

INDEPENDENT AUDITOR'S REPORT

for

UNISTAV a.s.

ID No.: **00531766**

with its registered office in **Brno, Prikop 6**

We have audited the enclosed financial statements of UNISTAV a.s., i.e. the Balance Sheet as of 31 March 2013, Profit and Loss Account for the financial year that ends on March 31st, 2013, Statement on Changes in Equity for the financial year that ends on March, 31st 2013 and Cash Flow Statement for the financial year that ends on March 31st 2013 and Notes to Financial Statements, including the description of significant accounting principles applied. The information about UNISTAV a.s. is given in the Notes to Financial Statements, Section 1 General Data.

Responsibility of the statutory body of the accounting entity for the financial statements

The statutory body of UNISTAV a.s. is responsible for the drawing-up and a true and fair representation of the financial statements in accordance with the Czech financial reporting standards. A part of this responsibility is to ensure the internal control system of the drawing-up and a true and fair representation of the financial statements so that the financial statements do not contain any significant (objective) misstatements caused by fraud or error.

Responsibility of the auditor

Our task is to express our opinion on these financial statements based on our audit. We conducted the audit in accordance with the Act on Auditors and the International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor comply with ethical standards and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of significant (objective) misstatements.

The audit includes the performance of auditing procedures the objective of which is to gain evidence about the sums and facts contained in the financial statements. The selection of auditing procedures depends on the discretion of the auditor, including the assessment of the possibility that the financial statements contain any objective misstatements caused by fraud or error. When assessing the possibility, the auditor takes into account the internal controls relevant for the drawing-up and a true and fair representation of the financial statements. The objective of the internal controls is to propose suitable auditing procedures, not to comment on the efficiency of internal controls. The audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating overall financial presentation.

We are convinced that the information gained during the audit provides a sufficient and appropriate basis for declaring auditor's opinion.

Auditor's opinion

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of UNISTAV a.s. as of 31 March 2013 and of the expenses, income, profit or loss, and cash flows for the financial year that ends on March, 31st, 2013 in accordance with the Czech financial reporting standards, which is an

opinion without reservation

[EKOAUDIS stamp]

Name of business: EKOAUDIS, spol. s r.o.

Registered office: Brno, tr. Kpt. Jarose 26

Number of the audit firm's licensing certificate: 025

First and last name of the auditors who have prepared the report on behalf of the audit firm: Ing. Jan Kunovsky

Number of the auditor's licensing certificate: 360

Date of the auditor's report: 16th September 2013

Signatures of auditors:

Enclosures: Annual closure of accounts
 Abstract from Register of companies

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I. General data

1. General data about the company

1.1 Business name, legal form, establishment of the company

Business name	Unistav a.s.
ID NO.	00531766
Registered office	Příkop 6, Brno
Legal form:	Joint-stock company
Method of establishment:	Memorandum of Association concerning the company establishment entered into 10 May 1990
Date of incorporation:	6 June 1990, Regional Court in Brno, Section B, Insert No. 40
Financial Statements drawn as of 31 March 2013:	5.9.2013

1.2 Line of business

- Desing activities in building industry
- Building contructions, including their alterations, maintenance and removal
- Road transport – domestic freight run by vehicles up to permitted weight 3,5 tons including domestic freight run by vehicles of highest permitted weight over 3,5 tons.
- Repair of motor vehicles
- Accounting
- Measuring emmissions
- Restaurant services
- Manufacturing, trade and services not included in appendixes 1 and 3 of trade law.

1.3 Organizational structure of the company

It is determined by the organisation order of Unistav a.s. The last updated organisation order was approved by the General Manager in March 2006 – see attachment 1.

