



*Povodí Odry*  
*státní podnik*

# ANNUAL REPORT

2008







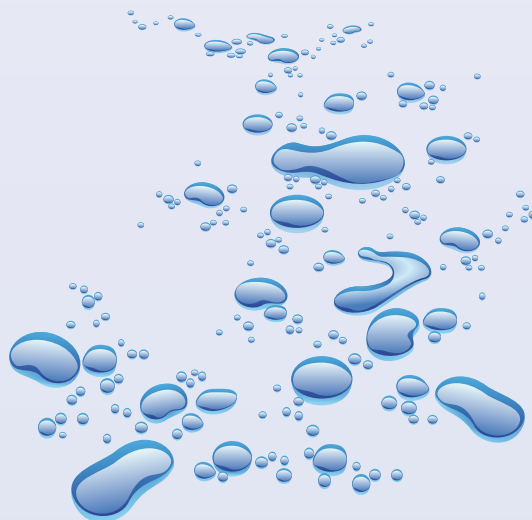
Reservoir Slezska Harta



# 2008

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Reservoir Kruzberk

## 1. INTRODUCTION

2008 was for the state company Povodi Odry very important and perhaps even a turning point. State government legislation number 444 was approved on 21 March 2008 concerning "Measures to lower the risk of flooding on the Upper Opava river by means of constructing a smaller water reservoir 'Nove Herminovy' in combination with other natural protection measures. The state company Povodi Odry commenced preparations for these projects concerning settlements regarding property and investment actions.

In 2008 continued the realization of the grant program „ Flood prevention-stage 2 established in 2007. To the end of 2008 preparations were made for all together 14 constructions devoted to that program. In 2008 a total of 116 million CZK was invested in this program from which 101 million CZK came from state grants and 15 million CZK from actual reserves.

In the planning framework concerning water a proposed plan was accepted concerning Povodi Odry, which involved the region, the water authority board, also members of the public both specialist and layman. All conditions were fulfilled for the successful completion of the first stage of the program which finishes in 2009.

Concerning the economic situation, 2008 was relatively successful even despite the negative developments in the fourth quarter of the financial year. By the end of 2008 the first manifestations and signs concerning the coming economic crisis were already clearly visible. Dramatic reductions in demand for water by key industrial consumers which rely heavily on foreign export, foremost to fellow

member states of the European Union. The crisis for those firms meant a sharp and rapid decrease in sales resulting in a swift decline in production. Despite the economic gloom resulting from the crisis the state company Povodi Odry managed to turn in a profit of 29.3 million CZK, mainly thanks to steps taken in other markets (the production of electrical energy), insurance payments dating from flood damage in the years 2006 and 2007 and in the last row even from measures taken concerning more efficient consumption. In 2008 the company, thanks to those factors, finished in a healthy economic and financial state, with minimal risk in the area of loan exposure on one hand, and fulfilling all payables on the other. From that outlook it is possible to say that a solid foundation was created to strengthen the companies position in 2009, in which are already visible and apparent the full consequences of the global economic crisis.

2008 was also meaningful regarding water business events, for example the open doors day concerning important sectors of the water industry , specialists from the state firm at the opportunity offered by world water day in March 2008, taking part in the ecological trade show in Brno in May 2008, taking part in reservoir day in June 2008 where meetings were held with specialists ,and the establishment of a memorial monument to commemorate the 50th anniversary since the construction of the reservoir Zermanice among other events.

The results of the activities of the state company Povodi Odry were shown even in the specialist questionnaire „Czech top 100“, in which the company was included again amongst the top 100 firms in the Czech republic.





Reservoir Sance



# 2008

## 2. GENERAL INFORMATION ABOUT THE COMPANY

### FOUNDER

Ministry of Agriculture, The Czech Republic, Headquarters  
Tesnov 17, Praha 1, post code 117 05  
COMPANY ID : 00 02 04 78

### PERSONNEL AUTHORISED TO NEGOTIATE UNDER NAME OF THE FOUNDER

Ing. Mgr. Ivo Vrzal  
representative of the Ministry of Agriculture  
(to 30. July 2008)

Ing. Jan Ludvík  
Director of the Department of essential services under  
the Ministry of Agriculture (from 31. July 2008)

**TITLE** Povodí Odry, state company

**HEADQUARTERS** Varenská 49, Ostrava 1, post code 701 26

**DATE OF ESTABLISHMENT** 1. January 2001 act number  
305/2000 Coll., regarding water

**RECORDED IN BUSINESS REGISTER** Regional court in Ostrava,  
Section A XIV, case number 584

**DATE OF REGISTRY** 26. March 2001

**LAW ENTITY** state company

**COMPANY ID** 70 89 00 21

**COMPANY TAX ID** CZ 70 89 00 21

### STATUTORY AUTHORITY AS OF 31. 12. 2008

Ing. Pavel Schneider, General director Povodí Odry, state company

### SUPERVISORY BOARD

Pavol Lukša (MŠK)  
Ing. Šárka Froňková (MZe)  
JUDr. Jindřich Urfus (MZe)  
Tomáš Hanzel (Město Karviná)  
PhDr. Ivo Hlaváč (MZe) from 15. September 2008  
Mgr. Petr Birklen (MŽP) from 1. December 2008  
Ing. Ivana Mojžíšková (Povodí Odry)  
Ing. Ivana Musálková (Povodí Odry)  
Ing. Jiří Tkáč (Povodí Odry) from 16. September 2008

### HEAD MANAGEMENT AS OF 31. 12. 2008

Ing. Pavel Schneider, general director  
Ing. Petr Březina, technical director  
Ing. Petr Kučera, economic director  
Ing. Čestmír Vlček, business and personnel director  
Ing. Jiří Tkáč, director of branch 1 Opava  
Ing. Jiří Šašek, director of branch 2 Frýdek Místek



### 3. COMPANY STRUCTURE

The full activities of the state company are written in the establishment document and comply with law norms, foremost act number 254/2001 Coll., concerning water, in later regulation, act number 305/2000 Coll., concerning drainage and flooding act number 77/1997 Coll., concerning state firms, in later written regulations. Activity concerns foremost the maintaining of important water channels including those which demarcate borders, water courses and other water flows, which the company is required to maintain, on the whole territory administered by the company. Other activities of the company include management and evaluation of the state of underground and spring water in territory under its jurisdiction, investment activities in that area including flood protection and prevention, activity concerning pollution and contamination of waterways and also activities in planning, required and pertinent to given norms. Along with the main activities of the company are connected other, complementary activities, foremost activities of accredited laboratories, building, engineering, project activities in the water industry, surveying and geological services, the production of electricity, the fishing business etc. These activities are undertaken to supply the needs of the company itself and also for external customers.

#### ORGANIZATIONAL STRUCTURE OF THE COMPANY

**GENERAL DIRECTOR** Departments of the business and personnel director  
Department of the technical director  
Department of the economic director  
Branch 1 Opava  
Branch 2 Frýdek-Místek

#### DEPARTMENTS OF THE BUSINESS AND PERSONNEL DIRECTOR

These departments provide services in the area of business and contracts, personnel, law and property agenda, activities for technical and organizational development of the company and in the field of internal auditing and safety following company regulations.

##### DEPARTMENT DIVISIONS:

- Division of technical and organizational development
- Personnel division
- Law division
- Division of internal auditing and work safety
- Business contract division
- Property division



#### DEPARTMENT OF THE TECHNICAL DIRECTOR

This division provides specialist activities mainly concerned with the control of water management systems, maintenance of waterways, manipulation of water components, maintenance of water management equipment, energy production and further activities in the field. To the department also belong activities regarding long distance water control and research laboratories. The department manages coordination with emphasis on prognosis and conception of projects, building investments, engineering services, organization and planning. Also the department manages planning activities concerning water and the laws concerning water use.

##### DEPARTMENT MEMBERS:

- Service division
- Long distance water control
- Division of water planning conception and information
- Investment division
- Engineering division
- Water laboratories

#### DEPARTMENT OF THE ECONOMIC DIRECTOR

This department deals with the realization of projects, with the emphasis on reaching positive economic results. This is mostly in the areas of planning, finance, costing, grants, accounting, statistics, analysis, and economic work. It further provides support of information systems and business law.

##### DEPARTMENT MEMBERS:

- Financial division
- Economic information division
- Economic work division
- Information technology division
- Business law division

#### BRANCHES

This department deals with the plans and targets of the firm in the areas of law, maintenance and repair, and investment activities on waterways being the main concerns of the company. Duties and activities are divided among branch 1 in Opava and branch 2 in Frýdek Místek in such a way that covers the whole field of water management. Besides activity connected directly with management of waterways the department provides and coordinates service and economic activities in the required fields.

##### DEPARTMENT MEMBERS:

- Branch manager
- Service division
- Technical division
- Economic division
- Water management

## 4. MANAGED ASSETS AND PROPERTY

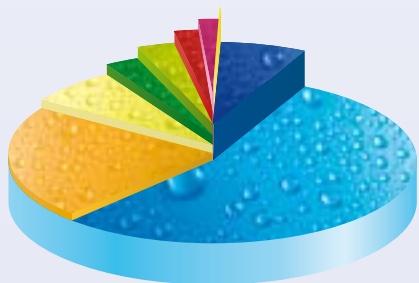
### COMPLETE LIST OF LONG TERM PROPERTY AND ASSETS

The value of long term property and assets rose in value compared to 2007 by about 131.08 million CZK. To the date 31.12.2008 the value of all company property and assets reached the sum of 5 756,26 million CZK at purchase prices.

