




Povodí Odry
státní podnik



2010

Annual Report



An aerial photograph showing a wide, blue river winding through a lush green landscape. The river is bordered by dense forests and rolling hills. In the foreground, there are several buildings and a parking lot, suggesting a small settlement or a facility near the water. The sky is clear and blue.

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Dear readers,

Please, allow me to briefly describe our work even if this is not easy, thanks to many events which took place in 2010.

The year 2010 was once again the year marked by repeated floods. The first flood affected us with its first wave in the period from the 12th to the 19th of May, when 380 millimetres of precipitation fell in the affected area. That was about 50% of the annual fall-outs in the region. Up to 400 millimetres of water fell during the second wave from the 1st to the 4th of June. The floods were extreme in middle and lower sections of the rivers, while the Rivers Ostravice and Olše reported a hundred year waters. The fifty year waters showed twice in one month in the Municipality of Petrovice u Karviné. The floods in May and June caused damage worth about 440 million Czech crowns in Northern Moravia. At the end of summer – on the 18th of August, water made our still fresh, but not yet fully absorbed memories alive again. It complicated the works which had started on repairs of damages caused in May and June. Our state-owned company had never experienced such a scope and frequency of floods before.

Ripped up embankments of water flows were the most serious damages. They were so extensive and serious that some embankments were completely missing and parts of our known landscape have disappeared. Reservoirs affected the floods' development in a fundamental way. The reservoirs' outflows were minimal at the time of culminations. For example, we let to fill in the Šance reservoir up to the safety overflow and we increased the outflow according to hydro-meteorologists' forecasts. In the case of the Žermanice reservoir, we succeeded in keeping the level up to 9 centimetres below the point of maximal retention level in order to achieve the best effect. It was the combination of lowering the flood waters with the assistance of reservoirs and transfers of big waters with flows' adjustments and levees used by our company for the successful prevention of threats to human lives and of more extensive damage. We protected almost 30 thousand residents in the regions of Ostrava and Frýdek-Místek. The knowledgeable and operative cooperation with fire fighters, the coordination of activities within the crisis headquarters, the over the border cooperation with Poland, and the assistance provided by other plants within the river basin were also very important and positive. The good management of the integrated rescue system and another item – the human compassion and solidarity, prove themselves just in such situations.

The floods thus made the most important part of our activities in 2010.

These floods have shown how they differ in our area, which is so much different in its character, when compared with other areas and by other colleagues - water managers, their approaches and handling. The River Odra Basin is the smallest in the Czech Republic, but the volumes of floods' damages indicate a different strength, intervals and scope, in which they affect us. The year 2010 is a typical example. Being aware how tragic events the floods are, I am very happy that I can point out the strength and

professional skills of the employees of the state-owned company Povodí Odry, who managed, in such highly difficult terrain, and tamed the unconfined water energy and who could consequently repair the caused damages in the professional manner.

Despite the fact that the floods and the removal of their consequences became the most frequent subjects of our interests, our activities related also to another important step – the transfer of the Agricultural Water Management into our scope of responsibilities as from the 1st of January 2011. The year 2010 was thus a preparatory year. We prepared materials and studies and, together with our founder the Ministry of Agriculture of the Czech Republic, hectically did all preparatory works – from the positive to the negative ones.

Apart from these extraordinary events, which we encountered in 2010, our state-owned company also dealt with usual activities organised by a regular administrator of water flows. Despite all flood-related difficulties in the year, our employees did the maximum for the proper fulfilment of all our duties, and that resulted in a surplus economic result. I have to express my thanks to all people working in the state-owned company Povodí Odry, thanks to whom the very complicated year 2010, both economically and professionally, has become the very stable base on which we can build our future works and which has extended our experience. The year 2011 will be very demanding because a new agenda and work – the activities conducted by the Agricultural Water Management so far, will be added to us from the 1st of January.

Before I finish, please, allow me to express my gratitude to all our employees who participated actively and professionally in the activities in 2010. Not everything has been expressed in economical terms because many activities, mainly the personal approach and attitude to issues, cannot be simply calculated. I wish to say many thank you also to others who assisted during the floods in 2010 – the rescue service units, local governments, and residents, who, together with us, contributed to the flood damage removal. You all have earned my thanks and respect because of the job well done, because of the human solidarity, understanding, and sympathy in the cases of human tragedies... I am very glad that I can say this within this Annual Report by the state-owned company Povodí Odry related to 2010. The year has become a stepping stone for our future activities in this very complicated era. However, the state-owned company managed to administer state assets well as a good and knowledgeable manager, thanks to the professional skills of its employees. Thank you very much.

Ing. Ivan Pospíšil
General Director



2. Company basic data

FOUNDER

Ministry of Agriculture of the Czech Republic of the official address
in Těšnov 17,

Praha 1, Post Code 117 05

I.D. No. (IČ): 00020478

PERSON AUTHORISED TO ACT ON BEHIND THE FOUNDER AT THE 31ST OF DECEMBER 2010

Mgr. Jan Šlajs, LL.M.

General Director of the Administrative Section
in the Ministry of Agriculture of the Czech Republic

NAME: Povodí Odry, státní podnik

(River Odra Basin, state-owned company)

OFFICIAL ADDRESS: Varenská 49, Ostrava, Moravská Ostrava,

Post Code 701 26

FOUNDING DATE: 1st of January 2001, according to the River Basins
Act No. 305/2000 Coll.

ENTRY IN THE COMMERCIAL REGISTER: Regional Court in Ostrava,

Part A XIV, File No. 584

ENTRY DATE: 26th of March 2001

LEGAL FORM: state-owned company

I.D. (IČ): 70890021

TAX FILE NO. (DIČ): CZ70890021

STATUTORY BODY

Ing. Ivan Pospíšil, General Director of Povodí Odry, státní podnik

SUPERVISORY BOARD

Miroslav Novák (Moravian-Silesian Region), Chairman

Ing. Aleš Kendík (Ministry of Agriculture)

Prof. Dr. Ing. Miroslav Kyncl (North Moravian Water and Sewerage
Systems) from the 1st of February 2010

Tomáš Hanzel (City of Karviná)

Mgr. Petr Birklen (Ministry of Environment)

JUDr. Jindřich Urfus (Ministry of Agriculture)

Ing. Ivana Mojžíšková (River Odra Basin Co.)

Ing. Ivana Musálková (River Odra Basin Co.)

Ing. Jiří Tkáč (River Odra Basin Co.)

EXECUTIVE MANAGEMENT

Ing. Ivan Pospíšil, General Director

Ing. Petr Březina, Technical Director

Ing. Petr Kučera, Economy Director

Ing. Čestmír Vlček, Commercial Director

Mgr. Miroslav Janoviak, LL.M., Investment Director

Ing. Jiří Tkáč, Director of the Plant 1 in Opava

Ing. Jiří Šašek, Director of the Plant 2 in Frýdek-Místek

3. Company structure

Activities by the state-owned company have been determined by the Founding Document and they are based on legal standards, especially the Waters Act No. 254/2001 Coll. as amended, the River Basins Act No. 305/2000 Coll. and the State-owned Company Act No. 77/1997 Coll. as amended. The activities relate mostly to the management and administration of important water flows, including border flows, water works and smaller water flows, management of which has been assigned to the Company. All these activities take place within the area of river Odra Basin. Other Company activities include finding about and assessment of surface and underground water situations in the given area, investment activities there, including protective provisions organised against floods, remedy activities during and after water flow-related accidents, and at last, but not least, planning activities in accordance with the relevant legal standards. Other complementary activities are also organised within the main activities like, for example, activities of accredited laboratories, constructions, engineering, projecting and consulting activities related to water management. These activities take place both within the Company needs and for external customers.

ORGANISATION COMPANY STRUCTURE

- Section of General Director
- Section of Commercial Director
- Section of Technical Director
- Section of Economy Director
- Section of Investment Director
- Plant 1 in Opava
- Plant 2 in Frýdek-Místek

SECTION OF GENERAL DIRECTOR

Direct responsibilities of the General Director cover the Department of personnel treating personnel but also social issues, training, and health and safety at work.

SECTION OF COMMERCIAL DIRECTOR

This Section organises services in the area of trading and contract conclusions, legal and assets' issues, technology-related activities and the organisation development of the Company, but also internal audits and safety in accordance with special regulations.

Section scheme

- Department of technological and organisational development
- Legal department
- Internal audits and safety
- Department of commercial contracts
- Property department

SECTION OF TECHNICAL DIRECTOR

This Section organises professional activities in the main areas of water management system, water flows' management, handling of water works, administration of water management facilities, energy management, and other activities. This Section of Technical Director is also responsible for activities undertaken by the water management Dispatching Office and water

management laboratories. The Section organises coordination of main trends in prognoses, conceptions and consulting. The organisation of planning activities related to water flows has a special place among other activities as established in the Waters Act.

Section scheme

- Department of operations
- Water management Dispatching Office
- Department of water management-related conceptions and information
- Water management laboratories

SECTION OF ECONOMY DIRECTOR

This Section organises implementation of plans focussed on the achievement of effective economy management, especially in the areas of planning, funding, price creation, subsidies, accounting, statistics, analytical activities, and work economy. It organises also the support of information systems and the management administration.

Section scheme

- Department of finance
- Department of economic information
- Department of work economy
- Department of informatics
- Department of management administration

SECTION OF INVESTMENT DIRECTOR

This Section organises activities related to preparations of investment implementations and engineering activities, especially the projecting and geodetic activities. It coordinates main directions of engineering services and participates in preparations of investment planning and repairs, including machinery and facilities having the technological character.

Section scheme

- Department of investments
- Projecting department

PLANTS

The Plants implement company plans and objectives within the determined areas of management, maintenance, repairs and investment activities taking place at water flows in connection with the main Company activities. The Plants' activities are geographically divided between Plant 1 in Opava and Plant 2 in Frýdek-Místek. The two Plants together cover the entire water basin area managed by the Company. Apart from the activities directly related to the management of water flows and water works, the Plants organise and coordinate operations and economic activities within the determined scope.

Plants' structure

- Section of Plant Director
- Section of operations
- Technology section
- Economy section
- Water management operations



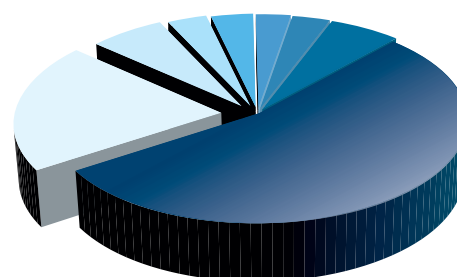
4. Administered assets

THE COMPLETE COMPOSITION OF LONG-TERM TANGIBLE ASSETS

The value of long-term tangible assets has increased by CZK 115.17 million, when compared with the situation in 2009. On 31 December 2010, the total acquisition value of the long-term tangible assets reached CZK 5 943.32 million.

THE STRUCTURE OF THE LONG-TERM ASSETS (without land, permanent growths, other long-term tangible assets and long-term tangible assets in progress)

Buildings	CZK 327.45 million
Reservoirs and ponds	CZK 3 226.45 million
Water flows' adjustments	CZK 1 491.70 million
Weirs and steps	CZK 320.12 million
Other objects	CZK 155.32 million
Transport and other machinery	CZK 172.27 million
Energy machines and facilities	CZK 127.47 million
Instruments, special technological facilities and IT	CZK 117.83 million
Other inventory	CZK 4.71 million
TOTAL LONG-TERM TANGIBLE ASSETS	CZK 5 943.32 million



Buildings	5.51%
Reservoirs and ponds	54.29%
Water flows' adjustments	25.10%
Weirs and steps	5.39%
Other objects	2.61%
Transport and other machinery	2.90%
Energy machines and facilities	2.14%
Instruments, special technological facilities and IT	1.98%
Other inventory	0.08%

	Buildings		Reservoirs and ponds		Water flows' adjustments		Weirs and steps		Other objects	
	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%
TOTAL	327,45	100,0	3 226,45	100,0	1 491,70	100,0	320,12	100,0	155,32	100,0
Opava plant	111,29	34,0	2 276,75	70,6	612,16	41,0	116,69	36,5	37,89	24,4
F-M plant	103,39	31,6	949,70	29,4	879,47	59,0	203,43	63,5	110,14	70,9
Management	112,77	34,4	0,00	0,0	0,00	0,0	0,00	0,0	7,29	4,7
	Transport and work machines		Energy machines and facilities		Instruments and special technological facilities		Inventory		TOTAL LONG-TERM TANGIBLE ASSETS	
	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%
TOTAL	172,27	100,0	127,47	100,0	117,83	100,0	4,71	100,0	5 943,32	100,00
Opava plant	80,82	46,9	78,28	61,4	9,38	8,0	1,19	25,3	3 324,45	55,94
F-M plant	76,26	44,3	44,65	35,0	24,16	20,5	2,61	55,4	2 393,81	40,28
Management	15,19	8,8	4,54	3,6	84,29	71,5	0,91	19,3	225,06	3,79

5. Personnel

One of the most important tasks in the Human resources department is to maintain the structure and numbers of employees as required by the company. The company supported selected employees when they were increasing their qualifications at universities. Employees have been trained within their professions and there are updating professional seminars and language courses organised for them.

