

**WOOD & Company Financial Services, a.s.**

**FINANCIAL STATEMENTS  
IN ACCORDANCE WITH IFRS  
AND INDEPENDENT AUDITOR'S REPORT**

**AS OF 31 DECEMBER 2010**

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of WOOD & Company Financial Services, a.s.

We have audited the accompanying financial statements of WOOD & Company Financial Services, a.s. which comprise the statement of financial position as at 31 December 2010, and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of WOOD & Company Financial Services, a.s. as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

In Prague on 29 April 2011

Audit firm:

Deloitte Audit s.r.o.



Represented by:

Diana Rádl Rogerová  
on the basis of a power of attorney



**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**Name of the Company:** WOOD & Company Financial Services, a.s.  
**Registered Office:** Prague 1, Náměstí Republiky 1079/1a, 110 00  
**Legal Status:** Joint Stock Company  
**Corporate ID:** 265 03 808

**Components of the Financial Statements:**

**Statement of Comprehensive Income**

**Statement of Financial Position**

**Statement of Changes in Equity**

**Cash Flow Statement**

**Notes to the Financial Statements**

**These financial statements were prepared on 29 April 2011.**

<b>Statutory body of the reporting entity:</b>	<b>Signature</b>

**WOOD & Company Financial Services, a.s.**

Financial Statements for the Year Ended 31 December 2010  
in accordance with  
International Financial Reporting Standards

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**AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2010**

**CAPITAL STRENGTH IN DIFFICULT MARKETS**

**Key results for 2010 in EUR:**

- Client-driven income, comprising net interest and net fees and commissions, was EUR 8.7m
- Net profit on financial operations from trading and investment activities was EUR 6.1m
- Operating income totalled EUR 14.9m
- Operating costs were EUR 14.8m
- Total equity as at 31 December 2010 was EUR 22.6m
- There was a strong Capital adequacy ratio of 31.3% as at 31 December 2010.

**Disclosure of financial Statements**

WOOD & Company Financial Services, a.s. (hereinafter "Company") presents the audited statements of its financial performance for 2010 and its financial position at 31 December 2010 prepared in accordance with International Financial Reporting Standards (IFRS).

**Key numbers**

<i>CZK m</i>	<b>2010</b>	<b>2009</b>
Client-driven income*	220.0	282.0
Total operating income	377.1	416.1
Total operating expense	-374.1	-388.7
Profit before tax	3.0	2.5
Profit after tax	0.7	1.0
Capital adequacy ratio %	31.3	16.1
Total equity	566.6	280.2

\* Client-driven income is the sum of net interest expense, net fee and commission income.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2010**

	NOTES	31 December 2010 CZK '000	31 December 2009 CZK '000
Interest income		4,931	9,564
Interest expense		-30,029	-34,418
<b>Net interest expense</b>	6	<b>-25,098</b>	<b>-24,854</b>
Fee and commissions income:		434,907	477,171
Fee and commissions expense:		-189,769	-170,293
<b>Net fee and commissions income</b>	7	<b>245,138</b>	<b>306,879</b>
Net profit on financial operations	8	154,058	95,978
Other operating income/(expense), net	9	3,052	13,275
<b>Total operating income</b>		<b>377,150</b>	<b>416,132</b>
General administrative expenses	10	-357,491	-373,985
Depreciation	19	-16,664	-14,755
<b>Total operating costs</b>		<b>-374,155</b>	<b>-388,740</b>
<b>Profit before income taxes</b>		<b>2,995</b>	<b>2,538</b>
Income taxes	11	-2,301	-2,402
Deferred tax	11	0	887
<b>Net Income</b>		<b>694</b>	<b>1,023</b>
<b>Other comprehensive income</b>			
Net gain arising on revaluation of available-for-sale financial assets		1	28
<b>Total comprehensive income</b>		<b>695</b>	<b>1,051</b>

The income statement is also presented in euros on page 8.

The accompanying notes are an integral part of these unconsolidated financial statements.