### BREAKDOWN OF LONG TERM COMPANY PROPERTY AND ASSETS

(not including lands, perennial crops, different LTA and LTA in progress)

Buildings	302,39 mil. Kč
Reservoirs and ponds	3 200,84 mil. Kč
Waterway adjustments	1 397,20 mil. Kč
Weirs and cascades	309,71 mil. Kč
Other property	150,06 mil. Kč
Transport and work vehicles	158,33 mil. Kč
Electrical equipment and machinery	121,77 mil. Kč
Machinery, specialized technical equipment	111,71 mil. Kč
Inventory	4,25 mil. Kč
<b>Total assets</b>	<b>5 756,26 mil. Kč</b>



Buildings	5,25 %
Reservoirs and ponds	55,61 %
Waterway adjustments	24,27 %
Weirs and cascades	5,38 %
Other property	2,61 %
Transport and work vehicles	2,75 %
Electrical equipment and machinery	2,12 %
Machinery, specialized technical equipment	1,94 %
Inventory	0,07 %

## 5. WATER SUPPLY

### SUPPLY OF SURFACE WATER

The supply of surface water has over the last 3 years had a declining tendency; in 2008 it meant a decrease, mainly due to the lessening of demand from industry in the second half of the year. Year to year decrease was valued at more than 6%, for water supply about 3.5% and supply for industrial consumers over 8%.

### SUPPLY OF SURFACE WATER (mil. m<sup>3</sup>)

Years	2005	2006	2007	2008
Treated water	72,7	75,0	72,0	69,3
Non-treated water	92,3	96,3	92,1	84,6
<b>Surface water in total</b>	<b>165,0</b>	<b>171,3</b>	<b>164,1</b>	<b>153,9</b>

Surface water [mil. m<sup>3</sup>/year]



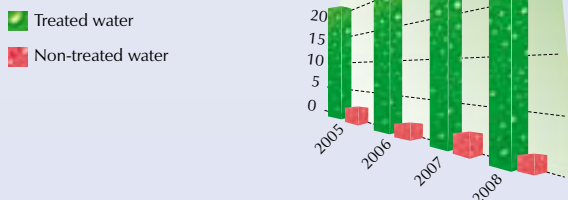
### SUPPLY OF UNDERGROUND WATER

Concerning the supply of underground water has come a decrease in recent years and in 2008 the total quantity was at the same level as previous years. Growth was achieved in supply of underground water for treated water purposes, where year by year difference was valued at 2%. Decrease was seen however for non-treated water purposes in the territory managed by Povodi Odry, which recorded the lowest amount since records began.

### SUPPLY OF UNDERGROUND WATER (mil. m<sup>3</sup>)

Years	2005	2006	2007	2008
Treated water	20,4	20,5	19,6	20,0
Non-treated water	3,2	2,1	2,4	1,8
<b>Underground water in total</b>	<b>23,6</b>	<b>22,6</b>	<b>22,0</b>	<b>22,0</b>

Underground water [mil. m<sup>3</sup>/year]



## 6. ELECTRICITY PRODUCTION

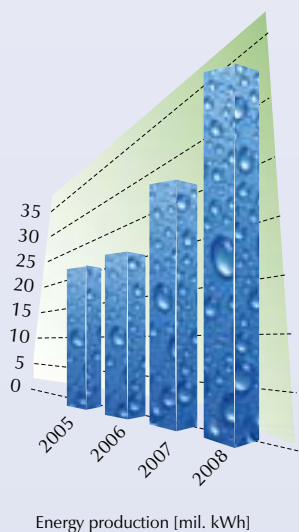
In 2008 in the small electrical plants of the company Povodi Odry was produced the highest quantity of electricity since the time when production began. High monthly value was achieved continually throughout the whole year, and with a view to the favourable hydrological situation had an influence on the running of a small, new electric plant on the weir Lhotka on the river Odra. Total production amounted to 33.1 mil. kWh of energy, which was about a 20% increase over 2007.

The course of the year wasn't remarked despite a small exception, noted for the reasons of breakdown or repair. During the practice running of the new MVE Lhotka difficulties were experienced, short term exceptions due to the reasons of repair to the control system.

All maintenance was done in line with regular revisions and was pre-planned for the time period May through to September, which is, as a rule, when water flows are at their least. Planned revision on all MVE was always lead with a view not to achieve a significant loss in energy production.

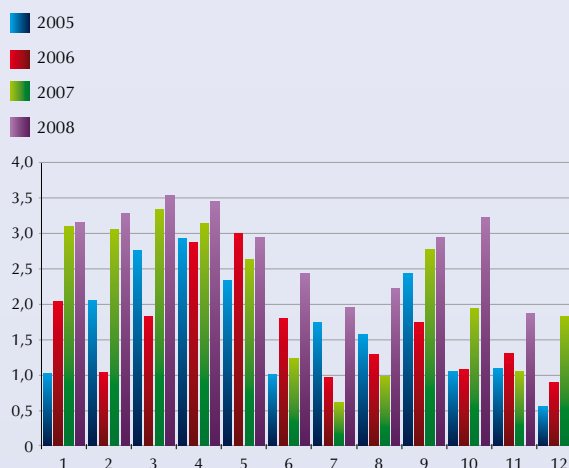
### PRODUCTION OF ENERGY ACCORDING TO FACILITY S.P. POVODÍ ODRY (in mil. kWh)

	2005	2006	2007	2008
Reservoir Sance	5,837	4,917	5,887	5,266
Reservoir Kruzberk	2,771	2,694	2,677	2,731
Reservoir Slezska Harta	11,078	12,365	16,232	20,371
Reservoir Zermanice	0,641	0,585	0,458	0,453
Weir Studenka	0,066	0,051	0,078	0,137
Reservoir Moravka	0,801	0,750	0,803	0,940
Weir Podhradi	0,271	0,315	0,483	0,721
Reservoir Terlicko	0,317	0,291	0,297	0,323
Weir Lhotka				2,190
Total	21,782	21,967	26,917	33,133



### ENERGY PRODUCTION - SUPPLY (in mil. kWh)

	2005	2006	2007	2008
Jan	1 027 578	2 027 486	3 093 214	3 124 579
Feb	2 055 260	1 065 763	3 064 310	3 291 580
Mar	2 773 960	1 802 187	3 332 426	3 527 821
April	2 916 089	2 892 056	3 148 842	3 455 558
May	2 343 619	3 003 804	2 624 979	2 994 999
June	1 017 185	1 812 099	1 286 408	2 467 147
July	1 769 272	965 425	648 032	1 967 790
Aug	1 581 210	1 306 713	987 193	2 238 281
Sep	2 413 636	1 734 608	2 784 097	2 932 176
Oct	1 197 306	1 926 592	1 942 202	3 223 975
Nov	1 146 452	1 366 548	1 058 731	1 866 343
Dec	590 636	898 998	1 857 365	873 369



## 7. FLOOD PREVENTION MEASURES

In the category of investments regarding flood prevention measures came into force in 2008 the robust building program 129 120 „support for prevention of flooding II” which was in 2008 embraced and methodically approved by the Czech government originally for the time period 2007 - 2012. In framework of the 1st change to the documentation program approved in December 2008, the program is due for completion by 2013.

The main goal of the programme is to reduce danger levels and flood risks in flood areas. The actions are of a technical character in particular. However, they are supplemented with elements of environment-friendly actions.

### THE PROGRAM IS DIVIDED INTO SEVERAL SUB-PROGRAMS ACCORDING TO PURPOSE:

- **sub-program 129122** “support for anti flooding measures using retention”- with the aim of creating new water retention areas on water ways and maintenance of existing water reservoirs,
- **sub-program 129123** “support for anti flooding measures along waterways”- with the aim of increasing water flow capacity and their stabilization and the construction of flood banks,
- **sub-program 129124** “support for increasing safety of water components”- with the aim of increasing the safety of water components and improvement in manipulation possibilities in the water regime,
- **sub-program 129125** “support for demarcating flood plains and the study of average water flows in waterways” - with the aim of working out documentation for suggested flood plain zones and study of water flow averages, which are important steps for following projects in preparation for new measures.

In 2008 in the framework of program 129 120 were completed 2 building projects and 1 study, 5 building projects were prepared. To the end of 2008 were planned or projected a total of 14 building projects.

Supporting action program 129 120 are preparing measures on reservoir Sance - in cases of extreme flooding, further maintenance on the waterway Porubka in Ostrava - Poruba and Ostrava - Svinov, and on the waterway Ondřejnice in Staré vsi nad Ondřejnicí. Also meaningful within the framework of the program is the prepared project: “Anti flood measures on the Upper Opava river”, which represents independent capitol in anti flood measures in the territory of Povodi Odry.

### CHART OF EXPENDED FINANCIAL RESOURCES - PROGRAM 129 120

Source of finance	Expended in 2008 (in mil. CZK)	Expended since beginning of the program (in mil. CZK)
State grant	101,1	138,9
From own sources	14,7	17,8
<b>Total</b>	<b>115,8</b>	<b>156,7</b>



Present condition of slippage from flood banks on the dam reservoir Sance. Repair of slippage is the subject of the project “Reservoir Sance – transfer of extreme flooding”.



Floods on the Porubka river in Ostrava-Svinov threaten buildings and technical infrastructure. The project „Regulation of the Porubka river, Ostrava-Svinov” will provide protection against floods up to  $Q_{20}$  flow rate.



Current condition of the water course Ondřejnice. The project „Regulation of the Ondřejnice river, Stará Ves nad Ondřejnicí” will provide protection of the village against 20-year water.