The employer organised the updating of the current employees' classification within the job categorisation. Some measurements were taken in several company workplaces to lower risks of job-related disease.

Employees were regularly asked to attend medical examinations within the preventive health care and the employer contributed to costs of inoculation against tick-caused encephalitis and hepatitis.

Number of employees	2008	2009	2010
Number of employees in a converted figure	459,59	461,71	457,23
Number of employees in natural persons	479	464	463
thereof: white collars	244	237	236
blue collars	235	227	227
- State enterprise headquarters	173	165	166
- Plant in Opava	134	130	130
- Plant in Frýdek-Místek	172	169	167

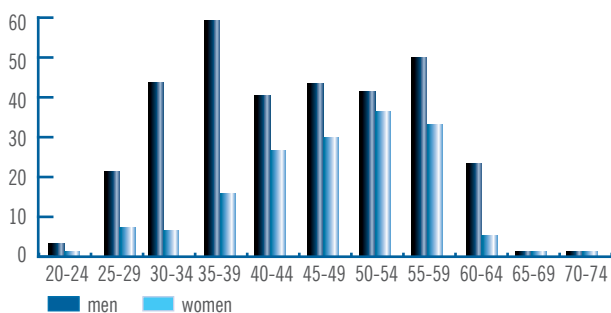
EMPLOYEES BY THEIR WORKPLACE LOCATION

District	2008	2009	2010
Jeseník	13	13	13
Bruntál	36	36	36
Frýdek-Místek	115	112	114
Karviná	27	26	28
Nový Jičín	24	23	23
Opava	70	67	64
Ostrava	194	187	185

COMPARISON BY THE HIGHEST ACHIEVED EDUCATION

The highest achieved education	2008	2009	2010
University	95	90	97
Completed secondary education	155	170	164
Secondary – apprenticeship	186	171	172
Elementary education	43	33	30

AGE STRUCTURE AT THE 31ST OF DECEMBER 2010

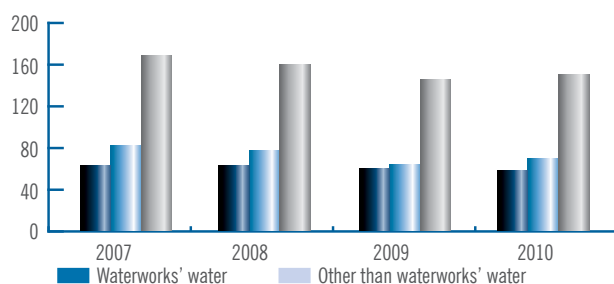


SURFACE WATER CONSUMPTION

The consumption of surface water from sources managed by the state-owned company Povodí Odry increased year-on-year after it reached the minimum in 2009. This was caused mainly because of renewed industrial activities. The consumption increased by 3.5% in 2010, when compared with the previous year. The year-on-year increase, related to supplies to industrial objects, was 9%. In contrast, the trend of decreases of the last five years continued in the waterworks' consumption and it decreased by almost 2%, when compared with 2009.

SURFACE WATER CONSUMPTION (in million m³)

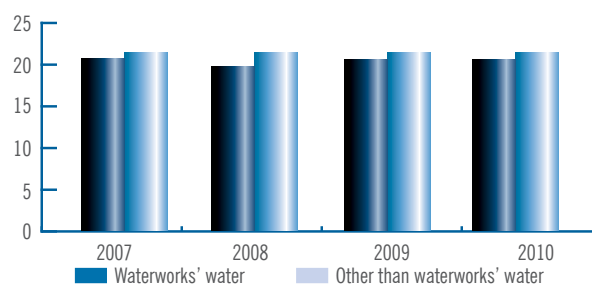
Year	2007	2008	2009	2010
Waterworks' consumption	72.0	69.3	68.2	66.9
Other than waterworks' consumption	92.1	84.6	70.8	77.2
TOTAL	164.1	153.9	139.0	144.1

SURFACE WATER (in million m³)**UNDERGROUND WATER CONSUMPTION**

In the case of underground water, the consumption was slightly higher in 2010, when compared with the long-term lowest value achieved in 2009. There was the total of 20.7 million m³ of water delivered. That was higher year-on-year by 2.5%. In the area of the river Odra basin, the increases took place in relation to both underground waters for waterworks' purposes and for other than waterworks' purposes.

UNDERGROUND WATER CONSUMPTION (in million m³)

Year	2007	2008	2009	2010
Waterworks' consumption	19.6	20.0	18.5	18.8
Other than waterworks' consumption	2.4	1.8	1.7	1.9
TOTAL	22.0	22.0	20.2	20.7

UNDERGROUND WATER (in million m³)

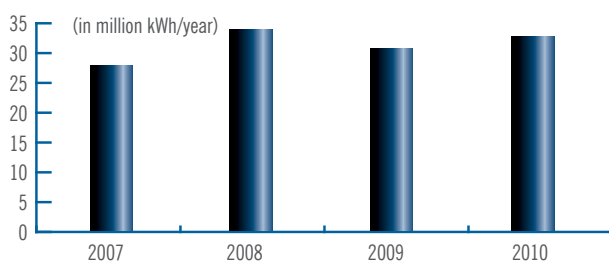


PRODUCTION OF ELECTRIC POWER

In 2010, facilities of the state-owned company Povodí Odry produced the second highest amount of electric power in the operations history thanks to the favourable hydrological situation. The above-average monthly values were achieved mostly in the first half of the year. Then, the most important small water power station (SWPS) in Silesian Harta was reconstructed and after that, in December, almost double amount of power was produced, when compared with the usual amount in that month. In the total, the 9 SWP stations of the state-owned company Povodí Odry produced 32.1 million kWh of electric power. That is the year-on-year increase by almost 8%, when compared with 2009.

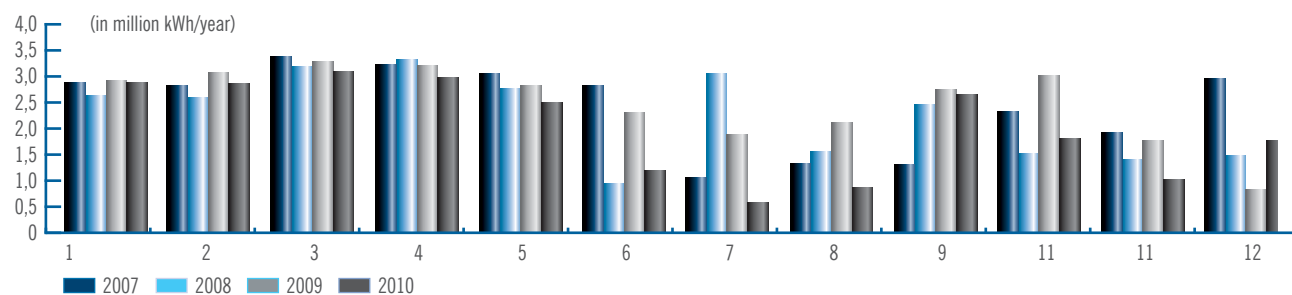
ELECTRIC POWER PRODUCTION BY FACILITIES OF THE STATE-OWNED COMPANY POVODÍ ODRY (in million kWh)

Year	2007	2008	2009	2010
Reservoir Šance	5,887	5,266	5,033	7,123
Reservoir Kružberk	2,677	2,731	2,659	2,934
Reservoir Silesian Harta	16,232	20,371	17,101	16,377
Reservoir Žermanice	0,458	0,453	0,618	0,834
Weir in Studénka	0,078	0,137	0,119	0,136
Reservoir Morávka	0,803	0,940	0,923	1,031
Weir in Podhradí	0,483	0,721	0,644	0,766
Reservoir Těrlícko	0,297	0,323	0,318	0,309
Weir in Lhotka	-	2,190	2,385	2,623
TOTAL	26,917	33,133	29,799	32,133



ELECTRIC POWER PRODUCTION - DELIVERY (in kWh)

Month	2007	2008	2009	2010
January	3 093 214	3 124 579	2 752 145	3 063 095
February	3 064 310	3 291 580	2 732 687	2 993 669
March	3 332 426	3 527 821	3 374 194	3 611 759
April	3 148 842	3 455 558	3 537 788	3 481 896
May	2 624 979	2 994 999	2 951 484	3 251 089
June	1 286 408	2 467 147	1 034 007	2 984 328
July	648 032	1 967 790	3 265 749	1 158 462
August	987 193	2 238 281	1 688 804	1 360 386
September	2 784 097	2 932 176	2 668 799	1 362 465
October	1 942 202	3 223 975	1 628 507	2 441 718
November	1 058 731	1 866 343	1 478 849	2 045 744
December	1 857 365	873 369	1 548 832	3 182 365



OSTRAVA!!!





In 2010, the cooperation of the state-owned company Povodí Odry, in the role of an investor and administrator of measures against floods, with the Statutory City of Ostrava continued in the city area. The cooperation objective has been to improve the protection against floods in individual city parts. The City co-funded preparations and the implementation of individual measures taken against floods. The investor has been implementing them within the programme by the Ministry of Agriculture of the Czech Republic called "Protection against floods II".

In 2010, the cooperation continued on the basis of principles similar to those in previous years, especially in two projects: One of the supported constructions was the "Porubka Adjustments, Svinov, Km 0.9 – 7.2", which related to the improvement of the inbuilt area protection against floods along the River Porubka in Ostrava-Poruba, from the summer swimming pool SAREZA, to the railway in Ostrava-Svinov. It was about the increased capacity of the river bed and the construction of protective dams or walls in the sections, where the river gets out of its bed during flood situations. This construction should significantly improve the safety of the listed localities, up to the level of twenty-year water level. The idea has proved right and effective even during floods in May and June 2010, when the not yet finished construction successfully fulfilled its role. The construction started in 2009 and should finish in the third quarter of 2011. The total costs of implementation reach CZK 104.3 million. The City subsidy was CZK 2 million in 2010.

The second investment event supported from the budget of the Statutory City of Ostrava has been the set of two buildings in the suburb of Hrabová. They are the "Left-bank levee at the relieving river branch in Ščučč" and the "Adjustment of the relieving river branch Ščučč". The City of Ostrava contributed to those two constructions CZK 6 million in 2010. The sum was used for the settlement of rights related to the land on which the constructions are built. This subsidy was also a part of the cooperation which started in the previous year. The implementation of the first construction has already started, while the second one is in the stage of preparations.

The cooperation of the state-owned company Povodí Odry and the Statutory City of Ostrava has proved the interest of both partners in the protection against floods in individual city suburbs and it has extended the previous effective cooperation in this area.





9. Water quality inspections

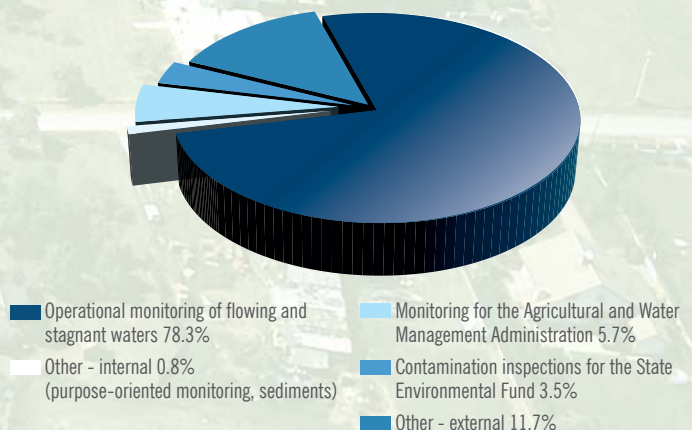
One of the important activities organised by the river basin administrators is the finding about and assessing the quality of surface and underground waters – the water quality monitoring. Results of the monitoring make the basic material which serves for the water quality protection and for suggesting measures which should improve the quality on the ongoing basis within the planning process. They present the fundamental information for the reporting activities by the state-owned company and for the issuance of opinions on water handling.