1.4 Company bodies

	Position	Name	Job position in the company
Board of Management	Chairman of the Board of Management	Ing. Miroslav Friš	General Manager / CEO
	Vice-Chairman of the Board of Management	Ing. Tomáš Kubiček	Financial Director
	Member of the Board of Management	Ing. Tomáš Němec	Technical Director
	Member of the Board of Management	Ing. Josef Kavan	Production Director
	Member of the Board of Management	Martin Řehůřek	Vice-CEO
Supervisory Board	Chairman of the Supervisory Board	JUDr. Rudolf Daniel	Legal Adviser
	Member of the Supervisory Board	Ing. František Kovář	Financial Analyst
	Member of the Supervisory Board	MVDr. Dušan Novotný	
Procuracy		Ing. Jaroslav Klabeneš	Foreign trade director
		Ing. Miloš Brzobohatý	Business centre Manager

2. Interest in undertaking and type of and movement in shares

2.1. Interests in the companies

No legal entity has any interest in the undertaking of the company. The company has majority ownership interests in basic capital of the undermentioned companies on the date 31 March 2013. The data about the equity capital and profit are given as of 31 December 2012:

% interest Equity capital Profit

UNIBLOCK SYSTEM, s.r.o.	100	-2150	4576
UNISTAV Bohemia, a.s.	100	4599	-113
UNISTAV Slovakia, s.r.o.	100	949	-215
Byty Londýnská, a.s.	100	6127	-32
UNISTAV Development, s.r.o.	100	23164	-2507
UNISTAV Invest, s.r.o.	100	258766	-964
PANORAMA Karlín, s.r.o.	100	84969	-3414
Aboard City a.s.	51	-1250	751
UNISTAV Moravia, s.r.o.	100	1830	3242
UNISTAV Prague, s.r.o.	100	175	-2
UNISTAV Vinoř, s.r.o.	100	85525	-272
UNISTAV International	100	1971	0

2.2 Number and value of shares registered as of 31.3.2013

335 of registered shares in a nominal value of CZK 140,000.

4,400 of registered shares in a nominal value of CZK 1,000.

The shares movement in the course of the year (number and nominal value) is given in Section 6.2 of the Appendix (Basic capital).

3. Average number of employees and amount of personal expenses

	Total	Management staff
Employees – average number		
As of 31.3.2012	336	6
As of 31.3.2013	255	6
Wages and salaries (thousands CZK)		
As of 31.3.2012	155 323	17 991
As of 31.3.2013	132 276	16 370
Bonuses for members of statutory and supervisory bodies (thousands of CZK)		
As of 31.3.2012	-	-
As of 31.3.2013	-	-
Social insurance and other expenses (thous. CZK)		
As of 31.3.2012	49 681	1 176
As of 31.3.2013	48 947	4747
Statutory social expenses (thous. CZK)		
As of 31.3.2012	1 807	392
As of 31.3.2013	1 837	398
Total personnel expenses (thousands of CZK)		
As of 31.3.2012	206 811	19 559
As of 31.3.2013	183 060	21 515

4. Benefits in relation to the regulations concerning income-tax

The life insurance is provided to holders of equity shares in amount of CZK 140.000. Personal motor vehicle is provided to the management staff and other selected employees for business and private purposes.

II. Accounting methods, general accounting principles and methods of valuation used

1. General accounting principles

The accounting of the company is conducted and the Financial Statements were compiled in compliance with the Act No. 563/1991 Coll., on Accounting, Decree No. 500/2002 Coll., which implements some regulations of the Act No. 563./1991 Coll., on Accounting, as amended by later regulations for accounting entities that are entrepreneurs applying the double entry cash accounting, as amended by Decree No. 472/2003 Coll., and with the Czech accounting standards for entrepreneurs. The accounting respects the general standards, mainly the valuation of property at historical costs, the principle of accounting in material and time context, the principle of precaution and the premise of capability of the accounting entity to carry on their activities. The data in this Financial Statements are expressed in thousands of CZK.

2. The valuation of property

The valuation of property is in compliance with Sections 24 and 25 of Act no. 563/91 Coll. of Accounting Law, the company accounts for inventory according to the method A in accordance with Decree no. 500/2002 Coll.

2.1 Inventory

The purchased inventory is valued at purchase prices, which includes purchase prices and costs connected with its purchase, e.g. transport, customs duty, insurance and other deductions and extra fees billed by the supplier in addition to the price. Ex stock deliveries are valued by the weighted arithmetic average, updated monthly, of the prices at which the inventory is valued in the stock. The work-in-progress inventory is valued at actual costs and on the basis of the plan costings. The own products are valued at own costs determined on the basis of the plan costing.