## 8. FLOOD PREVENTION ON THE UPPER OPAVA RIVER

The Czech government with their decree no. 444 on 21.4.2008 decided about methods to solve the problem of flooding on the Upper Opava river. Chosen was a variant comprising a small reservoir on the Opava river above the settlement of Nove Herminovy with flood embankments - connecting works on the river Opava from the reservoir until past the town of Krnov, flood barrier protection for individual settlements between Krnov and Opava, a further seven small reservoirs on smaller waterways and also a system of weather and water flow monitoring stations. The chosen investments are in this case mostly along the route I/45 Krnov-Bruntal in the area of the reservoir. For inhabitants of the selected area compensation will be given if it is necessary for their property to be removed. Further there should be in the area of the Upper Opava river in individual land registers complex land works with the aim of lowering or slowing the flow of water during flooding. The work on the Opava river should consist also of important revitalization projects to enhance the natural environment. The cost of the project is estimated at 10 billion CZK at 2007 rates. It is supposed that the entire investment will be completed at the earliest in 2020.

The government decree was signed after almost ten years of discussion after passing through many variants on the method of ensuring flood prevention in the situation when each of the variants lead to negative consequences for inhabitants of the area, meaning their living environment. Positive support was reached when

it was decided to compensate inhabitants for property that would have to be removed.

Investment management was given to state company Povodi Odry. Soon after ratification of the project their role was given. Individual protection measures were discussed with each settlement and town. Tenders were prepared and managed for project and preparation activities - the affect of the project on living spaces, engineering and geological research, preparations for the necessary documentation, establishing the foundations to deal with land and property settlements. After finalising the management details commenced all leadership work. Also there was commencement of negotiations with concerned authorities and independently with Polish authorities and with commissions for border waters. Negotiations started with representatives and citizens from the settlement of Nove Herminovy. During the course of the year people in the affected area were made aware of the first steps of the project concerning flood barriers.

Preparation measures concerning flood prevention on the Upper Opava river presented to the company the biggest investment task in the history of the company. The number of employees was for that reason was to increase by about 4, other duties began regarding financial preparations for the complex. In 2008 a solid base was built for a passage to further and ongoing work.



Vizualization regarding one of possible options related to the dam of the water reservoir Nové Heřminovy being prepared there.

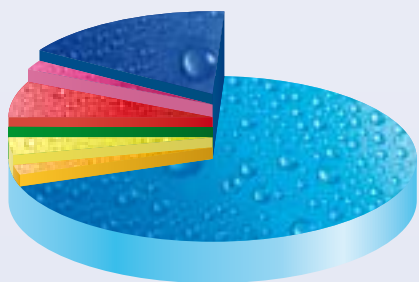
## 9. WATER QUALITY CONTROL

Water treatment laboratories are concerned with gathering samples, laboratory testing and hydrometric measuring. Laboratory activities involve chemical, radiochemical, hydro biological and microbiological testing of samples, including evaluation and interpretation of results.

In 2008 continued the monitoring of water quality, in line with current legislation introduced last year. In the framework of service monitoring were followed 149 profile cases of flowing water with readings taken 12 times per year and 1 profile case with readings taken 24 times per year. The range of analysis parameters was optimized in such a way that in each individual profile were followed amounts of relevant substances which showed quality, essential for the evaluation of the chemical state and also the ecological state, and to show the ecological potential of water in water formations. There were also tasks to monitor water in border waterways. Water quality in still water formations covered even "zoned" reserves in a few given reservoirs (3 to 7, on average 5) with readings taken 6 times per year. The above mentioned basic monitoring is necessary to fully follow the quality in detail, which is required for individual uses.

During 2008, more than 8 800 samples were analysed at water-management laboratories. The total volume of external and internal services of water-management laboratories was CZK 16.1 million in 2008.

### DUTIES OF WATER TREATMENT LABORATORIES



Management of the monitoring of samples from still and flowing waters	69,0 %
Monitoring the ecological state of still water formations for VUV TGM	2,7 %
Monitoring pollution levels - sources of pollution, sediments	3,4 %
Other - internal	0,3 %
Monitoring for ZVHS	6,6 %
Monitoring pollution for SFZP	2,8 %
Other - external	15,1 %



Activity of water treatment laboratories.

## 10. WATER POLLUTION

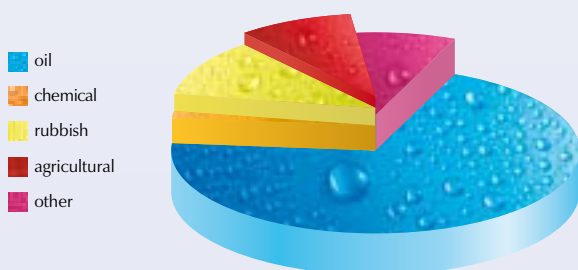
### POLLUTION IN 2008

Total reported pollution	111
From the total: Confirmed pollution	85
Confirmed flow to waterway	40
Confirmed threatened waterways	45
Unconfirmed pollution	26

### DIVISION OF CONFIRMED POLLUTION ACCORDING TO KIND

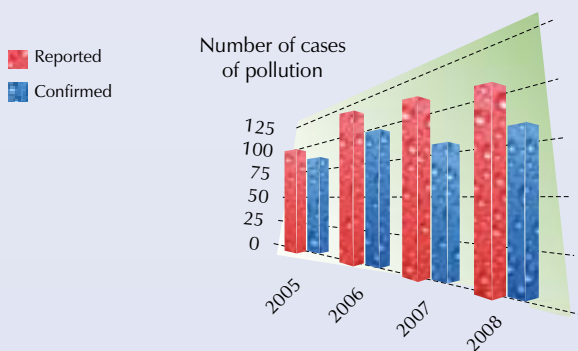
In 2008 were confirmed a total of 85 cases of pollution, which worsened or threatened the quality of surface water or underground water. Oil pollution predominates, from which 53% has its source in traffic accidents.

Kind of pollution	Number
Oil	60
Chemical	1
Rubbish	8
Agricultural	8
Other	8
Total	85



### TREND IN OCCURRENCE OF CONFIRMED AND REPORTED POLLUTION

Year	2005	2006	2007	2008
Reported	94	119	113	111
Confirmed	84	95	82	85



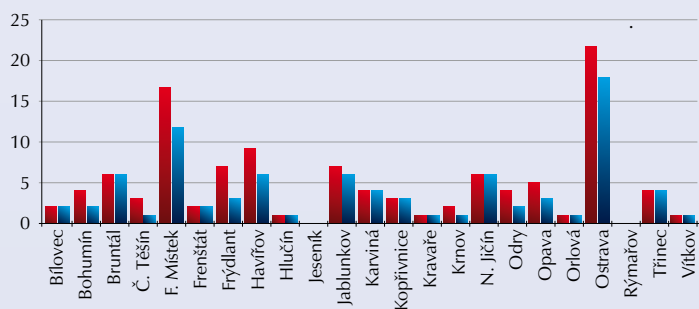
Pollution situation in waterways.



## DIVISION OF REPORTED AND CONFIRMED CASES OF POLLUTION BY INDIVIDUAL SETTLEMENTS

	Reported	Confirmed
Bílovec	2	2
Bohumín	4	2
Bruntál	6	6
Č. Těšín	3	1
F. Místek	17	12
Frenštát	2	2
Frydlant	7	3
Havířov	9	6
Hlučín	1	1
Jeseník	0	0
Jablunkov	7	6
Karviná	4	4
Kopřivnice	3	3
Kravaře	1	1
Krnov	2	1
N. Jičín	6	6
Odry	4	2
Opava	5	3
Orlová	1	1
Ostrava	22	18
Rýmařov	0	0
Třinec	4	4
Vítkov	1	1

■ Reported  
■ Confirmed



## 11. PLANNING REGARDING WATER

For coordination work in the territory of Povodi Odry is established a commission in which are representatives from waterways management organisations, the regional authorities of Moravia-Silesia and Olomouc regions, main users of water in the region, non-governmental and other cooperative institutes. The commission in 2008 continued with the cycle of negotiations and at s.p Povodi Odry met on 9.4.2008. The commission has almost 30 members and in discussions were informed about further activities and projects planned and were invited to offer their suggestions. Further separate talks, meetings and discussions were held with various institutes according to kind of work and obligatory preparations for necessary foundations. Within the framework of the state company in planned proceedings and cooperation with the internal business commission.

Further work continued for linking specialists and members of the lay public in the planning process and seminars were held in the Moravia-Silesia region to introduce suggested plans for representatives and members of the public on 18.9.2008. Work in the planning area of Povodi Odry was presented in discussions for land plans with representatives from Moravia-Silesia region on 22.5.2008 and in a seminar with representatives from Olomouc region on 26.5.2008. For the committee for living spaces representatives from the Moravia-Silesia region gave a presentation on 24.6.2008. For the water rights office in the territory of Povodi Odry a seminar was given on 9.10.2008. A brochure was distributed giving information about planning, which is issued every year and this year dealt mainly with the structure of the suggested plans. This brochure with attention given to suggested plans was distributed to fully 330 locations in the territory of Povodi Odry. Also in June ran a television spot with information for citizens that had until the end of 2008 the possibility to give their suggestions. In cooperation with the Moravia-Silesia region citizens were made aware with leaflets about the continuing process and planning negotiations. Materials and information about planning in the area of water are available on the official internet website of the state company Povodni Odry „planning” pages were filled with suggestions including even some written in Polish, English and German.

Work on case planning proceeds according to the approved schedule, they are financially and organisationally managed, and also fulfil every condition for the successful conclusion of the first planning cycle which means for it's approved representation in the Moravia-Silesia and Olomouc regions public plan concerning Povodi Odry to 22.12.2009



## 12. PROTECTION OF LIVING AREAS AND CONTROL OF WATERWAYS

The control and management of waterways is in line with European directives and legislation of The Czech Republic and with requirements on protection and conservation of the natural environment.

The state company Povodi Odry has the obligation to protect and maintain the gravel bedded rivers Moravka and Ostravice. Both rivers flow through urbanised areas and human activity has altered the landscape, in the past it was necessary to build water reservoirs, which, however, negatively affects the natural unalterable cycle of water flow in waterways. Despite this however, regulations were kept to protect endangered biotypes and organisms in good conditions and function as bio-corridors.