River basin administrators create a professional background for the legal water-related offices and assess, a case by case, if a contaminating party could exceed, with his waste waters, the strict limits ensuring the required water quality as stated by laws. The river basin administrators execute these activities free of any charge - they are obliged to prepare and provide their opinions. In 2010, the Department of care after the water quality issued more than three thousand written opinions.

The systematically executed water quality analyses are assessed every year and they serve for the decision-making by the state administrators, but also for the provision of information to both professionals and non-professionals. There is the water management situation described on their basis and the results serve also for negotiations within bilateral treaties and for activities by the International Commission for the River Odra Protection.

The waters sampling itself, laboratory analyses and hydro-metrical measurements are organised by water management laboratories. The laboratory activities consist of chemical, radio-chemical, hydro-biological, and microbiological tests, including their assessment and the result interpretation. In 2010, the monitoring of water quality was conducted in accordance with the valid legislature. There were 119 profiles of flowing waters monitored. The frequency was 12 sample takings organised in the year, one profile was the subject of 24 sample takings in the year and nine profiles were subjects of 6 sample takings in the year. The scopes of analysed parameters were optimised in such a way that relevant substances and also other indicators necessary for the assessment of chemical and environmental situations were followed up in individual profiles as well as the ecological water potential in water bodies. There were also requirements on border flows included. The quality monitoring related to stagnant waters covered also the "zone" sample taking along several vertical lines in the given reservoir (3 to 7, typically 5) with the frequency of 6 sample takings in the year. The mentioned basic monitoring was supplemented with the quality monitoring of a lesser scope determined for special purposes. The total volume of activities by the water management laboratories was about CZK 15.885 million in 2010.

WORKS BY THE WATER MANAGEMENT LABORATORY IN 2010 (in %)





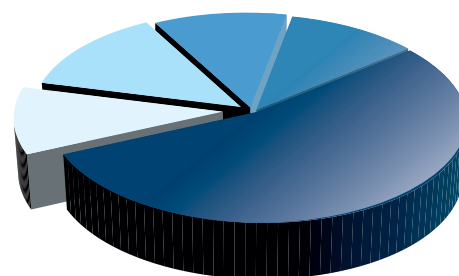
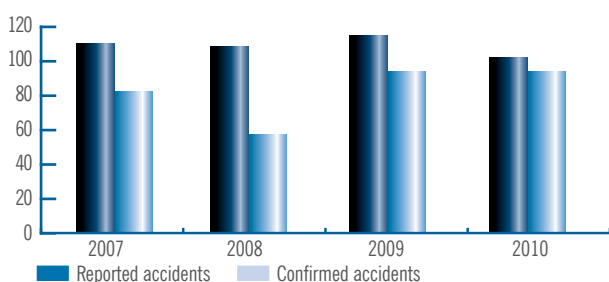
In 2010, there were 96 accidents in the total confirmed, which threatened the quality of surface or underground waters. The accidents in 2010 could be classified as ordinary. There was no serious or extraordinary accident. Generally, they were mostly diesel fuel-related accidents, and thereof 62% belonged to car accidents.

ACCIDENTS IN 2010

TOTAL REPORTED ACCIDENTS	104
Thereof: Confirmed accidents	96
- Confirmed leaking into a flow	51
- Confirmed threats to a flow	45
Thereof: Not confirmed accidents	8

TREND IN THE OCCURRENCE OF REPORTED AND CONFIRMED ACCIDENTS IN THE PERIOD 2006 - 2010

Year	2007	2008	2009	2010
Reported accidents	113	111	117	104
Confirmed accidents	82	58	96	96



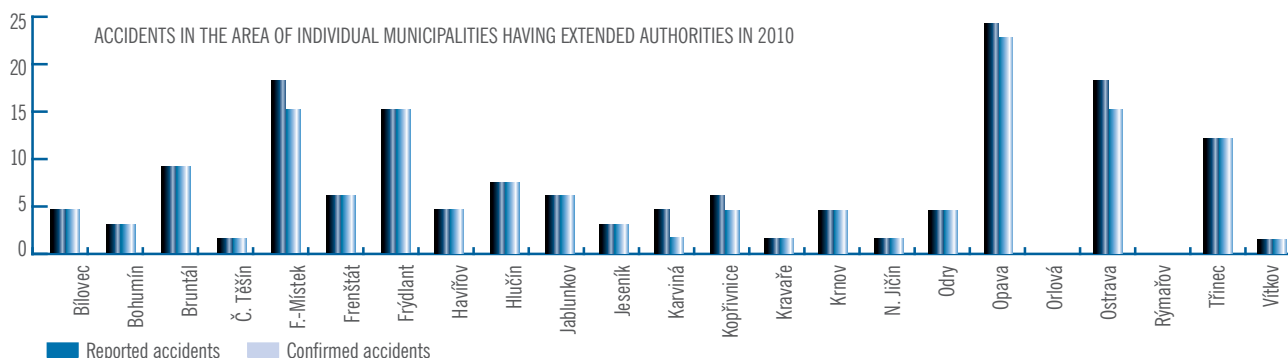
- Oil-related
- Chemical
- Waste-related
- Agricultural
- Others

DIVISION OF THE CONFIRMED ACCIDENTS BY CONTAMINATION KIND

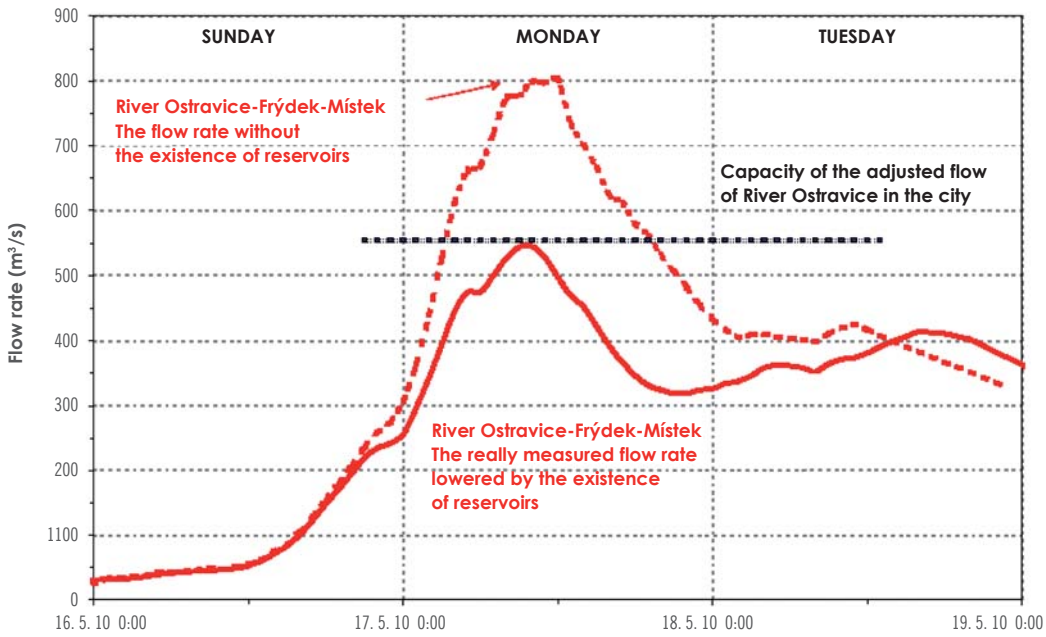
Kind	Number
Oil-related accidents	53
Chemical accidents	10
Waste-related accidents	14
Agricultural accidents	8
Other accidents	11
TOTAL	96

DIVISION OF REPORTED AND CONFIRMED ACCIDENTS BY OCCURRENCE IN INDIVIDUAL MUNICIPALITIES HAVING EXTENDED AUTHORITIES IN 2010

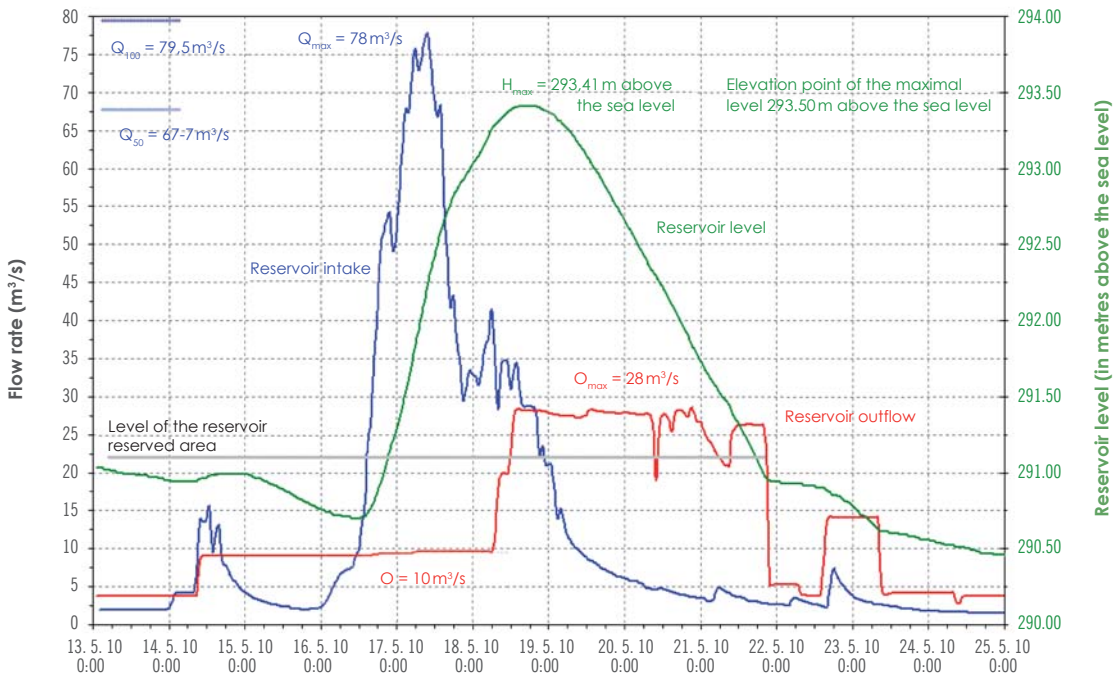
Okres	Bilovec	Bohumín	Bruntál	Č. Tešín	F.-Místek	Frenštát	Frydlant	Havířov	Hlučín	Jablunkov	Jeseník	Karviná	Kopřivnice	Kravaře	Krnov	N. Jičín	Odry	Opava	Orlová	Ostrava	Rýmařov	Třinec	Vítkov	CELKEM
Reported accidents	3	2	6	1	12	4	10	3	5	4	2	3	4	1	3	1	3	16	0	12	0	8	1	104
Confirmed accidents	3	2	6	1	10	4	10	3	5	4	2	1	3	1	3	1	3	15	0	10	0	8	1	96



**THE FLOOD-WAVE ON THE 16TH - 18TH OF MAY 2010
THE IMPACT BY WATER WORKS WITHIN THE WATER MANAGEMENT SYSTEM IN THE RIVER
ODRA BASIN ON THE RIVER OSTRAVICE AND RIVER MORÁVKA FLOW TRANSFORMATION
IN THE PROFILE FRÝDEK-MÍSTEK**



**FLOOD-WAVE TRANSFORMATION ON THE 13TH - 24TH OF MAY 2010
RESERVOIR ŽERMANICE**



A large area centred in Southern Poland and extending to neighbouring countries, including the Czech Republic, was subjected to huge floods at two occasions, when there fell extreme regional precipitations in the second half of May and in the first half of June. In the Czech part of the River Odra basin, the main flooding event was reported on the 16th - 24th of May 2010. It culminated mostly on the 17th of May 2010. The second part of the floods took place on the 1st - 5th of June 2010 and culminated on the 2nd of June 2010.

Precipitations during the first event could be characterised by high amounts falling in the eastern part of the River Odra basin, roughly to the east from the line connecting towns of Odry, Bílovec and Hlučín. They reached the values from 100 to 380 mm during the first part of the floods. The heaviest precipitations fell in the period from the 16th of May 2010, 7 o'clock, to the 17th of May 2010, 7 o'clock. They reached 175 mm at the northern weather side of the Beskydy Mts. Such amounts repeat usually after about 100 years. There were relatively extreme precipitation amounts also in lower areas in the region of Ostrava. The total precipitation amount reached the value of about 1 billion cubic metres.