2.2. Long-term property

Long-term tangible and intangible property created by own activities is valued at own costs. Long-term tangible and intangible property purchased is valued at the purchase price including the costs connected with its purchase.

2.3. Securities and ownership interests

The securities and ownership interests are valued in the meaning of sections 25 of Accounting Law. The evaluation includes a decrease of financial investments value.

3. Secondary purchase costs

Secondary purchase costs usually include types of secondary purchase costs:

- The purchased price of purchased property include secondary purchase costs that are known at the time of reception into stock, e.g. transport expenses.
- The secondary purchase costs known after the reception into stock are dissolved monthly according to the type of inventory for which the costs were expended.
- The prices set at the level of planne or actual costs do not include any secondary purchase costs.

The costing model for determination of own costs is not used. The costs are determined at the respective economic centres on the basis of synthetical and analytical accounts according to the chart of account.

4. Significant changes in the method of valuation, depreciation procedures and accounting procedures used in comparison with the previous accounting period

According to the consolidated statements as of 31 March 2013, no significant changes in the method of valuation, depreciation procedures and accounting procedures occurred in comparison with the previous accounting period

5. Adjustments and reserves

The adjustments to the property were created on the basis of the stock-taking data in accordance with Section 26, Paragraphs 1 and 2 of the Act no. 563/1991 Coll. of Accounting Law. The adjustments to the receivables are created in compliance with the Act no. 593/1992 Coll., on Reserves for Taxable Income Tax Assessment.

The legal adjustments to receivables are created as mentioned hereunder:

Data shown in CZK

100 % adjustment – legal proceedings	94 154
20 % adjustment – after due date > 180 days	0
TOTAL	94 154

The accounting adjustments to other receivables are created as mentioned hereunder:

100 % to abandoned claims	13 152 059
60 % adjustment to the receivables after due date > 360 days	6 741 130

40 % adjustment to the receivables after due date > 180 - 360 days	9 320 337
10,5% adjustment to the receivable Taciturne	1 000 000
TOTAL	30 213 526

In the transitional accounting period from 1 January 2003 to 31 March 2004, 12 monthly depreciations were applied and the new accounting reserve in the amount of 3 monthly depreciations (CZK 7,150,000) was created. This reserve is evenly dissolved in the amount of one tenth i.e. 715 thousands in the course of ten years. The reserves are created for covering of future liabilities or expenses of which the purpose is known and it is probable that they will occur. In the accounting period as of 31 March 2013, the reserves in the amount of CZK 108,359 thousands were created.

6. Depreciation of property

The depreciation rates are determined pursuant to Sections 31 and 32 of the Act no. 586/92 Coll. The write-offs were declined to 50% possible depreciation value in the fiscal year 2012.

7. Organizational units

The company has got two organizational units established. The accounts of the organizational unit in Bratislava are kept by the external company in Dubnica nad Váhom. The accounts of the organizational unit in Russia are kept by the employees of the organizational unit. The data from balance trial of both organizational units were converted into the Czech currency by the exchange rate of ČNB as of 31 March 2013 and thus converted opening balances and monthly turnovers of accounts were included into special analytical accounts of UNISTAV a.s. as of 31 March 2013.

III. Additional information on balance sheet and summary of profit and loss

1. Investment loans

As of 31 March 2013, the company has no investment loans.

2. Value of the pledged property as the security for the loans for operations and investment loans and bank guarantees in accordance with the actual state as of 31 March 2012

Pledgee	Category of property	Value of pledge as per accounts
Komerční banka, a.s.	Long-term tangible property	66 305
	Cash	35 885
ČSOB, a.s.	Long-term tangible property	11 964
	Cash	21 653
UniCredit Bank Czech Republic ,a.s.	Long-term tangible property	62 611
	Cash	17 972
Citibank Europe plc, org.složka	Long-term tangible property	0
	Cash	11 433
Česká spořitelna, a.s.	Long-term tangible property	0
	Cash	7 098
GE Money Bank, a.s.	Long-term tangible property	0
	Cash	9 480
CELKEM	Long-term tangible property	140 880
	Cash	103 521