In unaltered sections of the river Moravka km 4,9 - 10,8 with characteristic branching river bed width reaching a few hundred meters gravel shelves provide an environment for protected plant species such as *Myricaria germanica*, *Hippochaete hyemalis*, *Calamagrostis pseudophragmites*, *Salix elaeagnos* and *Salix daphnoides*. Among the animal life can be found such rarities such as *Tetrix turki*, which can be found only in this area in the Czech Republic.

In the framework of revitalization, for renewing stability in the middle and lower sections of the river and ensuring anti flood measures on the banks of the Moravka river, in the years 2002-2007 were realized the following preventative measures:

- at km 3.6 repair of boulder slippage,
- at km 10.885 repair of boulder slippage,
- at locality 5,380 - 10,995 erection of 18-ti stone-wire pylons as anti-flood and anti-erosion measures,
- at km 10,7 was built a natural cascade, so-called „hruska“,
- in the space between weir segments in Vysni Lhoty came to completion in 2007 stone-wire pylons in steps designed to retain gravel in the river among further technical stabilization measures.

The main function of stone-wire pylons is to enhance flood protection of the land and a stabilization feature in the fight against river bank erosion. These constructions were realized in problematic locations including demarcation of the border of „Skalicka Moravka“, a national natural reserve, for consequent periodic wild flows on the river Moravka. Constructed so-called „hruska“ ensured a deeper river bottom and its stabilization under boulder slippways at km 10.885 created advantageous conditions to run weirs to the natural national reserve „Skalicka Moravka“.



Gravel banks on the Ostravice river.

Natural cascades, placing and parameters of pylons and regulation was realized on fundamental physical models constructed in laboratory facilities of the water faculty at VUT Brno.

The Ostravice river is a continuous altered river with weirs, which are located along the entire length of the river until it flows into the Odra river. Thanks to the exceptional quality of it's water the Ostravice is an important location for crows, common in Povodi Odry. Among other protected animals here live various water birds as well as fresh water crayfish, and other rare animals find a habitat on the river banks.

Looking to the influence of the regime of high water on the river Ostravice, it concerns the limiting of the flow in prepared banks, which are a habitat where shrubs and bushes and even trees can grow. This condition is unfavorable and undesirable from the point of view of the declared steps for anti-flood protection and land protection as it lessens the flow capacity of the water channel, but from the viewpoint of worsening quality for conservation and health of rare and endangered species it makes sense to return the sterile gravel banks to a more natural state.

The state company Povodi Odry , made a survey of gravel banks from Ostravice town to Ostrava Hrabova a suggested a technological procedure modeling „ maintenance“ 6-ti banks. The first step is to remove shrub and tree growth and following that the regular removal of the build up of gravel fists in the channel. Lowering the level of the banks comes with their regular flooding and this will be simulated, substituted, the natural process of modification of the surface of the banks gives a possibility for following succession of native biotypes. Further development will be closely followed, how the flow maintains, also agencies for the conservation of nature and normal experience will further shed light on the matter.



Stone-wire pylons in the Moravka river.



Safe guard measures on the river Olza.



Natural cascades, so-called „hruska“ on the river Moravka.



Reservoir Terlicko

## 13. PERSONNEL DEPARTMENT

In 2008 the number of personnel engaged in physical work increased. In comparison to 2007 there was growth in manual workers concerning the water operations in Skotnice, Jeseník, Krnov, Ostrava, and Český Tesín. In all these locations the number of workers increased. In technical functions of water management were strengthened the divisions of property and investment in connection with the case of building constructions on the Upper Opava river for flood prevention.

### EMPLOYMENT STATISTICS

	2005	2006	2007	2008
Number of employees in statistics	463,18	462,74	459,80	459,59
Number of employees engaged in manual work	470	477	467	479
From it: administrative and technical empl.	236	239	237	244
workers	234	238	230	235
Management of the state company	164	170	168	173
Opava branch	133	131	130	134
Branch Frýdek - Místek	173	176	169	172

### EMPLOYEES ACCORDING TO LOCATION

Region	2005	2006	2007	2008
Jeseník	13	13	11	13
Bruntál	28	34	34	36
Frýdek-Místek	119	119	109	115
Karviná	23	24	26	27
Nový Jičín	23	23	23	24
Opava	79	70	72	70
Ostrava	185	194	192	194

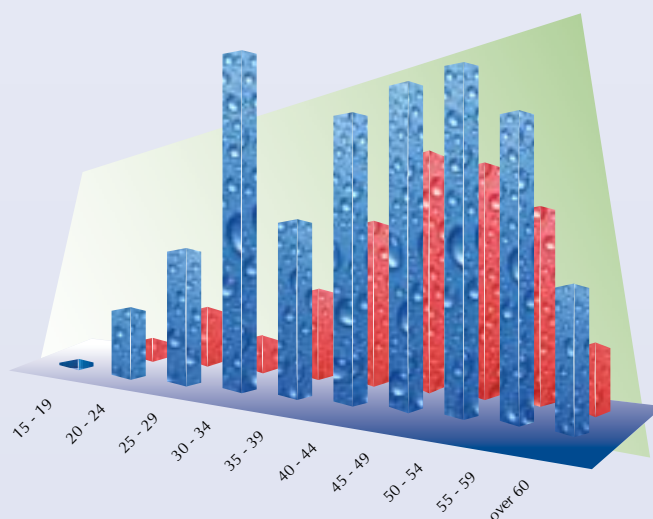
### COMPARISON OF HIGHEST EDUCATION ACHIEVED

Highest academic achievement	2005	2006	2007	2008
Highest academic achievement	90	96	94	95
Graduation from secondary school	169	170	164	155
Graduation from secondary school - completed indentures	166	168	164	186
Elementary	45	43	45	43

### AGE STRUCTURE

	Men	Women	Total
15-19	1		1
20-24	10	3	13
25-29	20	9	29
30-34	51	8	59
35-39	37	13	50
40-44	40	25	65
45-49	45	33	78
50-54	48	31	79
55-59	43	26	69
over 60	24	12	36
Total workforce	319	160	479

■ men  
■ women





Reservoir Moravka

## 14. ECONOMIC RESULTS

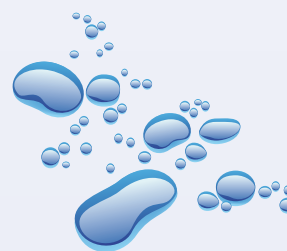
Economic and financial development of the state company Povodi Odry was affected at the end of 2008 by the beginning of the economic crisis. It was felt mostly as a dramatic decrease in the supply of surface water to key industrial consumers, who are quite dependant on exports to the developed and mature economies with the Euro zone.

Even despite the drop in revenues, due to the decreased demand for surface water in the last quarter of 2008, the **financial result** succeeded in reaching the sum of 29 296 thousand CZK. This was thanks to buoyancy from other sources of revenues, mostly in the field of electricity production, insurance payments from damages to property due to flooding in 2007 and 2006, and lastly saving money in costs.

In 2008 **revenues** were realized in their total amount at 594 757 thousand CZK which was higher than the financial plan by a total of 34 010 thousand CZK. These results were achieved even through marked movements in revenues from surface water to the sum of 11 715 thousand CZK. These movements were compensated by good results in other markets, especially in the production of electricity (plus 16 617 thousand CZK), and also other returns from insurance compensation to the sum of 23 524 thousand CZK.

**Expenses** amounted to 565 461 thousand CZK. This figure exceeded the yearly financial plan by the sum of about 22 210 thousand CZK. Positive is perhaps to value that excess in the area of maintenance, which exceeded the plan by the sum of 15 734 thousand CZK and year to year growth about 25 873 thousand CZK. As a matter of fact this was due mainly to repair of the destroyed PS 2007.

The excess in expenses had a further effect on the creation of inventories, which were very similar to the previous years, created for future risks, joined with upkeep, maintenance and administration of assets acquisitions from grants, from which are not created sources for reproduction in the form of depreciation.



Concerning the balancing of accounts, regarding assets, from the beginning of the year saw growth of about 39 743 thousand CZK. The value of long term assets increased by about 5 346 thousand CZK, mostly from titles held of assets acquired without payment and land (transferable assets required for maintaining waterways). Regular assets saw growth to about 35 406 thousand CZK, with influence seen from the increase in short term financial assets. These results markedly strengthened the liquidity of the state company Povodi Odry.

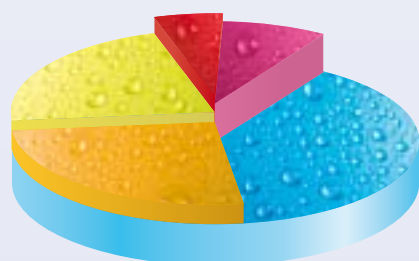
Liabilities rose by about 39 743 thousand CZK, in comparison with the beginning of the year. equity rose by 50 878 thousand CZK, which is the foremost economic result attained.

Foreign sources decreased about 11 108 thousand CZK, even despite growth was seen in reserves and unwritten off assets acquired from grants. The total decrease in foreign sources shows a drop insolvency concerning long term payables, foremost from repayments on loan and returnable financial aid such as is managed at the reservoir Slezska Harta. Likewise in short term payables there was a drop in comparison to the beginning of the year.

The outlook for the company in 2009 is not very positive due to the sharp drop in demand for surface water from industrial consumers, which accounts for 90% of the companies revenues. The company is trying to create a strong position to get through the difficult economic times foreseen for 2009. A relatively high profit was achieved, at the close of the year on the accounts was a healthy balance sheet, equity was increased, funds were created from profit, there was a drop in insolvency and the level of risk regarding outstanding debt was minimal.