Precipitations falling before the floods were also very important from the outflow point of view. The weekly precipitation totals (from the 8th to the 15th of May 2010) reached 50 to 90 mm in the suffering area. Flooding situations and flow rates took place even before the main floods, when they varied from the 30-day to one-year waters.

These extreme precipitations reflected in the fast increases in flow rates in smaller flow beds after the 15th of May 2010 and, then, in the cumulation of also larger flows culminations. Significant repetition of about 100-year levels occurred in the middle of river Ostravice, river Morávka, lower river Olše, and in river Odra at the confluence with river Olše in the area of Bohumín. The repetition time of 50 years occurred in the middle of river Olše, in the areas of Český Těšín and Karviná, in river Ostravice in Ostrava, in Lubina at its inlet to river Odra, and also in Petrůvka in the region of Karviná. The repetition times of the culmination size consider the impacts of reservoirs when determined.

The effects of the reservoirs and water transfers significantly reflected in river Ostravice by lower culmination flow rate, for example, in the City of Frýdek-Místek from about 800 m³/s down to 550 m³/s. The reservoirs Šance, Morávka, Olešná, and Žermanice prepared for the situation by prior releases. The reservoirs' outflow rates at the time of culminations were then just fractions of the intakes, i.e. Šance – the culmination intake of 200 m³/s, the outflow rate 10 m³/s; Morávka - the culmination intake of 120 m³/s, the outflow rate 6 m³/s; Olešná - the culmination intake of 45 m³/s, the outflow rate 5 m³/s; Žermanice - the culmination intake of 78 m³/s, the outflow rate 10 m³/s. All reservoirs' spaces of the reservoirs at the disposal were utilised for the transformation of the floods. Because of that, the outflows took advantage even of the



The embankment breakage by river Ostravice in Paskov, which was about 600 m long and about 40 m wide immediately after the flood in May 2010. It has been repaired in September 2010.

The reservoir Šance on the 19th of May 2010 at 8 p.m. - the outflow from the safety overflow by the chute at the rate of about 70 m³/s.



safety overflows. Outflow rates through the bottom outfalls were increased only in the lower river parts. The described handling prevented water spills over the banks below the reservoirs, especially in inbuilt areas where no lives, health or assets of residents or companies were endangered. It protected about 30 thousand people.

However, the high flow rates lasting longer resulted, despite the mentioned effects of the reservoirs and high angles of flow beds in the Beskydy Mts. and related water speed, in some damages to flow adjustments, especially to embankments and flow objects. A large volume of waste settled in lower river parts – gravels, especially in the lower river Odra. That consequently lowered river beds' capacities.

In places, where the flow rates could not be affected by reservoirs or where their effects did not reach, the existing river beds' capacities were exceeded and some houses, industrial objects and infrastructure got flooded – in Petrovice u Karviné, in Bohumín, in some parts of Ostrava, in river Lubina in Košatka, and elsewhere.

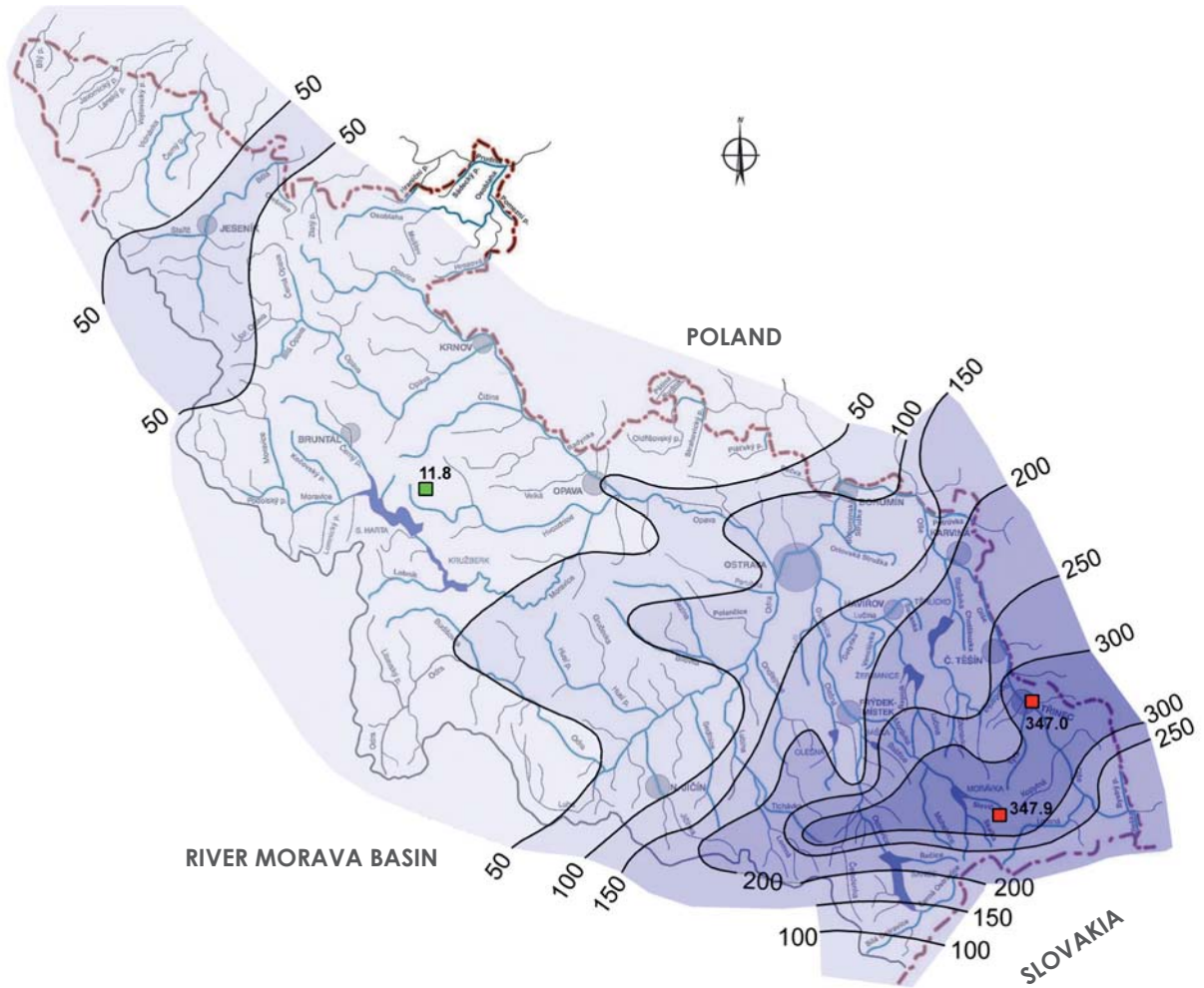
The impacts of finished constructions on the protection against floods were significant. Flowage prevented widening of river beds of Bílovka in Velké Albrechtice and higher and strengthened levees in rivers Olše in Karviná, Ostravice in Frýdlant and in Ostrava. The constructions of branches in river Morávka, below the Municipality of Vyšň Lhoty, significantly prevented erosion.

Protection measures against floods taken in the City of Bohumín were also partly functional, where the last section of the Freeway D47 (D1) still has not been finished in Šunychl and in Starý Bohumín. The water management constructions there will be also parts of the protective system. Some constructions in progress were also of significant assistance. In spite of significant damage on the not yet finished objects, they prevented, for the first time, the widening of river beds in Stará Ves nad Ondřejnicí and in Ostrava-Poruba and Svínov. In contrast, there is still the problem of the so-called inner waters at the levee in Ostrava-Antošovice.

The second important high precipitation period (from the 1st to the 4th of June 2010) presented precipitation amounts from 80 to 120mm in 3 days. It occurred again in the northern weather side of Beskydy Mts., the region of Ostrava, but also, newly, in the region of Opava.

Because of the river basin saturation and the high level of underground waters, caused by previous precipitations, the basin reacted fast and the flow rates in the monitored profiles increased sharply. However, the culmination flow rates below the reservoirs in river Ostravice and its tributaries reached once again lower values, when compared with the past. That was thanks to the important transformation effects by the reservoirs. For example, there was 2-year level in the City of Ostrava and in river Odra, above the confluence with river Olše in the City of Bohumín. An extreme situation took place again in the Municipality of Petrovice u Karviné, in the flow of Petrůvka, where about the same repetition time as in the last decade of May occurred, i.e. 50 years. The

TOTAL PRECIPITATIONS IN THE RIVER ODRA BASIN from the 15th of May 2010, 7 a.m., to the 19th of May 2010, 7 a.m.



flow rate at the stations in Dětmárovice and Věřňovice, in the river Olše, did not reach the five-year level. The second wave was threatening mainly because it affected river beds damaged by extreme flow rates of the first wave. Floods occurred only exceptionally - again in Petrovice u Karviné, and newly in the region of Opava. The levees finished within the programmes protecting against floods in Velké Hořčice prevented flooding for the second time, after 2007. The wider river bed in the Municipality of Ofice, in Hvozdnice Creek - still under construction, functioned well for the first time.

Activities by the state-owned company Povodí Odry during the first wave started in a complicated situation because there had been already flooding and higher flow rates reported before the wave, especially in flows of Odra, Opava, Hvozdnice, and Petrůvka. In spite of the flood level-related activities, the water levels were lowered in reserve parts of reservoirs after the information about the meteorological forecast had been received. We recommended to the Firefighting Rescue Service building a mobile protective bank at the settlement of Koblou-Žabník in Ostrava, at the confluence of rivers Odra and Ostravice.

We have organised prognoses with the precipitation-outflow model HYDROG and, after discussing the results with representatives of the Czech Hydrometeorological Institute (ČHMÚ) in Ostrava, there was the information for the Integrated Rescue System issued every twelve hours. On the basis of prognoses' results, water management activities were ordered and implemented in reservoirs. We continuously observed water flows and organised better safety supervision over levees and dams. When serious situations were identified, we organised the relevant works. Other specialised tasks were performed within, but also outside the framework of usual activities on the basis of decisions taken by the Moravian-Silesian Regional Crisis Committee during day and at night. During the flood situation and after the culmination, we attended about 100 critical places, where assets

were endangered mostly by river erosion, but also by waste settlement. The biggest problems were identified in:

- 1) A break by river Ostravice at the railway station Paskov, which had the length of about 600m and the width of 40m,
- 2) The settlement of gravel in the lower river Odra, between Ostrava and Bohumín.

After the flood, we started also calculating the flood-related damages. That was complicated by prevailing high, almost flooding level flow rates. The costs of necessary flood-related repairs reached the total of CZK 415.6 million. Adjustment works in flows transformed basically into the repairs of flood-related damages. The state-owned company utilised financial reserves of past years for the immediate solution of the situation in the damaged water flows and that helped in their removal even before the relevant funds came from the state subsidy programmes and insurance. The mentioned total sum of CZK 415.6 million allowed works worth CZK 151.5 million, which were done in 2010. Almost 40% of the damage has been repaired in 2010. The in time activities significantly decreased risks to residents and their assets as well as to the further damage to constructions. That was verified immediately after the end of August 2010, when the next smaller floods took place in the upper river Olše.

The flood in spring 2010 presented an extreme hydrological event, the second biggest flood, after 1997, which has occurred in the area administered by the company since its founding. It can be characterised, from the state-owned company point of view, with the two following aspects:

- 1) Protection of about 30 thousand residents by the effective management of the reservoirs in the water management system,
- 2) Extraordinary scope and the speed of remedy works.

Despite the efficient activities organised during the floods in 2010, we would appreciate a calm year 2011 without hydrological extremes. That would allow us to repair the remaining damage and to refresh our physical strength.



12. Economic results

The economic results were substantially affected in 2010 by the extensive floods covering the area of the river Odra basin at the end of May and at the beginning of June. The level of damages reached CZK 415 576 thousand.

There were CZK 151 545 thousand from operating costs spent in 2010 in connection to flood damages.

A substantial part of the costs related to repairs which amounted to CZK 132 289 thousand. Other related costs were those connected to works done by mechanisms, to materials' consumption and, at a lesser extent, to other expenditures within the accounting group of services.