3. Long-term tangible and intangible property

	Purchase price	Depreciation reserves	Net book value
Land	44 713	0	44 713
Buildings, structures, halls	266 438	107 501	158 937
Machinery, tools and equipment	19 232	15 646	3 586
Vehicles	1928	1080	848
Fixtures	823	823	0

Other site installations	12 070	10 804	1 266
Unfinished investments	0	0	0
Slovakia	0	0	0
Russia	1 343	1 129	214
<hr/>			
Long-term tangible property in total	346 547	136 983	209 564
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Software	6 988	5 897	1 091
Unfinished long-term intangible	0	0	0
Long-term intangible in total	6 988	5 281	1 091

The purchased property at a purchase price up to CZK 40,000 was accounted directly into the consumption of material, namely:

- At the purchase price up to CZK 3,000 without further evidence,
- At the purchase price from CZK 3,001 up to CZK 40,000 with entering into the operational records of the small long-term tangible property. The balance as of 31 March 2013 is CZK 20,557 thousands of CZK.

4. Long-term tangible property purchased by means of financial leasing and accounted for in the off balance sheet accounts

The sum of total instalments for the whole period of lease	232 002
Lease instalments paid as of 31 March 2012	130 805
To be paid as from 1 April 2012	101 197

5. Receivables

The total sum of trade receivables	487 641
of which more than 1 year past due	20 501
Receivables - governing and controlling entity/loans Unistav Development s.r.o., Aboard City a.s.	63 707

6. Equity capital

6.1. Changes in equity capital during the accounting period (thousands of CZK)

Group	Balance as of 31.3.2012	Balance as of 31.3.2013	Difference
Basic capital	51 300	51 300	
Capital funds	-28 538	-28 075	463
Legal reserve fund	10 948	10 948	
Statutory and other funds	1 037	1 037	-33
Retained profit of previous years	546 090	587 643	41 553
Profit	56 523	21 758	- 34 765
Equity capital in total	637 360	644 610	7 250

6.2 Equity capital (shares) – account 411

Type of shares	31.3.2012		31.3.2013		Change	
	pcs	CZK	pcs	CZK	pcs	CZK
Ordinary bearer shares						
- nominal value of 140 000,- CZK per share	335	46.900	335	46.900	-	-
Staff registered shares						
- nominal value of 140 000,- CZK per share	4.400	4.400	4.400	4.400	-	-
TOTAL	4.735	51 300	4.735	51.300		

6.3. Profit

The retained profit in the approval procedure is 21 758 thousands of CZK. Its usage will be resolved at the General Meeting of the company.

7. Liabilities

The total sum of trade liabilities	598 557
of which more than 36 months past due	1 364

Liabilities – social welfare CZK 2.535 thousands, paid on 12 April 2013.

Liabilities – health insurance CZK 1.087 thousands, paid on 12 April 2013.

Payroll tax CZK 1 094 thousands, paid on 12 April 2013.

8. Grants

The company UNISTAV is a recipient of a grant project "Specialized education of the key employees of the UNISTAV company" and a recipient of the project "Educa".

Audit costs for the business year from 1.4.2012 to 31.3.2013

Required audit by Ekoaudis, spol. s r.o. Brno 400.000,- CZK.

9. Revenues structure

602070 Revenues from ordinary activities – organization unit in Slovakia	0
602080 Revenues from ordinary activities – organization unit in Russia	142 958
602100 Revenues from ordinary activities – new construction	1 447 792
602110 Revenues from ordinary activities – reconstruction and modernization	310 426
602120 Revenues from ordinary activities –repairs and maintaining	4 427
602130 Revenues from ordinary activities – other works	23 303
602300 Revenues from services – re-invoicing	79 797
602420 Revenues from management activities	8 172
602430 Revenues from fixed payments	189
602440 Revenues from advertising	0
602450 Revenues from water supplies	0
602500 Revenues from lease	13 434
604100 Revenues from sale of goods	3 846

10. Events after the period of the Financial statements

After the balance sheet day, there occurred no significant events that would require modifying the Financial Statements for the business year from 1st April 2012 to 31st March 2013

In Brno, September, 5th 2013

Created by:
Ing. Romana Kidoňová

signature
Ing. Tomáš Kubíček,
Vice-Chairman of the Board of Management