## EXPENSES (IN THOUSAND CZK)

2008 Actual	
Total expenses	565 461
Purchases	45 686
Purchasing services	161 058
From it: Repairs and maintenance	120 859
Other services	40 199
Personnel expenses	194 574
From it: Wages and salaries	136 646
Social security expenses and health insurance	48 510
Other social expenses	9 418
Taxes and fees	1 497
Other operating expenses	12 996
Depreciation, corrected sums, reserves	136 498
From it: Depreciation	126 334
Corrected sums and reserves	10 164
Total running expenses	552 309
Total financial expenses	1 225
From it: Paid interest	825
Other	400
Deferred tax	11 927



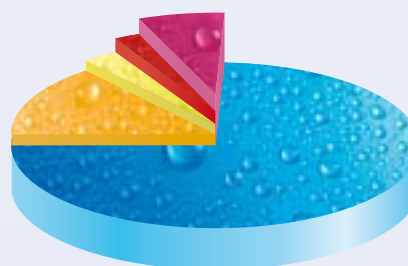
Consumption purchases	8,08 %
Personnel expenses	34,41 %
Service expenses	28,48 %
Depreciation	24,14 %
Other expenses	4,89 %

## EXPENSES STRUCTURE (IN THOUSAND CZK)

Expenses	2008 Actual
Consumption expenses	45 686
Personnel expenses	194 574
Service expenses	161 058
Depreciation, reserves, adjustments	136 498
Other expenses	27 645
Total expenses	565 461

## REVENUES (IN THOUSAND CZK)

2008 Actual	
Total revenues	594 757
Revenues	542 599
From it: Surface water	444 905
Electricity	68 711
Fish	12 347
Services	16 606
Sales of goods	30
Change in state of own production	306
Capitalization	1 127
Other service revenues	46 689
Total service revenues	590 721
Total financial revenues	4 036
From it: Interests received	3 860
Other	176



Revenues – surface water	74,80 %
revenues - electricity	11,55 %
revenues - services	2,79 %
revenues - fish	2,08 %
other revenues	8,77 %

## REVENUES STRUCTURE (IN THOUSAND CZK)

Revenues	2008 Actual
Surface water	444 905
Electricity	68 711
Services	16 606
Fish	12 347
Other revenues	52 188
Total revenues	594 757

## FINANCIAL RESULTS (IN THOUSAND CZK)

Profit before tax	41 223
Profit after accounting deferred income tax	29 296
Added value	337 288



## 15. AUDITORS REPORT

REPORT FROM THE INDEPENDENT AUDITOR FOR THE FOUNDER OF THE STATE COMPANY POVODI ODRY REPORT ABOUT ACCOUNTING CLOSURE

### ZPRÁVA O ÚČETNÍ ZÁVĚRCE

On the 16 March 2009 accounts were handed over for auditing, which is part of this annual report, in the following words:

We attested the closing of accounts for the state company Povodi Odry, balance to 31.12.2008, report on profit and loss covering the time period 1.1.2008 to 31.12.2008 and a supplement to this closing of accounts, including a description of the accounting method used in the auditing process. Information about the state company Povodi Odry with headquarters at Varenska 49, Ostrava 1, are mentioned on the first page of the accounting report.

### RESPONSIBILITY OF THE STATE AUTHORITY FOR ACCOUNTING PERIODS AFTER CLOSURE OF ACCOUNTS

The state company Povodi Odry, after compilation and honest representation of its accounts complies with the accounting practices of The Czech Republic. The present responsibilities are to offer, ensure and institute internal control over compilation and to give an honest and trustworthy account closure report so which is not fraudulent in any way and does not try to conceal errors, to elect and enforce strict accounting methods and to pursue the given situation adequately with given estimates of accounts.

### RESPONSIBILITY OF THE AUDITOR

Our role is to carry out a basic audit and produce an accounting statement to the closing of accounts. We carried out the audit in accordance with laws regarding auditing following international standards of auditing practice and in agreement with the standards of the Czech auditing chamber. In keeping with those standards we are required to hold to ethical norms and to plan and manage the audit in such an way so as to gain security that the closing of accounts contains nothing which is fraudulent or erroneous.

The audit involves leading auditing procedures, their aim is to gain verifiable information about sums and facts revealed and put down in the closing of accounts. The selection of auditing procedures is dependant on the will and opinion of the auditor, including judging and evaluating risk, that the closing of accounts report may contain signs of fraudulent practices or accounting error. The judgement of those risk factors takes in to account internal control, which is relevant for compilation and honest representation of accounts in the closing report. The aims of considering internal control are to offer and suggest an advantageous auditing procedure, far from to express an influence on internal control. The audit also judges and evaluates the used accounting methods, the accuracy of accounting estimates, and to judge and evaluate the entire report given at the closing of accounts. We suppose and presume that the gained information creates a sufficient and solid foundation for the accurate expression of our auditors' statement.

### AUDITORS STATEMENT

According to our opinion the closing of accounts gave an honest and reliable portrayal of assets, liabilities and the financial situation of the state company Povodi Odry, on the 31.12.2008 and costs, revenues, results of its economic activity and cash flow from the year 2008 in agreement with Czech accounting standards.

The above mention paragraph presents „ statement without reservation“

### REPORT CONCERNING THE ANNUAL REPORT

We verified also the conformity of the annual report with the closing of accounts compiled to the day 31.12. 2008. Which is contained in the annual report of the State company Povodi Odry.

The correctness of the annual report is the responsibility of the state authority of the state company. Our task is to produce on basic principles a statement about agreement and harmony given and put down in the annual report and the closing of accounts report.

We carried out our task in accordance with international auditing standards and following the procedures and clauses of the Czech auditor's chamber. Those standards require and demand, that the auditor planned and managed the audit in such a way so as to gain direct security that the information contained in the annual report, which was taken from the closing of accounts statement or from it is used, are in all important matters in agreement with the closing of accounts. We are convinced that the information given enabled us to produce a proper and accurate auditor's statement with all information in agreement.

According to our opinion the information given in the annual report of the state company Povodi Odry on 31.12.2008 is, in every important matter, in agreement with the closing of accounts.

In Ostrava 20 March 2009

The auditing firm:



ING Ivo Knopp  
Auditor, number authorised 1537  
company representative of

FINECO auditing firm s.r.o.  
Na spojce 6/1897, Ostrava 1  
Authorisation KA CR number 243



**FINECO audit spol. s r. o.**  
Na Spojce 6, 702 00 Ostrava  
DIČ: CZ25366092



Reservoir Sance

## 16. ACCOUNTING REPORT

## BALANCE SHEET IN FULL DETAIL TO 31.12.2008 (IN THOUSAND CZK)

Indicator a	ASSETS b	Row c	Current accounting period			Previous period 4
			Gross 1	Correction 2	Net 3	
	TOTAL ASSETS	001	6 397 095	-2 123 160	4 273 935	4 234 192
B.	Long term assets	003	6 182 845	-2 121 496	4 061 349	4 056 003
B.I.	Long term intangible assets	004	88 796	-52 656	36 140	35 263
B.I.2.	Research and development	006	13 948	-13 948		1 097
B.I.3.	Software	007	32 529	-27 539	4 990	5 820
B.I.6.	Other long term intangible assets	010	23 776	-11 169	12 607	12 624
B.I.7.	Intangible fixed assets under construction	011	18 543		18 543	15 722
B.II.	Long term tangible assets	013	6 094 049	-2 068 840	4 025 209	4 020 740
B.II.1.	Lands	014	247 997		247 997	230 567
B.II.2.	Constructions	015	5 360 201	-1 831 383	3 528 818	3 513 472
B.II.3.	Equipment	016	396 055	-237 046	159 009	140 823
B.II.4.	Perennial crops	017	413	-411	2	9
B.II.6.	Other tangible fixed assets	019	314		314	314
B.II.7.	Tangible fixed assets under construction	020	89 069		89 069	135 555
C.	Current assets	031	213 200	-1 664	211 536	176 130
C.I.	Inventory	032	10 598		10 598	10 379
C.I.1.	materials	033	3 709		3 709	3 435
C.I.4.	Animals	036	6 627		6 627	5 683
C.I.5.	Merchandise	037	241		241	1 249
C.I.6.	Advance payments for inventory	038	21		21	12
C.II.	Long term receivables	039	198		198	464
C.II.5.	Long term deposits given	044	167		167	421
C.II.7.	Other receivables	046	31		31	43
C.III.	Short term receivables	048	110 688	-1 664	109 024	114 272
C.III.1.	Trade receivables	049	93 724	-1 658	92 066	86 357
C.III.6.	Due from state	054	12 215		12 215	18 001
C.III.7.	Short term deposits given	055	1 508		1 508	1 338
C.III.8.	Estimated receivable	056	1 460		1 460	8 188
C.III.9.	Other receivables	057	1 781	-6	1 775	388
C.IV.	Short term financial assets	058	91 716		91 716	51 015
C.IV.1.	Cash	059	238		238	179
C.IV.2.	Bank accounts	060	91 478		91 478	50 836
D.I.	Accruals	063	1 050		1 050	2 059
D.I.1.	Deferred expenses	064	869		869	1 867
D.I.2.	Complex deferred costs	065	38		38	41
D.I.3.	Deferred income	066	143		143	151
	Control number	998	25 587 330	-8 492 640	17 094 690	16 934 709