There was the total of CZK 10 915 thousand invested into the removal of flood-related damage.

When it came to resources, the expenditures related to the flood damage occurring in 2010 were partly covered from the subsidy programme by the Ministry of Agriculture of the Czech Republic - at the level of CZK 57 538 thousand, the operational chapter and from the investment chapter - CZK 5 554 thousand.

Proceeds from insurance at the level of CZK 41 582 thousand were also an important resource. The remaining part of the costs, of both operating and investment character, was fully covered from our own resources - the total volume of CZK 57 786 thousand.

In spite of the negative impacts of the floods, the company achieved profits in 2010 at the level of CZK 13 785 thousand.

The total costs were CZK 699 132 thousand and that presents the year-on-year increase by CZK 159 518 thousand. The most important item in the costs related to repairs, which were implemented in the total volume of CZK 213 392 thousand and increased year-on-year by CZK 119 461 thousand. Within repairs (without the damage caused by the floods in 2010), the company repaired also damages caused by the floods in 2009 - CZK 30 477 thousand. Other, usual repairs of water management assets required CZK 40 608 thousand. Repairs and the maintenance of other assets were done with CZK 9 615 thousand.

Thanks to the floods, the company exceeded year-on-year the consumed purchases and services. The higher values, when compared with 2009, were reported also within other operating costs, where the insurance premium increase reflected in the negative way. The total costs include also the created reserves related to flood risks and the risks connected with the assets bought with investment subsidies. They do not allow the resource creation in the form of depreciation. The reserves were utilised in accordance with their creation purpose in 2010 and they were again created at the total balance of CZK 13 930 million against the costs.

The total revenue reached CZK 712 918 thousand. They include mainly fees received in connection to surface water consumption - CZK 482 918 thousand, and proceeds from electric power generation at the level of CZK 60 568 thousand. The operational subsidies reached the sum of CZK 60 765 thousand. Aside to

their utilisation for the flood-related damage occurring in 2010 at the level of CZK 57 538 thousand, they were utilised also, at the volume of CZK 3 227 thousand, for the repair of the flood damage caused in 2009. Insurance coverage, at the total level of CZK 77 513 thousand, made also an important part of the revenue from operations. The coverage related to the flood damages caused both in 2009 and in 2010.

The Balance Sheet part of the economy, the assets specifically, shows increases in long-term assets like the land, constructions and tangible assets at the beginning of 2010. Also, the investments in progress increased in their value, while the total acquisition of long-term assets reached CZK 443 408 thousand in 2010, thereof CZK 285 949 thousand was from subsidies, CZK 114 991 thousand from our own resources, and CZK 42 468 thousand from free of charge transfers. The investment subsidies were utilised mostly from the budgetary chapter of the Ministry of Agriculture of the Czech Republic in connection to the flood prevention at the level of CZK 191 901 thousand. The acquisitions, related to preparations for the construction "Provisions in the upper river Opava, reached CZK 49 994 thousand. The removal of flood damages caused in years 2007, 2009, and 2010 required CZK 28 210 thousand and the pond reconstructions asked for CZK 2 746 thousand. CZK 5 284 thousand was utilised from the operational environmental programme in connection with the reconstruction of the water management monitoring system Dispatching Office. The Office also studies the flood risks related to river Odra. CZK 7 814 thousand from local budget subsidies was invested in the flood prevention measures. The current assets increased mostly because of higher short-term claims (especially related to the not paid claims against insurance and tax claims against the government). The level of claims after the due date was minimal throughout the

year. The year-on-year decrease in the final balance of the short-term financial assets was influenced by higher demands on our own resources. That ensured that the flood damages caused in 2010 were removed at almost 40% of the total volume.

In liabilities, our equity increased mostly in the item Other capital funds. That happened partly thanks to the free acquisition of assets related to the transfer of water flows' administration during 2010, partly because of the achieved economic results.

The value of foreign resources increased, despite decreases in the short-term and long-term liabilities, because of the created reserves.

The total indebtedness was positively influenced by paid instalments related to the returnable financial assistance for the construction of the Silesian Harta reservoir and thanks to the Bank credit provided for the removal of flood-related damages caused in 1997. This loan will be fully covered in May 2011.

We can say that despite the negative impacts, which we had to handle during the year, the company was in a relatively stable economic and financial position at the end of 2010.

The company achieved good profits, while the economic results reflected also the creation of the necessary reserves. However, the most important economic plus was the implementation and funding of the almost 40% share in the total volume of flood-related damages caused in 2010.

In spite of the year-on-year decrease in the resources at the disposal, the indicators of liquidity, profitability, activity, and indebtedness were good at the end of the year.

The state-owned company will have to manage also other negative influences in the next period, in 2011. They will be, for example, lower deliveries of surface water and especially the higher costs related to transformation activity by the Agricultural Water management Administration.

12. Economic results

COSTS (in thousand CZK)

Consumed purchases	46 622
Purchased services	266 537
thereof: Repairs and maintenance	213 392
Other services	53 145
Personnel costs	208 190
thereof: Wages	146 495
Health insurance and social security	51 185
Other social costs	10 510
Taxes and fees	2 285
Other operational costs	14 464
Depreciation, corrections and reserves	142 711
thereof: Depreciation	128 722
Corrections and reserves	13 989
Total operating costs	680 809
Total financial costs	310
thereof: Paid interest	85
Other	225
Deferred tax	18 013
TOTAL COSTS	699 132

REVENUE (in thousand CZK)

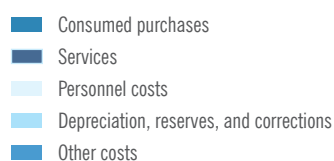
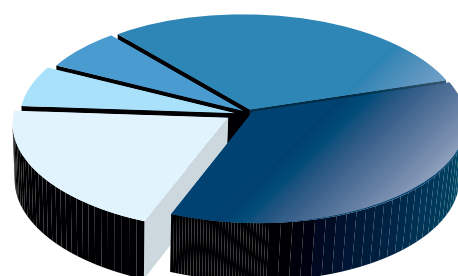
Revenue	567 312
thereof: Surface water	482 918
Electric power	60 568
Fish	13 699
Services and goods	10 127
Change in own produced inventory	-1 187
Activation	909
Other operating revenue	143 492
Total operating revenue	710 526
Total financial revenue	2 392
thereof: Received interest	2 338
Other	54
TOTAL REVENUE	712 918

ECONOMIC RESULTS (in thousand CZK)

After the deferred tax profit	13 785
Value-added	253 875

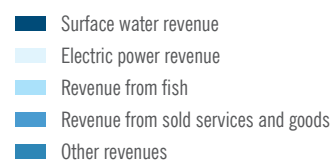
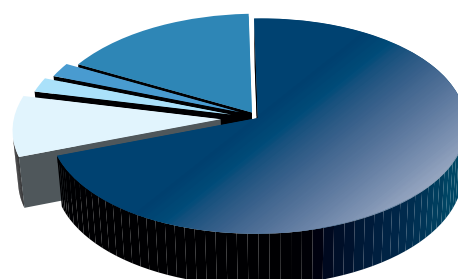
COSTS STRUCTURE (in %)

Consumed purchases	6,67%
Services	38,12%
Personnel costs	29,78%
Depreciation, reserves, and corrections	20,41%
Other costs	5,02%



REVENUE STRUCTURE (IN THOUSAND CZK)

Surface water revenue	482 918
Electric power revenue	60 568
Revenue from fish	13 699
Revenue from sold services and goods	10 127
Other revenues	145 606
TOTAL REVENUE	712 918



REPORT BY AN INDEPENDENT AUDITOR**for the founder of the state-owned company POVODÍ ODRY****Report on the closing balance**

On the basis of an executed audit, we have issued the following Report on the Closing Balance, which makes a part of the Annual Report, on the 14th of March 2011:

“We have executed an audit of the enclosed Final Accounts of the state-owned company Povodí Odry, which consist of the Balance Sheet prepared at the 31st of December 2010, the Profit/Loss Account of the period from the 1st of January 2010 to the 31st of December 2010, the Review of cash-flow in the period from the 1st of January 2010 to the 31st of December 2010, and the Attachment to the Final Accounts, including the description of important used accounting methods and other explanatory information. The data related to Povodí Odry, state-owned company, are presented on Page 1 to these final Accounts.

Responsibilities of the Accounting Unit's Statutory Body for the Final Accounts

In accordance with the Czech accounting regulations, the Statutory Body of the state-owned company Povodí Odry, is responsible for the preparation and truthful description of the Final Accounts and for the control system, which is considered necessary for the preparation of the Final Account and prevents the occurrence of any important (material) mistakes caused by misinterpretation or deceit.

The auditor's responsibility

Our responsibility is to issue a verdict on these Final Accounts on the basis of an executed audit. We did the audit in accordance with the Auditors Act and the International Auditors' Standards and relevant application clauses by the Chamber of Auditors of the Czech Republic. In accordance with these regulations, we are obliged to maintain ethical standards and plan and execute the audit in such way that we become adequately assured that the Final Accounts do not contain any important (material) inaccuracies.

The audit includes the execution of auditing processes the goal of which is to gain proving information on sums and data presented in the Final Accounts. The selection of auditing processes depends on the auditor's judgments, including the assessment of risks that the Final Accounts contain important (material) inaccuracies caused by a deceit or mistake. When considering these risks, the auditor takes into the account any internal controls which are relevant for the preparation of a truthful description given by these Final Accounts. The objective behind the assessment of internal controls is to suggest suitable auditing processes, but not to present an opinion on the internal controls' effectiveness. The audit also contains the assessment of the suitability of accounting methods, the appropriateness of accounting estimates made by the management and the assessment of the general presentation of the Final Accounts.

We believe that the proving information which we gained has made a satisfactory and suitable base for the presentation of our verdict.

The auditor's verdict

In our opinion, the Final Accounts provide for the truthful and honest presentation of assets and liabilities of the state-owned company Povodí Odry as at the 31st of December 2010 as well as of costs, revenues, economic results, and the cash-flows in the period from the 1st of January 2010 to the 31st of December 2010, according to the Czech accounting regulations.

The above-presented paragraph presents the “Verdict without reservations”.

Report on the Annual Report

We have verified the correspondence of the Annual Report with the Final Accounts, which make a part of this Annual Report by the state-owned company Povodí Odry and which was prepared at the 31st of December 2010.

The Statutory Body of the company is responsible for the correctness of the Annual Report. Our task is to issue a verdict on the correspondence of the Annual Report with the Final Accounts on the basis of an executed verification.

We have executed the verification in accordance with the International Auditing Standards and relevant application clauses by the Chamber of Auditors of the Czech Republic. These standards require from auditors planning and execution of the audit in such way that an appropriate assurance could be achieved that the information presented in the Annual Report, taken over from the Final Accounts, correspond, in all important facts, with these Final Accounts. We believe that the executed verification provides the appropriate base for the presentation of the auditor's verdict.

In our opinion, the information presented in the Annual Report by the state-owned company Povodí Odry, prepared at the 31st of December 2010, corresponds in all important facts with the above-mentioned Final Accounts.