**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010 AND  
31 DECEMBER 2009**

	NOTES	31 December 2010 CZK '000	31 December 2009 CZK '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits with banks	12	577,512	573,278
Securities held for trading	13	83,488	29,415
Securities available for sale	16	485	485
Trade and other receivables	14	823,353	1,413,419
Securities held to maturity	17	0	13,038
Prepayments, accrued income and other assets	15	9,866	10,141
<i>Total current assets</i>		<i>1,494,704</i>	<i>2,039,776</i>
<b>Non-current assets</b>			
Deferred tax assets	11	438	438
Long-term receivables	18	1,181	1,002
Intangible fixed assets, net	19	50,525	23,842
Tangible fixed assets, net	19	43,742	46,208
<i>Total non-current assets</i>		<i>95,886</i>	<i>71,490</i>
<b>Total assets</b>		<b>1,590,590</b>	<b>2,111,266</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	20	445,500	60,750
Statutory reserve fund	20	15,293	15,293
Retained earnings	20	105,252	104,229
Valuation gains or losses	20	-114	-115
Profit for the current period	20	694	1,023
<i>Total capital and reserves</i>		<i>566,625</i>	<i>280,180</i>
Long-term subordinated debt	21	0	47,080
<b>Capital and subordinated debt total</b>		<b>566,625</b>	<b>228,260</b>
Deferred tax liability	11	0	0
<i>Total equity and non-current liabilities</i>		<i>566,625</i>	<i>228,260</i>
<b>Current liabilities</b>			
Amounts owed to banks		90,042	3,683
Trade and other payables	22	931,474	1,483,900
Accruals and other liabilities	23	2,449	5,542
Income tax payable	11	0	1,431
Short-term subordinated debt	21	0	388,450
<i>Current liabilities total</i>		<i>1,023,965</i>	<i>1,883,006</i>
<b>Total equity and liabilities</b>		<b>1,590,590</b>	<b>2,111,266</b>

The statement of financial position is also presented in euros on page 9.

The accompanying notes are an integral part of these unconsolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY FOR THE YEAR  
ENDED 31 DECEMBER 2010

	Share Capital	Statutory	Revaluation	Accumulated	Total
	CZK '000	Reserve Fund	Reserves to AFS	Profit/(loss)	
		CZK '000	CZK '000	CZK '000	CZK '000
<b>Balance at 31 December 2008</b>	60,750	15,293	-143	204,231	280,131
Contribution to statutory res. Fund	0	0	0	0	0
Dividends	0	0	0	-100,000	-100,000
Revaluation gains/losses	0	0	28	0	28
Profit for 2009	0	0	0	1,023	1,023
<b>Balance at 31 December 2009</b>	60,750	15,293	-115	105,252	181,180
Share capital increase	384,750	0	0	0	384,750
Contribution to statutory res. Fund	0	0	0	0	0
Dividends	0	0	0	0	0
Revaluation gains/losses	0	0	1	0	1
Profit for 2010	0	0	0	694	694
<b>Balance at 31 December 2010</b>	<b>445,500</b>	<b>15,293</b>	<b>-114</b>	<b>105,946</b>	<b>566,625</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**CASH-FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**

	31 December 2010 CZK '000	31 December 2009 CZK '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	2,995	2,538
Depreciation of tangible and intangible assets	16,664	14,755
Profit from sale of AFS	0	0
Interest expenses not paid	20,796	25,347
Changes in deferred tax	0	-887
Change in impairment and provisions	-3,053	384
<i>Operating profit before changes in operating assets</i>	<b>37,402</b>	<b>42,137</b>
Trade and other receivables	605,986	-629,324
Trading shares	-54,073	-9,541
Other assets	275	107,619
Trade and other payables	-552,426	720,161
Other liabilities	-4,524	32,159
Income taxes paid	-2,692	-4,063
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-7,454</b>	<b>259,148</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of securities for sale	0	0
(Purchase)/ Redemption of HTM securities	13,038	-13,038
Purchase of property, plant & equipment	-40,881	-21,741
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-27,843</b>	<b>-34,779</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Additional subordinated debt drawn/ (repaid)	-46,918	13,217
Non-current liabilities	0	0
Short-term debt increase/(decrease)	86,449	-24,724
Dividends Paid	0	-100,000
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>39,531</b>	<b>-111,507</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,234</b>	<b>112,862</b>
<b>CASH AT THE BEGINNING OF PERIOD</b>	<b>573,278</b>	<b>460,416</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>577,512</b>	<b>573,278</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