Indicator a	LIABILITIES b	Row c	Running period 5	Previous period 6
	TOTAL LIABILITIES	067	4 273 935	4 234 192
A.	Equity	068	3 962 265	3 911 387
A.I.	Registered capital	069	1 519 186	1 519 186
A.I.1.	Registered capital	070	1 519 186	1 519 186
A.II.	Capital funds	073	2 202 389	2 172 959
A.II.2.	Other capital funds	075	2 202 389	2 172 959
A.III.	Reserve funds, statutory reserve account for cooperatives, and other retained earnings	078	211 394	194 647
A.III.1.	Legal reserve fund / indivisible fund	079	151 919	151 919
A.III.2.	Statutory and other funds	080	59 475	42 728
A.V.	Profit / loss – current year (+ -)	084	29 296	24 595
B.	Other sources	085	311 496	322 604
B.I.	Reserves	086	63 341	53 043
B.I.4.	Other reserves	090	63 341	53 043
B.II.	Long term payables	091	200 044	200 295
B.II.1.	Trade payables	092	68	68
B.II.9.	Other payables	100	48 985	61 163
B.II.10.	Deferred tax liability	101	150 991	139 064
B.III.	Short term payables	102	37 521	47 359
B.III.1.	Trade payables	103	9 851	14 674
B.III.5.	Payroll	107	11 055	10 263
B.III.6.	Payables to social securities and health insurance	108	6 468	6 512
B.III.7.	Due from state – tax liabilities and subsidies	109	1 782	2 217
B.III.8.	Short term deposits received	110	63	42
B.III.10.	Estimated payables	112	1 990	1 473
B.III.11.	Other payables	113	6 312	12 178
B.IV.	Bank loans and financial accommodations	114	10 590	21 907
B.IV.1.	Long term bank loans	115	6 210	10 590
B.IV.2.	Short term bank loans	116	4 380	11 317
C.I.	Accruals	118	174	201
C.I.1.	Accrued expenses	119	5	4
C.I.2.	Deferred revenues	120	169	197
	Control number	999	17 066 270	16 911 972

## PROFIT AND LOSS STATEMENT GENERIC ARTICLES IN FULL EXTENT FROM TIME PERIOD 1.1.2008 TO 31.12.2008

Indicator a	ARTICLE b	Row number c	Actual during the accounting period	
			Current period 1	Previous period 2
I.	Revenues from sold goods	01	30	16
A.	Expenses on sold goods	02	55	18
+	Sale margin	03	-25	-2
II.	Production	04	544 002	520 203
II.1.	Revenues from own products and services	05	542 569	515 864
II.2.	Change inventory of own products	06	306	830
II.3.	Capitalization	07	1 127	3 509
B.	Production consumption	08	206 689	183 880
B.1.	Consumption of material and energy	09	45 631	42 325
B.2.	Services	10	161 058	141 555
+	Added value	11	337 288	336 321
C.	Personnel expenses	12	194 574	181 569
C.1.	Wages and salaries	13	136 646	128 239
C.3.	Social security expenses and health insurance	15	48 510	46 562
C.4.	Social security expenses	16	9 418	6 768
D.	Taxes and fees	17	1 497	1 543
E.	Depreciation of tangible and intangible assets	18	126 334	125 498
III.	Revenues from disposals of fixed assets and materials	19	2 003	3 064
III.1.	Revenues from disposals of fixed assets	20	1 987	3 059
III.2.	Revenues from disposals of materials	21	16	5
F.	Net book value of sold fixed assets and materials	22	148	846
F.1.	Net book value of sold fixed assets	23	148	846
G.	Change in operating reserves and adjustments and complex deferred costs	25	10 164	6 872
IV.	Other operating revenues	26	44 686	13 191
H.	Other operating expenses	27	12 848	10 732
*	Operating profit / loss	30	38 412	25 516
VIII.	Revenues from short term financial assets	37		13
X.	Interest revenues	42	3 860	2 619
N.	Interest expenses	43	825	1 084
XI.	Other financial revenues	44	176	264
O.	Other financial expenses	45	400	240
*	Profit / loss from financial operations	48	2 811	1 572
Q.	Income tax on ordinary income	49	11 927	2 493
Q.2.	- tax deferred	51	11 927	2 493
**	Operating profit / loss - ordinary activity	52	29 296	24 595
***	Operating profit / loss – accounting period	60	29 296	24 595
****	Operating profit / loss before tax	61	41 223	27 088
	Control number	999	2 597 862	2 385 885

## FOOTNOTES TO THE FINANCIAL STATEMENTS AS OF 31. 12. 2008

### GENERAL INFORMATION

**Company title:** Povodí Odry state company

**HQ:** Varenská č. 49, Ostrava 1, post code 701 26

**Legal title:** state company

**Identification number:** 70 89 00 21

**Legal act of establishment:** act number 305/2000 Coll. Regarding water

**Date of establishment:**

(date law came into operation number. 305/2000 Coll.) 1. 1. 2001

**Founder:** Ministry of agriculture, Czech Republic

**Predecessor of the state company:**

Povodí Odry akciová společnost

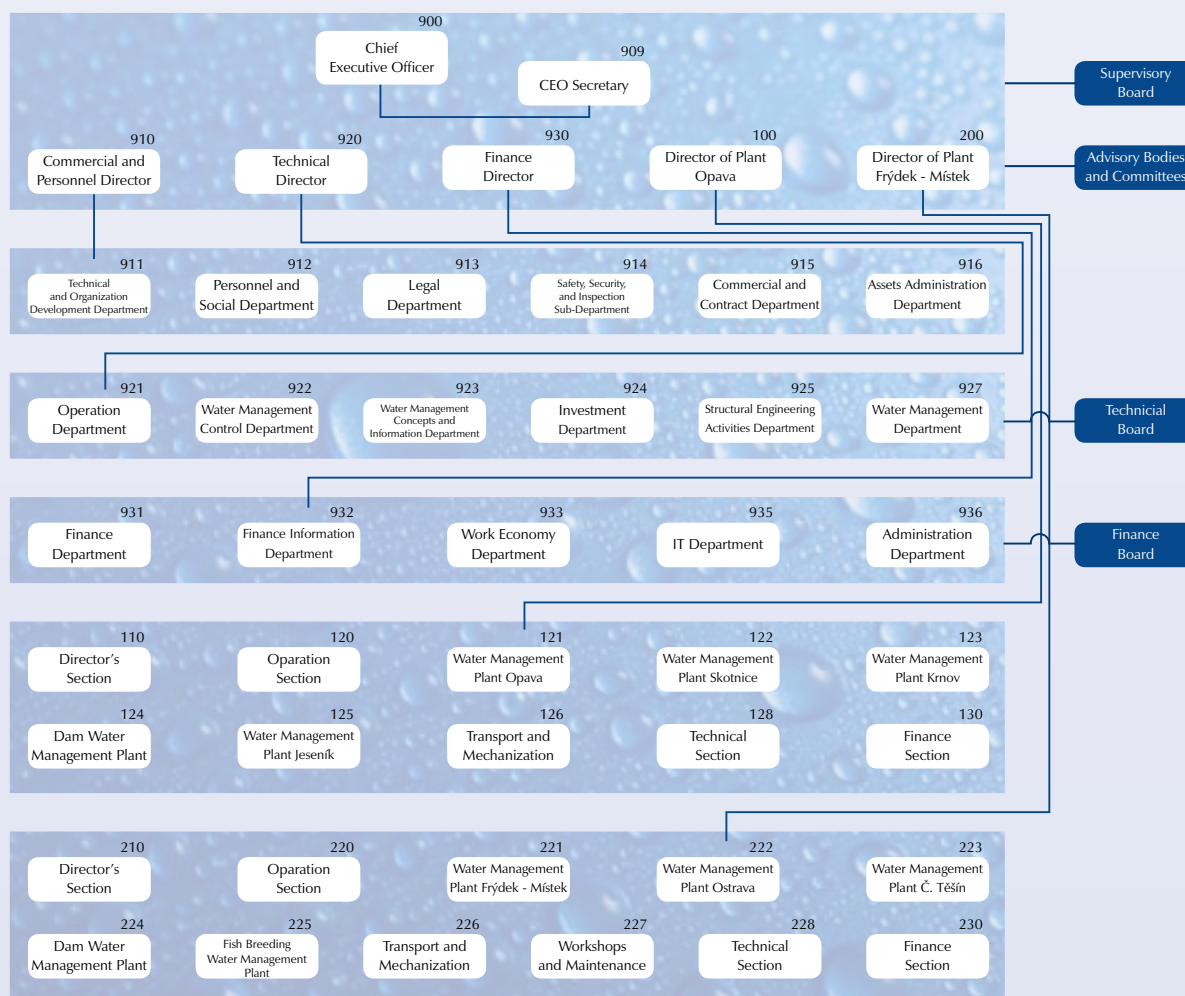
**Day of account balancing:** 31. 12. 2008

**Compilation of closing accounts:** 3. 3. 2009

### Main area of activities:

Activity with the care of water, which is understood to mean important waterways, activity connected with managing and evaluating the condition of surface and underground water in the territory administered by Povodí Odry and further activities which are written according to act number 254/2001 Coll. „concerning water and according to some changes to the act (water laws) ,in written later acts and laws number 305/2000 Coll., concerning flooding and drainage and other legal acts, including maintenance of waterways in the given area administered by the firm. Other activities of the firm are written in the business register.

### ORGANISATIONAL STRUCTURE TO 31.12.2008:



## CHANGES AND ADDITIONS, NOTED IN THE BUSINESS REGISTER DURING THE TIME OF THE ACCOUNTING PERIOD:

In 2008 in the regional court in Ostrava, was separated the OR given on 1.10.2008 from the day 11.9.2008, concerning changes for personnel to negotiate with the founder. The court ruling about the change to the writing in the OR came into force on 13.10.2008.