In Ostrava on the 29th of April 2011

FINECO audit spol. s r.o.
Ke Kamenině 453/18, Ostrava, Hrušov
Certificate KA ČR No. 243

On behalf of the Auditing company:

Ing. Ivo Knopp,
Auditor, Certificate No. 1537
Company Statutory Representative

ROZVAHA v plném rozsahu k 31. 12. 2010 (v tis. Kč)

Class a	ASSETS b	Line c	Current Accounting Period			Previous period 4
			Gross 1	Adjustment 2	Net 3	
	TOTAL ASSETS	001	6 754 902	-2 368 430	4 386 472	4 317 611
B.	Long-term Assets	003	6 439 443	-2 367 254	4 072 189	4 047 102
B.I.	Long-term Intangible Assets	004	96 883	-74 813	22 070	30 813
B.I.2.	Intangible Research and Development	006	13 948	-13 948		
B.I.3.	Software	007	36 449	-34 252	2 197	3 237
B.I.6.	Other Intangible Long-term Assets	010	44 939	-26 613	18 326	26 504
B.I.7.	Intangible Long-term Assets in Progress	011	1 547		1 547	1 072
B.II.	Long-term Tangible Assets	013	6 342 560	-2 292 441	4 050 119	4 016 289
B.II.1.	Land	014	275 271		275 271	258 240
B.II.2.	Building Structures	015	5 521 039	-2 006 401	3 514 638	3 511 996
B.II.3.	Independent Items and Sets of Items	016	422 283	-285 627	136 656	133 518
B.II.4.	Permanent Growths	017	413	-413		
B.II.6.	Other Long-term Tangible Assets	019	314		314	314
B.II.7.	Long-term Tangible Assets in Progress	020	123 240		123 240	112 221
C.	Current Assets	031	311 991	-1 176	310 815	268 390
C.I.	Inventory	032	10 120		10 120	10 606
C.I.1.	Materials	033	3 464		3 464	3 368
C.I.4.	Animal Stock	036	6 612		6 612	6 975
C.I.5.	Goods	037	44		44	237
C.I.6.	Advance Payments for Inventory	038				26
C.II.	Long-term Receivables	039	837		837	202
C.II.5.	Long-term Advance Payments	044	810		810	179
C.II.7.	Other Receivables	046	27		27	23
C.III.	Short-term Receivables	048	183 645	-1 176	182 469	102 735
C.III.1.	Trade Receivables	049	92 798	-1 176	91 622	67 624
C.III.6.	State - Taxation Receivables	054	26 280		26 280	24 657
C.III.7.	Short-term Prepayments	055	2 996		2 996	3 726
C.III.8.	Estimated Receivables	056	61 442		61 442	5 722
C.III.9.	Other Receivables	057	129		129	1 006
C.IV.	Short-term Financial Assets	058	117 389		117 389	154 847
C.IV.1.	Cash in Hand	059	268		268	234
C.IV.2.	Cash in Banks	060	117 121		117 121	154 613
D.I.	Accruals	063	3 468		3 468	2 119
D.I.1.	Deferred Expenditures	064	3 412		3 412	2 062
D.I.3.	Deferred Income	066	56		56	57
	Control Number	998	27 016 140	-9 473 720	17 542 420	17 268 325

Class	LIABILITIES b	Line c	Current Accounting Period 5	Previous Accounting Period 6
a	LIABILITIES	067	4 386 472	4 317 611
b	Vlastní kapitál	068	4 054 928	4 010 194
A.I.	Základní kapitál	069	1 519 186	1 519 186
A.I.1.	Základní kapitál	070	1 519 186	1 519 186
A.II.	Kapitálové fondy	073	2 288 277	2 247 032
A.II.2.	Ostatní kapitálové fondy	075	2 288 277	2 247 032
A.III.	Rezervní fondy, nedělitelný fond a ostatní fondy ze zisku	078	233 680	230 012
A.III.1.	Zákonný rezervní fond/Nedělitelný fond	079	151 919	151 919
A.III.2.	Statutární a ostatní fondy	080	81 761	78 093
A.V.	Výsledek hospodaření běžného účetního období /+ -/	084	13 785	13 964
B.	Cizí zdroje	085	331 451	307 287
B.I.	Rezervy	086	120 414	106 484
B.I.4.	Ostatní rezervy	090	120 414	106 484
B.II.	Dlouhodobé závazky	091	173 578	157 447
B.II.1.	Závazky z obchodních vztahů	092		68
B.II.9.	Jiné závazky	100	34 993	36 807
B.II.10.	Odložený daňový závazek	101	138 585	120 572
B.III.	Krátkodobé závazky	102	35 629	37 146
B.III.1.	Závazky z obchodních vztahů	103	6 197	10 638
B.III.5.	Závazky k zaměstnancům	107	12 074	11 834
B.III.6.	Závazky ze sociálního zabezpečení a zdravotního pojištění	108	6 929	6 408
B.III.7.	Stát - daňové závazky a dotace	109	1 989	1 908
B.III.8.	Krátkodobé přijaté zálohy	110	128	809
B.III.10.	Dohadné účty pasivní	112	2 244	2 087
B.III.11.	Jiné závazky	113	6 068	3 462
B.IV.	Bankovní úvěry a výpomoci	114	1 830	6 210
B.IV.1.	Bankovní úvěry dlouhodobé	115		1 830
B.IV.2.	Krátkodobé bankovní úvěry	116	1 830	4 380
C.I.	Časové rozlišení	118	93	130
C.I.1.	Výdaje příštích období	119	6	4
C.I.2.	Výnosy příštích období	120	87	126
	Kontrolní číslo	999	17 532 010	17 256 350

PROFIT / LOSS ACCOUNT in full in kind structure related to the period from the 1st of January 2010 to the 31st of December 2010 (in thousand CZK)

Class a	Text b	Line No. c	Result in the Accounting Period	
			Current 1	Previous 2
I.	Revenues from Sold Goods	001	6	7
A.	Costs of Sold Goods	002	9	8
+	Gross Margin	003	-3	-1
II.	Production	004	567 028	517 890
II.1.	Revenues from Sales of Own Products and Services	005	567 306	516 891
II.2.	Change in Own Produced Stock	006	-1 187	64
II.3.	Capitalisation	007	909	935
B.	Production Consumption	008	313 150	182 319
B.1.	Materials, Light and Power	009	46 613	43 216
B.2.	Services	010	266 537	139 103
+	Value Added	011	253 875	335 570
C.	Personnel Expenses	012	208 190	199 886
C.1.	Wages	013	146 495	142 644
C.3.	Social Security and Health Insurance Costs	015	51 187	47 482
C.4.	Fringe Benefits	016	10 508	9 760
D.	Fees and Taxes	017	2 285	1 685
E.	Long-term Tangible and Intangible Assets Depreciation	018	128 722	128 678
III.	Revenue from Sales of Long-term Assets and Materials	019	2 267	10 235
III.1.	Revenue from Sales of Long-term Assets	020	2 206	10 231
III.2.	Revenue from Sales of Materials	021	61	4
F.	Net Book Value of Sold Long-term Assets and Materials	022	531	561
F.1.	Net Book Value of Sold Long-term Assets	023	531	561
G.	Reserves and Deferred Income in Operating Revenue	025	13 989	42 595
IV.	Other Operating Revenues	026	141 224	22 435
H.	Other Operating Expenses	027	13 934	13 739
*	Operating Profit/Loss	030	29 715	-18 904
X.	Interest Received	042	2 338	2 894
N.	Interest Paid	043	85	279
XI.	Other Financial Revenue	044	54	115
O.	Other Financial Expenses	045	224	281
*	Profit/Loss from Financial Operations	048	2 083	2 449
Q.	Income Tax on Ordinary Activities	049	18 013	-30 419
Q.2.	- Deferred Tax	051	18 013	-30 419
**	Profit/Loss from Ordinary Activities	052	13 785	13 964
***	Profit/Loss of the Accounting Period	060	13 785	13 964
****	Profit/Loss before Tax	061	31 798	-16 455
	Control Number	999	2 866 266	2 304 247

GENERAL DATA

Commercial name: Povodí Odry, státní podnik (state-owned company River Odra Basin)

Official address: Varenská 49, Ostrava, Moravská Ostrava, Post Code 701 26

Legal form: state-owned company

Identification number: 70890021

Main business activities: River basin management meaning the management of important water flows, activities related to the finding about and assessment of the situation of surface and underground waters in the area of river Odra basin and other activities executed by river basin administrators in accordance with the Water Act No. 254/2001 Coll. and changes in some

other laws (Waters Act) as amended and the Water Basins Act No. 305/2000 Coll. and related legal regulations, including the management of lesser water flows in the given area of the water basin the management of which has been assigned to the company, and other activities registered in the Commercial Register.

Legal founding: River Basin Act No. 305/2000 Coll.

Date of founding (the date when the Act No. 305/2000 Coll. became effective): 1st of January 2001

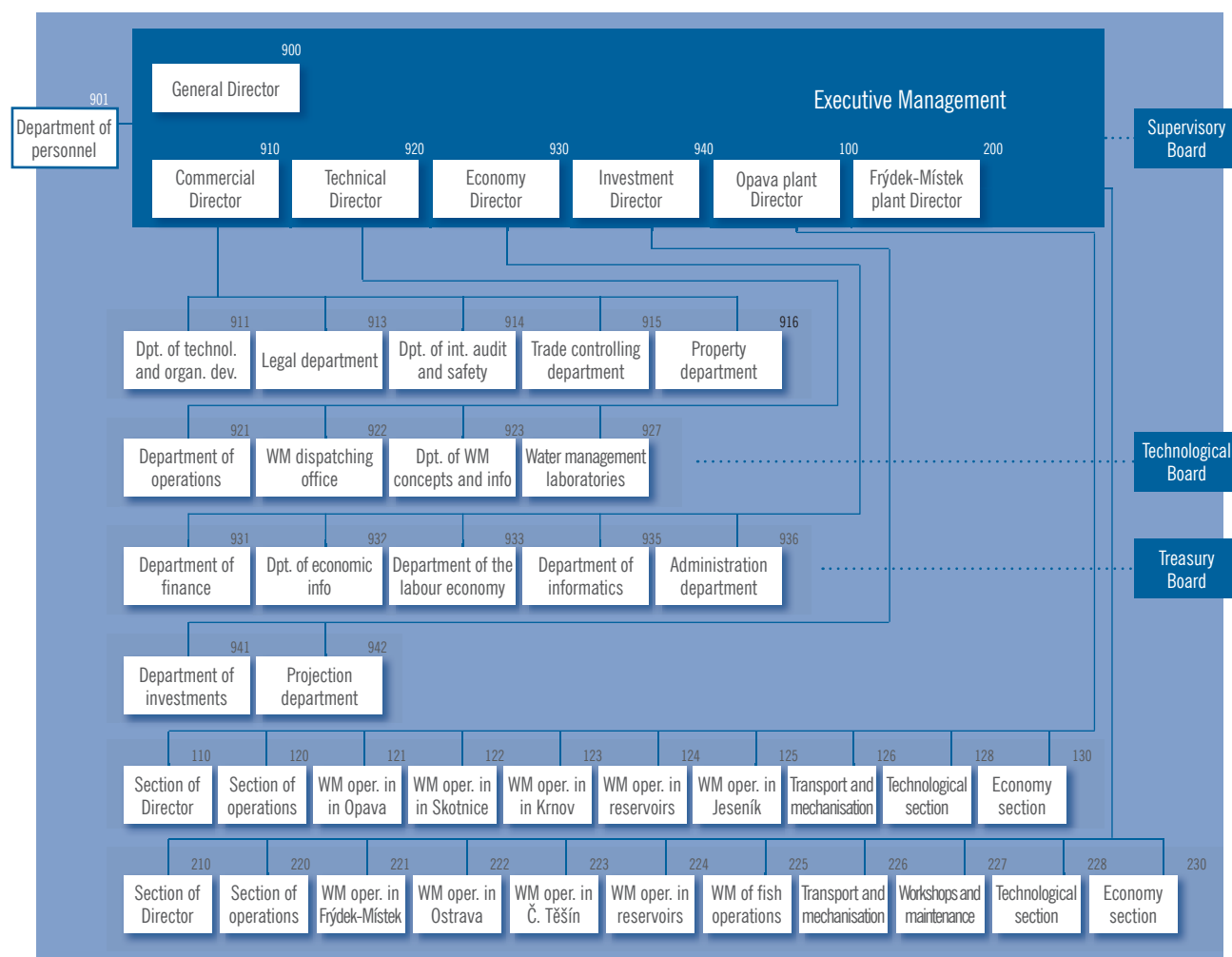
Founder: Ministry of Agriculture of the Czech Republic

Predecessors of the state-owned company: Povodí Odry, joint stock company

Balance Sheet Date: 31st of December 2010

Date of the Balance Sheet Preparation: 3rd of March 2011

ORGANISATION CHART



CHANGES AND ADDITIONS EXECUTED IN THE COMMERCIAL REGISTER DURING THE ACCOUNTING PERIOD

The Regional Court in Ostrava, Department of the Commercial Register, has entered the following changes in 2010:

- **23rd of February 2010** - there has been a Resolution issued which related to the entry of a new member of the Supervisory Board of the state-owned company Povodí Odry (the legality of the Resolution occurred on the 17th of March 2010) on the basis of a proposal presented on the 22nd of February 2010
- **18th of March 2010** - the official obligation required a partial change in the name of the state-owned company Povodí Odry official address (the precise address)
- **6th of May 2010** - there has been a Resolution issued which related to a change in the assets of the state-owned company Povodí Odry (the legality of the Resolution occurred on the 12th of May 2010) on the basis of a proposal presented on the 5th of May 2010
- **7th of June 2010** - there has been a Resolution issued which related to a change in the person acting on behalf of the founder (the legality of the Resolution occurred on the 17th of June 2010) on the basis of a proposal presented on the 7th of June 2010
- **25th of August 2010** - there has been a Resolution issued which related to a change in the person acting on behalf of the founder (the legality of the Resolution occurred on the 1st of September 2010) on the basis of a proposal presented on the 24th of August 2010.

