes-Benz trucks, along with the vehicles of contracted transporters.

Collection services with discounted prices are used for smaller orders sent over greater distances.

Our own vehicles are to great extent equipped with hydraulic cranes for loading material, which in many cases significantly reduces customer costs and delivery time

BAR STOCK SHEARING

Each warehouse complex is equipped with a bar shearing facility for lengths up to 12 m. Shearing of European sections HEA, HEB, I, U up to lengths of 22 m in profiles up to 700 mm is carried out centrally at our Olomouc facility. To ensure precision shearing we use modern measuring equipment which is calibrated by Feroná's accredited calibration laboratory.

SLITTING OF COLD-ROLLED COILS

The Steel Service Center in Hradec Králové uses modern technology from the FIMI company, enabling transversal and longitudinal slitting of cold-rolled steel with various surface treatments in rolls weighing up to 30 tons. Transversal slitting produces sheets 0.5 to 3 mm thick, 300 to 1600 mm in width, and 500 to 4000 mm in length. Longitudinal slitting produces bands varying in width from 30 mm to 1600 mm. In addition to our own products made from purchased rolls or customer material, at the Steel Service Center we also provide inspection documentation for the manufactured goods. Upon customer request we prepare protocols for the measurement of the dimensions of cut steel sheets, which is performed using calibrated optical measurement equipment.

In the area of materials testing, special customer requests are handled in cooperation with the laboratories of leading Czech technical universities.

To strengthen the position of Feron, a.s., in the automotive industry, a strategic decision was made in January of this year to acquire a majority share in Pragmet, s.r.o., a company headquartered in Benátky nad Jizerou. Cooperation between Feron, a.s., the Steel Service Center and Pragmet, s.r.o. has expanded our portfolio of products, especially with respect to trapezoidal cuts.

SLITTING OF HOT-ROLLED COILS

In the Feron Ostrava plant the slitting of hot-rolled material is carried out by Feron – Dělicí centrum, a.s. (FDC). This service is performed using a WEAN DAMIRON transversal slitting line and a BKM longitudinal slitting line. The standard deviation in the dimensions and flatness of sheets are certified according to the standards of EN 10051 + A1 and EN 10025-2, with an inspection certificate issued pursuant to EN 10204 – 3.1.

Other standards of quality, tolerance allowances, and other manufacturing specifications may be agreed upon before concluding a purchase contract.

At Feron – Dělicí Centrum, a.s. (FDC), production was begun in October 2009 of longitudinally welded tubes and hollow profiles on equipment from the Attl company. This technology enables the manufacture of tubes, square profiles, and rectangular profiles with wall thickness ranging from 1.2 mm to 4.0 mm.

At new subsidiary Feron – Servis Centrum Slovakia, a.s. (FSCS), production was begun in September 2009 on the new FIMI transversal slitting line used for the slitting of hot-rolled steel bands in thicknesses from 6 – 16 mm. The product assortment complements production from the transversal slitting line at FDC.

FLAME CUTTING

Another highly demanded service is flame cutting. Smooth, ribbed, or tear bossed sheets are flame cut at Feronia into any shape, with maximum dimensions of 3,000 x 12,000 mm at thicknesses ranging from 1 to 250 mm.

Service is provided by automated flame cutters at our facilities in Plzeň, Hradec Králové, Brno, Staré Město and Olomouc. Flame cutting equipment includes MGM CORTINA and MGM OMNICUT oxyacetylene machines and HYPERTHERM plasma machines.

BLOCK CUTTING

A service center in Olomouc cuts blocks and round bars of high-grade steel and non-ferrous metals for tool factories. The cutting is performed on a KASTO BBS U 10 x 13 block band saw for max. dimensions of 1000 x 1300 x 4000 mm and a KASTO BBS U8 x 10 block band saw for max. dimensions of 860 x 1060 x 3000 mm (max. block weight 16,000 kg). The facility is also equipped with KASTO TEC Ac5 and KASTO TWIN A4 band saws.

MATERIALS TESTING AND MEASUREMENT CALIBRATION

The Steel Service Center in Hradec Králové has a testing laboratory capable of providing quality assurance services to test material quality. It uses a SPECTROTEST CCD spectrometer to perform non-destructive chemical analyses and determine the quality of low-alloy carbon and nickel-chromium steel. A LABTEST tensile testing machine is used for static and dynamic testing of tensile, compressive and bending strengths. An HPO 250 hardness meter measures the hardness of materials. The device is fitted with a semi-automatic optical unit to measure indentation using cameras and image analysis.

To improve our services and support our business activities, a calibration laboratory of geometric quantities was established in Prague.

It has been authorized to verify length gauges (bands) by the Czech Office of Standards, Metrology, and Testing (authorization no. K100 and calibration service center no. C 283).

The laboratory has also been accredited by the Czech Accreditation Institute for the calibration of length gauges (no. 2283). The following accredited activities are carried out at the laboratory:

- calibration of sliding gauges, micrometers, end gauges, tape measures and calibration of measurement systems for bar stock shearing machines.

The Calibration laboratory also provides non-accredited calibration of thickness gauges (for sheets), protractors, angles, flat rulers, and the measurement system for the sheet slitting line at the Steel Service Center.

These metrological services are not only for the internal needs of Feronia but are also available to other firms.



quality management system

QMS according to EN ISO 9001:2008 standards

To ensure the high quality of the goods and services that it provides, Ferona, a.s. has implemented a certified quality management system which meets EN ISO 9001:2008 standards.

This system is applied to the following activities throughout the company:

- purchasing, warehousing, treatments, sale and transport of metallurgical material, secondary products, non-ferrous metals, and related wholesale hardware goods,



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- at the Steel Service Center the QMS system is applied to the longitudinal and transversal slitting of steel coils and the testing of mechanical properties and chemical composition of metal materials

QMS according to ISO/TS 16949:2002 standards

Since 2007 the Ferona Steel Service Center has also implemented a certified quality management system according to ISO/TS 16949:2002 standards for the production of bands and sheets for the automotive industry using longitudinal and transversal slitting of steel coils.





human resources and staff development

The unfavorable economic situation and general poor performance in 2009 also affected the human resources of Ferona. In spite of efforts by company management throughout the year to counter the effects of the economic crisis on company performance, there were significant changes in total employment. Wage incentives were significantly affected, which had a negative impact on company wage policy and employee compensation.

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EMPLOYMENT BY THE NUMBERS

During 2009, Ferona employed an average of 1,239 employees, 666 of which were technical and administrative staff, 504 manual workers, 66 sales staff, and 3 auxiliary service personnel. In terms of education, as of 31.12.2009 there were 98 employees with a university degree, 474 with secondary vocational education and vocational certificate, 354 with a full secondary education and diploma, 87 with full secondary education, diploma and vocational certificate, and 79 employees with a primary education.

The average monthly wage for the past year was 26,381 CZK.

EMPLOYEE BENEFITS

A total of 22 mil. CZK was spent in 2009 on social benefits for employees, which represented a decline from previous years. These funds were used to ensure the priorities of the company's benefit program, especially employee dining benefits, transportation benefits, social assistance, health care, and the payment of loyalty bonuses to reward the quality work of long-time employees.