## STATUTORY AUTHORITIES OF THE STATE COMPANY (to the balance day):

Ing. Pavel Schneider, general director

Representatives of the state dept to the state company - general director (to the balance day):

- First representative: Ing. Petr Březina, technical director
- Second representative: Ing. Petr Kučera, economic director
- Third representative: Ing. Čestmír Vlček, business and personnel director

## SUPERVISORY BOARD (to the balance day):

Pavol Lukša

JUDr. Jindřich Urfus

Ing. Šárka Froňková

Tomáš Hanzel

Mgr. Petr Birklen

PhDr. Ivo Hlaváč

Ing. Ivana Musálková

Ing. Ivana Mojžíšková

Ing. Jiří Tkáč

## CHANGES IN THE ORGANISATIONAL STRUCTURE DURING THE ACCOUNTING PERIOD:

In the course of the accounting period there were not any changes in the organizational structure

## EMPLOYEES AND PERSONNEL EXPENSES

	k 31.12.2007	k 31.12.2008
Average number of employees	460	459
Wages and salaries including OON (in thousand CZK)	128 239	136 646
Costs on Social security expenses and health insurance (in thousand CZK)	46 557	48 507

## OTHER FULL PARTIES, WHICH ARE STATUTORY AUTHORITIES AND MEMBERS OF THE SUPERVISORY BOARD:

**STATUTORY AUTHORITY:** free use of automobile (in agreement with 6 par. 6 act regarding tax and income is to the basic tax calculated a part higher than 1% entrance price of the automobile after every calendar month) and a contribution to retirement and life insurance.

**MEMBERS OF THE SUPERVISORY BOARD FROM LIST OF EMPLOYEES OF THE STATE FIRM POVODI ODRY:** Contribution towards retirement insurance and life insurance - Ing Ivana Musalkova, Ing Ivana Mojzisova, Ing Jiri Tkac , free use of automobile, Ing Jiri Tkac, Director of Opa-va branch (in agreement with 6 par. 6 act regarding tax and income is to the basic tax calculated a part higher than 1% entrance price of the automobile after every calendar month)

## METHODS OF EVALUATION AND APPLIED ACCOUNTING METHODS

### METHOD OF EVALUATION:

- invent. purchased - acquisition price
- inventories created from own activity (including fish breeding) - actual costs
- inventory decrease (not including fish) - method FIFO
- fish decrease - method of arithmetical average
- LTIA a LTIA created from own activity (Capitalization) - actual costs
- LTIA a LTIA acquisition purchase - purchase cost
- LTIA a LTIA unpaid acquisition - reproduction of purchase cost
- monetary means, pricing, receivables on their establishment - named value

### DEPRECIATION PLANS - METHOD OF COMPILATION AND APPLIED DEPRECIATION METHODS:

The method of depreciating long term assets is founded on the depreciation plan. Long term tangible assets are depreciated annually according to the particular type of assets. Depreciation rates correspond to wear and tear in normal operational conditions of Povodi Odry s.p. Intangible investment assets depreciates yearly at a rate of 25%. Accounting depreciation on long term tangible and intangible assets is recorded in amount 1/12 total yearly depreciation in the framework of monthly closing, and it is already added to assets.

### METHODS APPLIED DURING CALCULATION FROM FOREIGN CURRENCY TO CZECH CURRENCY:

For calculating foreign currency is used daily exchange rates from the currency market, announcements from the czech national bank and actual accounting cases

### ADJUSTMENTS

In accounting periods are added adjustments to receivables. According to the laws covering tax from income and in connection to laws about inventories are laid down in the rules of account correction. Over their framework are created accounting corrections and it in total over 50% of receivables after repayment longer than 6 months and in total over 100% of receivables after repayment longer than 1 year.



## SUPPLEMENTARY INFORMATION TO THE BREAKDOWN AND STATEMENT OF PROFIT AND LOSS

### LONG TERM ASSETS

#### DEPRECIATION OF BUILDINGS- ACCOUNT 021 (IN THOUSAND CZK)

Class	to 31.12.2007		to 31.12.2008	
	Control price	Correction	Control price	Correction
Buildings, halls, and constructions	292 060	66 667	348 975	71 981
Other built objects	4 969 903	1 681 824	5 011 226	1 759 402
Total	5 261 963	1 748 491	5 360 201	1 831 383

#### DEPRECIATION OF FREE STANDING MOVABLE OBJECTS AND GROUPS OF MOVABLE OBJECTS – ACCOUNT 022 (IN THOUSAND CZK)

Class	to 31.12.2007		to 31.12.2008	
	Control price	Correction	Control price	Correction
Electrical and power machinery	98 506	37 950	121 770	46 263
Work machinery and equipment	65 855	39 998	70 234	40 086
Engines and technical equipment	111 078	84 150	111 707	84 061
Transport items	84 185	57 707	88 092	63 929
Inventory	3 592	2 588	4 252	2 707
Total	363 216	222 393	396 055	237 046

#### ANIMALS, ASSIGNED AS LONG TERM ASSETS AND INVENTORIES (IN THOUSAND CZK)

	to 31.12.2007	to 31.12.2008
Assigned as long term assets	-	-
Assigned in inventories	5 683	6 627

#### RECEIVABLES (IN THOUSAND CZK)

	to 31.12.2007	to 31.12.2008
Receivables (short term and long term) account group 31		
Receivables with payment period longer than 5 years	-	-
Receivables after time limit of repayment (gross state)	4 167	4 174

#### ADJUSTMENTS TO RECEIVABLES - ACCOUNT NUMBER 391 (IN THOUSAND CZK)

	State to 1.1.2008 PZ account. 391 further	Accounted y. 2008 return MD	Activity after y. 2008 return further	State 31.12.2008 KZ account. 391 further
Legal	704	704	664	664
Accounts	1 094	1 094	1 000	1 000
Total	1 798	1 798	1 664	1 664

#### PAYABLES (IN THOUSAND CZK)

Short term payables - account group 32	to 31.12.2007	to 31.12.2008
Payables after due payment period	2 294	1 689

Long term payables - account group 47	to 31.12.2007	to 31.12.2008
Payables with payment period longer than 5 years	73 066	-
Payables after due payment period	-	-

#### DUE PAYABLES FOR SOCIAL INSURANCE AND CONTRIBUTIONS TO STATE POLITICAL EMPLOYMENT (IN THOUSAND CZK)

Account 336	to 31.12.2007	to 31.12.2008
Social insurance	4 598	4 584

#### DUE PAYABLES FOR PUBLIC HEALTH INSURANCE (IN THOUSAND CZK)

Account 336	to 31.12.2007	to 31.12.2008
Health insurance	1 914	1 884

Due payables were included in January in the following period of accounting.

#### DEPRECIATION OF LONG TERM PAYABLES - ACCOUNT 479 IN THOUSAND CZK)

Contents	to 31.12.2007	to 31.12.2008
Returnable financial aid from state budget	73 066	48 710
Long term accepted security	275	275
long term payables from business relationships	68	68
Total	73 409	49 053
From it: Short term balance to balancing day	12 178	-
Long term balance to balancing day	61 231	49 053





## RETURNABLE FINANCIAL AID FROM THE STATE BUDGET

Object:	Reservoir Slezska Harta
Total part operated returnable financial aid:	219 200 thousand CZK
Year initiated:	1997
End of repayments:	2013

## LONG TERM BANK LOAN - ACCOUNT 461 (IN THOUSAND CZK)

Contents	Balance to 31.12.2007	Balance to 31.12.2008
Total	21 907	10 590
From it: Short term balance to balancing day	11 317	4 380
Long term balance to balancing day	10 590	6 210

## SPECIFICATIONS OF BANK LOAN

Monetary source	Komerční banka a.s.
Loan object	Destroyed flood basin from year 1997
Year of commencement of loan	2002 x)
Year of final repayment	2011
Interest rate	3M PRIBOR + 0,70%
Managed loan	-
Loan balance to 31.12.2008	10 590

x) Pre-charged loan from Union bank, operated in year 1997

## RESERVES

### OTHER (ACCOUNTABLE) RESERVES - ACCOUNT 459 (IN THOUSAND CZK)

Title	State to 1.1.2008 account 459	Form	Expended (remaining)	State to 31.12.2008 account 459
Covered risk connected with care of written off assets, acquisition from investment, grant	49 122	12 401	861	60 662
Other reserves	3 921	500	1 742	2 679
Total	53 043	12 901	2 603	63 341



## DEFERRED TAX OBLIGATIONS - ACCOUNT 481 (IN THOUSAND CZK)

Sum	State to 31.12.2008
Accountable remaining price DM (ÚZH)	3 705 426
Taxable remaining price DM (DZH)	2 950 482
Difference between accountable and taxable price (ÚZH – DZH)	754 944
20 %	150 989
Unpaid interest due to delay	9
20 %	2
Total deferred tax obligations	150 991

## DEFERRED TAX OBLIGATIONS

Balance of account 481 to 31.12.2007	139 064
Balance of account 481 to 31.12.2008	150 991
Difference - account 592	11 927

Deferred tax receivable is not with regard to principles of careful accounting.