STATUTORY BODY OF THE STATE-OWNED COMPANY (as at the Balance Sheet date)

Ing. Ivan Pospíšil, General Director

Representatives of the Statutory Body of the state-owned company – the General Director:

- First Deputy: Ing. Petr Březina, Technical Director
- Second Deputy: Ing. Petr Kučera, Economy Director
- Third Deputy: Ing. Čestmír Vlček, Commercial Director

SUPERVISORY BOARD (as at the Balance Sheet date)

Miroslav Novák

JUDr. Jindřich Urfus

Ing. Aleš Kendík

Tomáš Hanzel

Prof. Dr. Ing. Miroslav Kyncl

Mgr. Petr Birklen

Ing. Ivana Musálková

Ing. Ivana Mojžíšková

Ing. Jiří Tkáč

CHANGES IN THE ORGANISATION STRUCTURE DURING THE ACCOUNTING PERIOD

There were no changes in the organisation structure of the state-owned company Povodí Odry during the accounting period.

EMPLOYEES AND PERSONNEL COSTS

	At 31.12.2009	At 31.12.2010
Average number of employees	462	457
Wage costs, including Other personnel costs (in thousand CZK)	142 644	146 495
Costs of the social security and health insurance (in thousand CZK)	47 480	51 185

OTHER PAYMENTS TO PEOPLE WHO MAKE UP THE STATUTORY BODY OR ARE MEMBERS OF THE SUPERVISORY BOARD:

- Statutory Body: Free use of cars (there has been the sum at the level of 1% of the purchase price of the car added to the taxable income for each month of use in accordance with § 6 (6) in the Income Tax Act) and the contribution to the additional pension insurance policy
- Members of the Supervisory Board, who are the employees of the state-owned company Povodí Odry: The contribution to the additional pension insurance policy and life insurance - Ing. Ivana Musálková, Ing. Ivana Mojžíšková, Ing. Jiří Tkáč,
- Free use of a car - Ing. Jiří Tkáč, Director of the Plant in Opava (there has been the sum at the level of 1% of the purchase price of the car added to the taxable income for each month of the use in accordance with § 6 (6) in the Income Tax Act)

VALUATION WAYS AND THE USED ACCOUNTING METHODS

VALUATION WAY

- Purchased inventory - purchase prices,
- Own created inventory (including fish gains) - own costs,
- Lost inventory (with the exception of fish) - the FIFO method,
- Loss of fish – the method of the weighted arithmetical average,
- Long-term tangible and intangible assets created within own activities (activation) - own costs,
- Purchased long-term tangible and intangible assets - purchase prices,
- Long-term tangible and intangible assets gained free of charge - reproduction purchase prices,
- Money, valuables, and receivables when occurring - nominal values.

DEPRECIATION PLANS - THE SET UP WAY AND THE USED DEPRECIATION METHODS

The depreciation way has been determined in a depreciation plan. Long-term tangible assets are depreciated by the annual depreciation rates determined for individual asset groups. The depreciation rates correspond with the wear under usual operations existing within Povodí Odry Co. Intangible investment assets are depreciated by the annual depreciation rate of 25%. Accounting depreciation of both long-term tangible and intangible assets takes place at the level of one twelfth of the total annual depreciation when books are closed monthly. That happens also in the month when assets are registered as the company assets.

THE WAY OF TRANSFERRING DATA IN FOREIGN CURRENCIES INTO THE CZECH CURRENCY

Foreign currencies are transferred with daily exchange rates valid on the foreign-exchange market announced by the Czech National Bank on the day of specific accounting events.

CORRECTIONS

There are corrections related to receivables created by the accounting unit. They are legal corrections created in accordance with the Income Tax Act and the Reserve Act. There are also accounting corrections related to receivables, which are 6 months after the due date, created at the level of 50%, or at the total level of 100% in the case of receivables more than one year after the due date.

ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE PROFIT/LOSS ACCOUNT

LONG-TERM ASSETS

LIST OF CONSTRUCTIONS - Account 021 (in thousand CZK)

Class	At 31.12.2009		At 31.12.2010	
	Entry price	Corrections	Entry price	Corrections
Buildings, halls and structures	306 993	77 779	327 451	84 189
Other building objects	5 124 245	1 841 463	5 193 588	1 922 212
TOTAL	5 431 238	1 919 242	5 521 039	2 006 401

LIST OF INDEPENDENT TANGIBLE ASSETS AND SETS OF TANGIBLE ASSETS

- Account 022 (in thousand CZK)

Class	At 31.12.2009		At 31.12.2010	
	Entry price	Corrections	Entry price	Corrections
Energy-related and driving machinery	121 558	55 966	127 474	65 873
Work machines and facilities	72 003	44 551	77 818	46 078
Instruments and technological facilities	109 964	88 497	117 833	93 472
Transport equipment	88 604	71 495	94 449	77 044
Inventory	4 779	2 881	4 709	3 160
TOTAL	396 908	263 390	422 283	285 627

ANIMALS REPORTED AS LONG-TERM ASSETS OR THE INVENTORY (in thousand CZK)

Animals	At 31.12.2009	At 31.12.2010
Reported as long-term assets	-	-
Reported as inventory	6 975	6 612

RECEIVABLES (in thousand CZK)

Receivables (both long and short-term) - Accounting group 31	k 31.12.2009	k 31.12.2010
Receivables with due dates longer than 5 years	-	-
Receivables after the due date (gross)	3 446	3 005

CORRECTIONS RELATED TO RECEIVABLES - Account 391 (in thousand CZK)

	Situation on 1.1.2010, Account 391 - opening balance - credit	Accounting in 2009 Turnover - debit	Creation in 2010 Turnover - credit	Situation on 31.12.2010, Account 391 - closing balance - credit
Legal	802	802	862	862
Accounting	314	314	314	314
TOTAL	1 116	1 116	1 176	1 176

LIABILITIES (in thousand CZK)

Short-term liabilities – Accounting group 32	At 31.12.2009	At 31.12.2010
Liabilities after due dates	1 674	1 689

The liabilities after the due date at the level of CZK 1 674 thousand occurred in relation to fees for contamination of surface waters and the consumption of underground waters. Povodí Odry has managed this agenda by law since 2001 and sent the collected payments to the final receiver, i.e. the State Environmental Fund (SFŽP) of the Czech Republic. The reported value of these liabilities towards SFŽP is, at the same level, in claims of Povodí Odry against individual contaminating parties and customers, who did not pay the prescribed payments and there are still unfinished bankruptcies of insolvency procedures.

Long-term liabilities	At 31.12.2009	At 31.12.2010
Liabilities with the due date longer than 5 years	-	-
Liabilities after due dates	-	-

LEVEL OF THE DUE SOCIAL SECURITY PAYMENTS AND THE STATE EMPLOYMENT POLICY CONTRIBUTIONS (in thousand CZK)

Account 336	At 31.12.2009	At 31.12.2010
Social Security	4 464	4 844

LEVEL OF THE DUE HEALTH INSURANCE-RELATED LIABILITIES (in thousand CZK)

Account 336	At 31.12.2009	At 31.12.2010
Health insurance	1 944	2 085

The due liabilities were paid in January in the following accounting period.

LIST OF LONG-TERM LIABILITIES - ACCOUNT 479 (in thousand CZK)

Contents	At 31.12.2009	At 31.12.2010
Returnable financial assistance from the Slovak Republic	36 532	24 354
Long-term deposits received	275	10 639
Long-term trade-related liabilities	68	-
TOTAL	39 875	34 993

Returnable financial assistance from the Slovak Republic

Purpose: Completion of the reservoir Silesian Harta
Total sum of the provided financial assistance: CZK 219 200 thousand

Receiving year: 1997

Maturity year: 2013

LONG-TERM BANK LOANS - Account 461 (in thousand CZK)

Contents	Balance at 31.12.2009	Balance at 31.12.2010
TOTAL	6 210	1 830
thereof: - Short-term balance on the Balance Sheet day	4 380	1 830
- Long-term balance on the Balance Sheet day	1 830	-

BANK LOAN SPECIFICS

Bank	Komerční banka a.s.
Loan purpose	Removal of flood damages caused in 1997
Loan provision year	2002 *)
Loan maturity year	2011
Interest rate	3M PRIBOR + 0.70%
Loan security	-
Balance at 31.12.2010	1 830

*) Loan transfer from the Union Bank, provision in 1997

RESERVES

OTHER (ACCOUNTING) RESERVES - Account 459 (in thousand CZK)

Name	Situation at 1.1.2010, Account 459	Creation	Utilisation (Accounting)	Situation at 31.12.2010, Account 459
Reserve on not depreciated assets purchased with investment subsidies	71 805	4 716	2 007	74 514
Flood reserve	32 500	44 500	32 500	44 500
Other reserves	2 179	-	779	1 400
TOTAL	106 484	49 216	35 286	120 414

DEFERRED TAX - ACCOUNT 481 (in thousand CZK)

Item	Situation at 31.12.2010
ACCOUNTING BALANCE PRICE DM (ÚZH)	3 671 816
Taxation balance price DM (DZH)	2 942 427
Accounting and taxation price difference (ÚZH – DZH)	729 389
19%	138 584
Not paid interest on delay	5
19%	1
Total deferred tax liability	138 585
Deferred tax liability	
- Account 481 balance at 31.12.2009	120 572
- Account 481 balance at 31.12.2010	138 585
Difference – Account 592 Credit	18 013

The deferred tax has not been accounted for because of the principle of carefulness.

PROFIT/LOSS BEFORE TAX

	At 31.12. 2009	At 31.12.2010
Profit/Loss before tax	-16 455	31 798

The difference, when compared with 2009, has been influenced especially by the deferred tax liability. Its position change was accounted for at the level of CZK 30 419 thousand in 2009 for the benefit of the cost group 59. That was because of the non utilisation of tax recognised depreciation related to long-term assets. The tax recognised depreciation was utilised in full in 2010 and the change of the deferred tax liability, at the level of CZK 18 013 thousand, was accounted for within the cost group 59.

INVESTMENT SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2009	At 31.12.2010
Removal of 2006 flood damage/state budget	28 400	-
Removal of 2007 flood damage/state budget	14 522	21 800
Removal of 2009 flood damage/state budget	-	856
Removal of 2010 flood damage/state budget	-	5 554
Flood prevention/state budget	191 102	191 901
Flood prevention/regional budgets	16 750	7 814
Pond reconstructions/state budget	2 700	2 746
Provisions in the upper river Opava – acquisitions/state budget	99 905	49 994
Water-related planning/regional budgets	200	-
Flood risks (a study) - Operation Programme by Dept. of environment	900	765
Water management monitoring system - Operation Programme by Dept. of environment	-	4 519
TOTAL	354 479	285 949

OPERATIONS-RELATED SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2009	At 31.12.2010
Removal of 2007 flood damage/state budget	2 359	-
Removal of 2009 flood damage/state budget	1 340	3 227
Removal of 2010 flood damage/state budget	-	57 538
TOTAL	3 699	60 765

STATUTORY AUDITOR'S AWARD (in thousand CZK)

	At 31.12.2009	At 31.12.2010
Compulsory Balance Sheet audit		
Contracted sum in costs (w/o VAT)	150	150
Current year costs		150
Previous years' audit (the accounting finalisation)	70	75
Current year audit (the running audit)	75	75
Other auditing services		

REVENUE FROM SALES OF GOODS, PRODUCTS AND SERVICES BY ACTIVITY KINDS
- Accounting group 60 (in thousand CZK)

Activity kind	At 31.12.2009	At 31.12.2010
Revenue from sales of surface water	430 779	482 918
Revenue from the electric power production	60 937	60 568
Revenue from sold fish	13 859	13 699
Rent-related revenue	3 599	3 655
Revenue from sales of laboratory works	4 626	3 320
Revenue from sales of goods	7	6
Other revenue	3 091	3 146
TOTAL	516 898	567 312

REVIEW OF CHANGES IN THE EQUITY IN THE PERIOD FROM THE 1ST OF JANUARY 2010 TO THE 31ST OF DECEMBER 2010 (in thousand CZK)

Řádek rozvahy	Položka (účet)	Situation at the 1 st of January	zvýšení	snížení	Situation at the 31 st of December
A.I	Základní kapitál - kmenové jmění (úč.411)	1 519 186	-	-	1 519 186
A.II	Kapitálové fondy (úč. 413)	2 247 032	42 468	1 223	2 288 277
A.III	Rezervní fondy, ostatní fondy ze zisku	230 012	15 244	11 576	233 680
A.III.1	Zákonný rezervní fond (úč. 421)	151 919	-	-	151 919
A.III.2	Statutární a ostatní fondy	78 093	15 244	11 576	81 761
A.III.2	z toho: Fond investic (úč. 427)	46 258	-	-	46 258
A.III.2	Fond kulturních a sociálních potřeb (úč. 423)	19 354	8 744	7 431	20 667
A.III.2	Fond odměn (úč. 427)	12 481	6 500	4 145	14 836
A.V	Výsledek hospodaření běžného účetního období	13 964	13 785	13 964	13 785
	VLASTNÍ KAPITÁL CELKEM (A.I až A.V.)	4 010 194	71 497	26 763	4 054 928

DESCRIPTION OF CHANGES

Capital funds (Account 413)

Increase: CZK 42 468 thousand (CZK 8 253 thousand – the land gained free of charge, CZK 34 215 thousand – the free of charge taking over long-term tangible assets),

Decrease: CZK 1 223 thousand – the land gained free of charge.