## INVESTMENT GRANTS (IN THOUSAND CZECH CZK)

Object of grant / source	to 31.12.2007	to 31.12.2008
Revitalization Moravka / SR-MŽP ČR	4 434	-
Destroyed PS 2006 / SR- Mze CR	-	99
Flood prevention / SR-MZe ČR	37 853	101 087
Flood prevention / city of Ostrava	494	-
Flood prevention / Moravia-Silesia region	4 000	4 000
Water management planning / Olomouc region	-	200
Water management / state budget	4 444	3 650
Total	51 225	109 036

## OPERATIONAL GRANTS (IN THOUSAND CZK)

Object / source	to 31.12.2007	to 31.12.2008
Flood damage 2006 / SR-MZe ČR	3 853	1 770
Laboratory work / SR-SFŽP	6 499	-
Project ENHYGMA / SR-MMR ČR, EU	950	484
Project Leonardo da Vinci / NAEP	-	260
Destroyed PŠ 2007 (secured loan) / SR-MZe ČR	-	13 245
Depreciated assets SPO / SR-Mze ČR	-	3 755
Total	11 302	19 514

**CORRECTIONS TO STATUTORY AUDITING (IN THOUSAND CZK)**

Object	to 31.12.2007	to 31.12.2008
Required audit of closing of accounts according to contract	130	140
Costs in part of normal year	195	135
From it: audit 2006	130	-
audit 2007 (running audit, audit account)	65	65
audit 2008 (running audit)	-	70
Other services	-	-

**REVENUES FROM SALE OF GOODS, PRODUCTION AND SERVICES ACCORDING TO KIND OF ACTIVITY - ACCOUNTING GROUP 60 (IN THOUSAND CZK)**

Kind of activity	k 31.12.2007	k 31.12.2008
Revenues from supply of surface water	443 036	444 905
Revenues from electricity	50 121	68 710
Revenues from fish	11 945	12 347
Revenues from rent	4 306	3 898
Revenues from lab work	3 756	8 900
Revenues from sale of goods	16	30
Other revenues	2 700	3 809
Total	515 880	542 599

**SURVEY OF CHANGES TO EQUITY DURING THE PERIOD FROM 1.1.2008 TO 31.12.2008 (IN THOUSAND CZK)**

Row balance	Sum	State to 1.1.	Increase	Decrease	State to 31.12.
A.I	Basic capital - basic name (account 411)	1 519 186	-	-	1 519 186
A.II	Capital funds (account 413)	2 172 959	29 771	341	2 202 389
A.III	Reserve funds, other funds from profit	194 647	29 056	12 309	211 394
A.III.1	Lawful reserve fund (account 421)	151 919	-	-	151 919
A.III.2	Statutory and other funds	42 728	29 056	12 309	59 475
A.III.2	From it: investment funds (account 427)	24 367	11 595	-	35 962
A.III.2	Cultural fund and social needs (account 423)	12 486	6 887	3 941	15 432
A.III.2	Reward fund (account 427)	5 875	7 000	4 794	8 081
A.V	Results from economic activity during accounting period	24 595	29 296	24 595	29 296
	Total equity (A.I to A.V.)	3 911 387	88 123	37 245	3 962 265

**DESCRIPTION OF CHANGES****CAPITAL FUND (ACCOUNT 413)**

increase: 29 771 th. CZK (10 308 th. CZK - without payment undertakings on land, 19 463 th. CZK - without payment undertakings LTТА)

decrease: 341 th. CZK - land (changes to state borders, water and land fund, repair fund)

**INVESTMENT FUND (ACCOUNT 427)**

increase: 11 595 - created from profit y. 2007

**CULTURAL AND SOCIAL FUND (ACCOUNT 423)**

increase: 6 887 th. CZK (6 000 th. CZK - created from profit y. 2007, 883 th. CZK - returned loans from flats, 4 th. CZK - social aid)

decrease: drew on in accordance with the collective agreement and budget 3 941 th. CZK - FKSP

**REWARD FUND (ACCOUNT 427)**

increase: 7 000 th. CZK - created from profit y. 2007

decrease: 4 794 th. CZK - drew on fund for payment of bonuses



## CASH FLOW STATEMENT DURING THE PERIOD 1.1.2008 TO 31.12.2008 (IN THOUSAND CZK)

Indicator a	TEXT b	Actual 1
P.	Balance of cash on hand and financial equivalents as at the beginning of reporting period	51 015
Cash flows from running activities		
Z.	Accounting profit / loss from running operations before taxation	41 223
A.1.	Adjustments by non-cash operations	142 826
A.1.1.	Depreciation of fixed assets and amortization of adjustments to acquired assets	129 309
A.1.2.	Change in balance of adjustments, reserves	18 391
A.1.3.	Profit from sales of fixed assets (-/+)	-1 839
A.1.4.	Revenue from dividends and shares in profit (-)	
A.1.5.	Accounted for interest expense, exclusive of interest capitalization and accounted for credit interest	-3 035
A.*	Net cash flow from running activities before taxation, changes in working capital and unusual / extraordinary items	184 049
A.2.	Change in non-cash items of working capital	523
A.2.1.	Change in balance of receivables from running activities, temporary assets accounts (-/+)	-1 081
A.2.2.	Change in balance of short-term payables from running activities, temporary liability accounts (+/-)	1 823
A.2.3.	Change in balance of inventory (-/+)	-219
A.**	Net cash flow from running activities before taxation and unusual/extraordinary items	184 572
A.3.	Interests paid exclusive of interest capitalization (-)	-825
A.4.	Interests received	3 860
A.5.	Income tax for running activities and additional tax assessment for previous periods	
A.6.	Income and expense on unusual and / or extraordinary items, including income tax	0
A.***	Net cash flow from running activities	187 607
Cash flows from investing activities		
B.1.	Expense on fixed assets acquisition	-105 373
B.2.	Income from fixed assets sales	1 987
B.3.	Loans to related parties (+/-)	0
B.***	Net cash flow from investing activities	-103 386
Cash flows from financing activities		
C.1.	Change in balance of long-term or short-term payables	-35 673
C.2.	Impact of changes in equity on cash on hand and financial equivalents	-7 847
C.2.1.	Increase on cash on hand as a result of increased registered capital, share premium etc.	0
C.2.2.	Payment of share in equity to partners (-)	0
C.2.3.	Other contributions of cash by partners and shareholders	
C.2.4.	Loss coverage by partners (+)	0
C.2.5.	Direct debit fund payments (-)	-7 847
C.2.6.	Dividends paid or shares in profit, including taxes paid (-)	0
C.3.	Incoming dividends and shares in profit (+)	
C.***	Net cash flow from financing activities	-43 520
F.	Pure increase, decrease on the money market	40 701
R.	State of the money market a cash equivalents at the end of the accounting period	91 716

## AMOUNTS IN ZERO MOVE AFTER THE PREVIOUS AND RUNNING ACCOUNTING PERIOD, WHICH ARE NOT MENTIONED IN STATEMENTS

### BALANCE

#### ASSETS:

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

#### LIABILITIES:

A.I.2, A.I.3, A.II.1, A.II.3, A.II.4, A.IV. A.IV.1, A.IV.2, B.I.1 – B.I.3, B.II.2 – B.II.8, B.III.2 – B.III. 4, B.III.9, B.IV.3.

#### PROFIT AND LOSS STATEMENT:

C.2., F.2, V., I, VI., J., VII., VII.1 – VII. 3, K. IX, L. M., XII., P., Q.1, XIII., R, S., S.1, S.2, \*, T.

## IMPORTANT EVENTS, WHICH OCCURRED IN THE ACCOUNTING PERIOD OF 2008 AND NOTHING ABOUT THEM IS RECORDED IN THE BALANCES OR ACCOUNT RESULTS

### COURT CASE - OSTRAMO, VLCEK A SPOL., S R. O., LATER TRANSKOREKTA, COMPANY WITH LIMITED LIABILITY, AT THE PRESENT TIME RETISE ENTERPRISES LIMITED.

The court case dates from the 24.1.2000, in legal proceedings with the company OSTRAMO, Vlcek and co., s.r.o. with headquarters at Nakladni 2, Ostrava 1, concerning compensation damages to the value of 1.296.900.000,-CZK, which should be mentioned that the company was the cause of flooding on the river Odra in the year 1997. Court proceedings were held at the County court in Ostrava and are mentioned under case number: j. 36 C 29/2000.

In the year 2004 a new case came to trial, TRANSKOREKTA, a company with limited liability, at that time with headquarters at V Zahradach 2108/180, Ostrava- Poruba now with headquarters at Mlynska 326/13 Brno, IC: 61944017.

During the course of 2004 and 2005 court proceedings gradually increased from the original amount claimed until finally reaching the amount of 8 139 110 400,- CZK, with additions.

At the end of 2006 the County court in Ostrava pronounced an intermediate judgment, where in a statement to that judgment noted, that the case facing Povodi Odry is, concerning the basic claim, reasonable. That judgment in the year 2007 was handed over to the Regional court in Ostrava. In that year entered into the court proceedings a new business entity RETISE ENTERPRISES LTD with headquarters in Cyprus and disputed the claim.

In February 2008 the Regional court in Ostrava passed a court ruling, which canceled out the intermediate judgment from the county court in Ostrava.

On the establishment of that court decree in September 2008 the county court in Ostrava charged the plaintiff with a full, factual statement and introducing corresponding evidence. In November 2008 the plaintiff attended the court proceedings. The declaration of the legal representative of the state company Povodi Odry to carry on with the case was, in the county court in Ostrava submitted in January 2009. Later on in 2009 Povodi Odry expects in matters pertinent to the court case an order for verbal negotiation.

The events just mentioned are not recorded or noted anywhere on the balance sheets or accounting results, neither is the claim sufficiently grounded, the state company Povodi Odry is persuaded of the speculative and unqualified character of the proceedings. With a view to that it is not supposed or expected that in the future the influence of other sources from the consequences mentioned about the court case and representing those events in the balance sheet would risk such a step, which would present an honest and accurate picture of the closing of accounts.

## CHANGES BETWEEN THE BALANCE DAY AND THE COMPILING OF THE CLOSING OF ACCOUNTS

Between the mentioned dates a change occurred in the statutory body of the firm Povodi Odry.

On the 6.1.2009 Ing. Pavel Schneider stepped down from the position of general director. From the 7.1.2009 Ing. Ivan Pospisil was named General Director.

Between balance day and the day of compiling accounts no significant events occurred, which would have any influence on the reliability of the statement of accounts.

Events and information set out in supplements to the closing of accounts statement according to the act concerning accounting number 563/1991 Coll. In public announcements number 500/2002 Coll., which in the accounting periods of the state company Povodi Odry are not in this report mentioned.





2008

**POVODÍ ODRY, STATE ENTERPRISE**

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Meandering river Odra in the protected landscape area "Poodří".



*Povodí Odry*  
státní podnik