Cultural and social fund (Account 423)

Increase: CZK 8 744 thousand (CZK 7 464 thousand – created from

the 2009 profit, CZK 1 280 thousand – the returned borrowing and other creation)

Decrease: CZK 7 431 thousand – the utilisation in accordance with the collective agreement and the relevant budget.

Reward fund (Account 427)

Increase: CZK 6 500 thousand - created from the 2009 profit,

Decrease: CZK 4 145 thousand - the utilisation of the fund for award payments.

CASH-FLOW REVIEW for the period from the 1st of January 2010 to the 31st of December 2010 (in thousand CZK)

Označ. a	TEXT b	Skutečnost 1
P.	Situation in cash and cash equivalents at the beginning of the accounting period	154 847
Cash flow from main earning activities (operations)		
Z.	Accounting profit/loss from ordinary activities before tax	31 799
A.1.	Adjustments and non monetary operations	83 732
A.1.1.	Depreciation of fixed assets, receivables and correction amortisation related to acquisitioned assets	130 618
A.1.2.	Change in balances of corrections, reserves and transfer accounts for assets and liabilities with the exception of interests and differences from exchange rates	-42 959
A.1.3.	Profit/Loss from sales of fixed assets (-/+)	-1 675
A.1.4.	Revenue from dividends and profit shares (-)	0
A.1.5.	Accounted paid interests (+) and received interests (-)	-2 253
A. *	Net cash-flow from operations before tax, changes in working capital and extraordinary items	115 530
A.2.	Change in working capital needs	-25 898
A.2.1.	Change in operations-related receivables (-/+)	-24 709
A.2.2.	Change in short-term operations-related liabilities (+/-)	-1 675
A.2.3.	Change in the inventory situation (-/+)	486
A. **	Net cash-flow from operations before tax and extraordinary items	89 632
A.3.	Interest-related expenditures with the exception of capitalised interests (-)	-85
A.4.	Received interests with the exception of companies executing investment activities as their main business activity	2 338
A.5.	Paid income tax on ordinary activities and additional tax related to previous periods	0
A.6.	Income and expenditures from extraordinary accounting events	0
A. ***	Net cash-flow from operations	91 884
Cash-flow from investment activities		
B.1.	Fixed assets acquisition-related expenditures	-114 991
B.2.	Revenue from sales of fixed assets	2 206
B.3.	Loans and borrowings from/to connected persons (+/-)	0
B. ***	Net cash-flow related to investment activities	-112 785
Cash flow from financial activities		
C.1.	Change in long-term or short-term liabilities balances	-6 262
C.2.	Impacts of changes in the own capital on monetary means	-10 295
C.2.1.	Increases in monetary means and monetary equivalents because of the increased equity, including deposits	0
C.2.2.	Paid equity shares to partners (-)	0
C.2.3.	Monetary gifts and subsidies to own equity and other monetary deposits by partners and shareholders	0
C.2.4.	Coverage of a loss by partners (+)	0
C.2.5.	Direct debit payments from funds (-)	-10 295
C.2.6.	Paid dividends or profit shares, including the paid withholding tax (-)	0
C.3.	Received dividends and profit shares (+)	0
C. ***	Net cash-flow related to financial activities	-16 557
F.	Net increase or decrease in monetary means	-37 458
R.	Monetary means and monetary equivalents' balance at the end of the period	117 389

**ZERO ITEMS IN BOTH LAST AND CURRENT ACCOUNTING PERIODS,
WHICH ARE NOT PRESENTED IN THE REPORTS**

Balance Sheet

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, and 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, and B.IV.3.

Pasiva: 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/Loss Account

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

**IMPORTANT EVENTS OCCURRING DURING THE ACCOUNTING
PERIOD OF 2010 AND WHICH HAVE NOT BEEN ACCOUNTED FOR
ON THE BALANCE SHEET OR PROFIT/LOSS ACCOUNTS**

**Court dispute - OSTRAMO, Vlček a spol., s r. o. (Ltd.), later
TRANŠKOREKTA, společnost s ručením omezeným (Ltd.), currently
RETISE ENTERPRISES LIMITED.**

The court dispute started in 2000 by OSTRAMO, Vlček a spol., s r.o., of the official address in Nákladní 2, Ostrava 1, filing a suit related to damage compensation worth CZK 1,296,900,000 and accessories. The damage was supposed to be caused to the company by river Odra floods in summer 1997. The suit was filed with the District Court in Ostrava.

A new suitor TRANŠKOREKTA, s.r.o. (Ltd.) of the official address then in V Zahradách 2108/180, Ostrava-Poruba, now in Mlýnská 326/13, Brno entered the proceedings on the basis of their purchase of the claim in 2004.

The suitor was progressively increasing the originally claimed sum of CZK 8,139,110,400 and accessories in the years 2004 and 2005. The District Court in Ostrava issued an interim verdict at the end of 2006. The verdict confirmed the validity of the claim filed against our company. An appeal was filed against this verdict to the Regional Court in Ostrava in 2007. The proceedings were then entered, in the role of a new suitor, by RETISE ENTERPRISES LIMITED with the address in Cyprus to which the claim has been assigned.

The verdict by the Regional Court in Ostrava, made in February 2008, cancelled the interim verdict announced by the District Court in Ostrava.

Then, proceedings and negotiations took place at the District

Court in Ostrava in the years 2008 and 2009. The Court issued another interim verdict at the beginning of 2010. It said that the claim worth CZK 7,018,919,000 and the 10% interest on the delay was rejected, while the remaining claimed part was valid. The verdict on the claim related to the damage compensation and on the coverage of the court proceedings was left for the final verdict.

Both the state-owned company Povodí Odry and the suitor have appealed the interim verdict. The Regional Court has not presented its verdict yet.

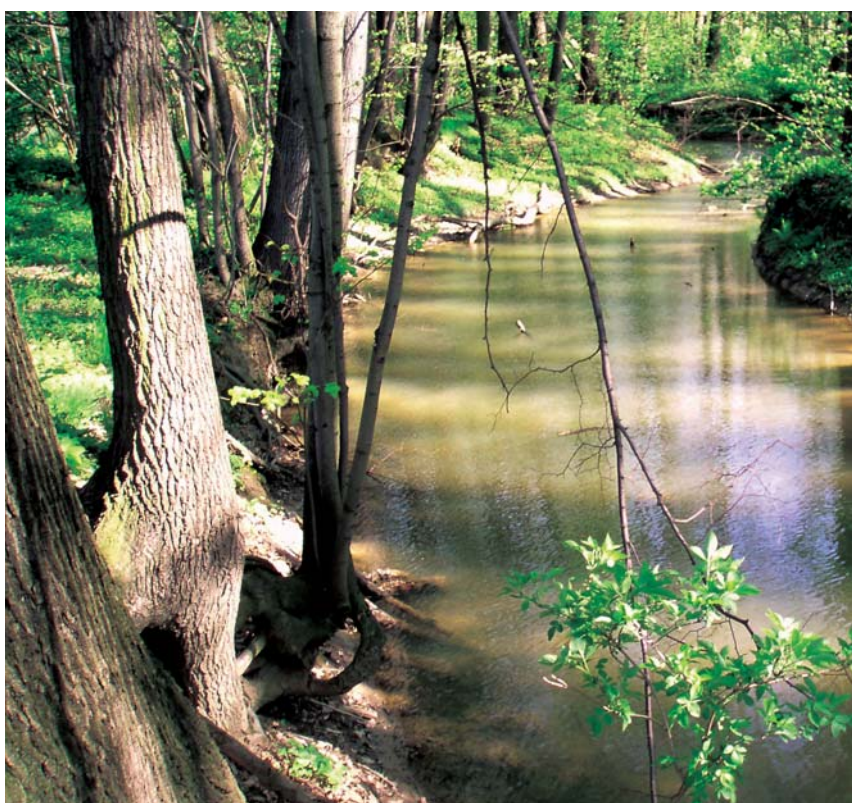
The above-mentioned facts have not been accounted for in the Balance Sheet or in the Profit/Loss Account because the state-owned company Povodí Odry does not recognise the claim and considers it not justified and of a speculative character. We thus do not envisage any outflow of resources because of a future verdict related to the mentioned court suit and any insertion of these facts in the Balance Sheet would be considered as a distortion of the true and honest presentation of facts in the Balance Sheet.

**CHANGES IN THE PERIOD BETWEEN THE BALANCE SHEET DATE AND
THE DATE OF PREPARATION OF THE FINAL ACCOUNTS**

As from the 1st of January 2011, the state organisation Agricultural Water Management Administration (ZVHS) has been abolished in accordance with the Directive No. 27/2010 by the Minister of Agriculture of the Czech Republic. All assets and liabilities have been transferred to the state-owned companies Povodí Odry and Lesy ČR (Czech Forests). The free of charge transfers between ZVHS and the state-owned companies will take place during 2011. The state-owned company Povodí Odry will manage:

- Assets of ZVHS - in the area of the river Odra basin and related to the transfer of administration of smaller water flows (in accordance with the Waters Act, §48 (2)). This has come into effect on the 1st of January 2011,
- Other assets and liabilities of ZVHS - in the area of the river Odra basin as from the first day of the calendar month following the finalisation of the Protocol on the assets taking over.


The facts and data prescribed for the Attachment to the Final Accounts, according to the Accounting Act No. 563/1991 Coll. as amended and according to the Executive Bylaw No. 500/2002 Coll., but irrelevant to the accounting unit of the state-owned company do not make a part of this Attachment.





In 2010, the Section of investments of the Povodí Odry Company prepared a pilot project called Revitalisation of Bílovka in the Nature Protected Area of River Odra within the implementation of the water flows' revitalisation programme. The project has been consequently made a part of the Environmental operational programme, where it will be funded with means administered by the State Environmental Fund. The financial subsidy for the state-owned company will exceed CZK 48 million within the priority 6 - Improvements of the situation in nature and the landscape (ERDF). All construction works related to the event will be fully funded with this subsidy. Construction works should start in March 2011 and finish in September 2013.

The objective of the revitalisation of the water flow Bílovka is the increase of the natural, ecological-stabilisation, landscape and aesthetic values of the area and the renewal of the original flooding of low-laying meadows and forests close to the flow. The renewal of the inactive or extinct flow bed of the original Stará (Old) Bílovka is the main goal of the revitalisation. The river bed will be renewed as a phenomenon of Stará Bílovka in meadows, while it will not follow the then line precisely. A large part of the Odra levee will be removed as well as the lower section of the levee at the regulated Bílovka. The implementation of the construction Revitalisation of Bílovka will also divide the flow into two branches. The so-called Stará Bílovka will flow along the original route (the renewed flow bed), while the branch in the regulated flow bed will be maintained in its place. That will prevent changes in the existing status of an important water flow and in the name of Bílovka. After the revitalisation, there will be a large part of the area flooded every year (we envisage more than 85% of the area). In the current situation, only lower parts of the area get flooded every year because of the levees.



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