## 1. FINANCIAL STATEMENTS PRESENTED IN EUROS

The functional currency of the Company is the Czech crown (“CZK”). The figures are presented with accuracy to CZK thousand (“CZK ‘000”). The statement of financial positions and the income statement are also presented below in euros (“EUR”) for reporting purposes. The reason for such presentation is mainly the foreign counterparties and readers of these financial statements. The statement of financial positions were translated using the exchange rate announced by the Czech National Bank as of 31 December 2010 (CZK/EUR 25,06). The income statement was translated using the average exchange rate during 2010 (CZK/EUR 25,29).

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	31 December 2010 EUR ‘000	31 December 2009 EUR ‘000
Interest income	195	363
Interest expense	-1,187	-1,302
<b>Net interest expense</b>	<b>-992</b>	<b>-939</b>
Fee and commissions income	17,197	18,051
Fee and commissions expense	-7,504	-6,442
<b>Net fee and commissions income</b>	<b>9,693</b>	<b>11,609</b>
Net profit on financial operations	6,092	3,631
Other operating income/(expense), net	121	501
<b>Total operating income</b>	<b>14,913</b>	<b>15,741</b>
General administrative expenses	-14,136	-14,147
Depreciation	-659	-558
<b>Total operating costs</b>	<b>-14,795</b>	<b>-14,705</b>
<b>Profit before income taxes</b>	<b>118</b>	<b>97</b>
Income taxes	-91	-91
Deferred tax	0	34
<b>Net profit</b>	<b>27</b>	<b>40</b>
<b>Other comprehensive income</b>		
Net gain arising on revaluation of available-for-sale financial assets	0	1
<b>Total comprehensive income</b>	<b>27</b>	<b>41</b>

**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010 AND  
31 DECEMBER 2009**

	31 December 2010 EUR '000	31 December 2009 EUR '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits with banks	23,045	21,655
Securities at fair value through profit and loss --		
Securities held for trading	3,332	1,111
Securities available for sale	19	18
Trade and other receivables	32,855	53,391
Securities held to maturity	0	493
Prepayments, accrued income and other assets	394	383
<i>Total current assets</i>	<i>59,645</i>	<i>77,051</i>
<b>Non-current assets</b>		
Deferred tax assets	17	17
Long-term receivables	47	38
Intangible fixed assets	2,016	901
Tangible fixed assets, net	1,745	1,745
<i>Total non-current assets</i>	<i>3,826</i>	<i>2,701</i>
<b>Total assets</b>	<b>63,471</b>	<b>79,752</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued capital	17,777	2,210
Statutory reserve fund	610	592
Translation reserve	-5	-4
Retained earnings	4,200	40
Valuation gains or losses to AFS	-5	-74
Profit for the current period	27	4,079
<i>Total capital and reserves</i>	<i>22,611</i>	<i>6,844</i>
Long-term subordinated debt	0	1,778
<b>Capital and subordinated debt total</b>	<b>22,611</b>	<b>8,622</b>
Deferred tax liability	0	0
<i>Total equity and non-current liabilities</i>	<i>22,611</i>	<i>8,622</i>
<b>Current liabilities</b>		
Amounts owed to banks	3,593	139
Trade and other payables	37,170	56,054
Accruals and other liabilities	98	209
Income tax payable	0	54
Short-term subordinated debt	0	14,674
<i>Total current liabilities</i>	<i>40,861</i>	<i>71,130</i>
<b>Total equity and liabilities</b>	<b>63,471</b>	<b>79,752</b>

## 2. INTRODUCTION

WOOD & Company Financial Services, a.s. (hereinafter “WOOD & Co.” or “Company”), with its registered office at Palladium, Náměstí republiky 1079/1a, 110 00 Prague 1, is a joint stock company and was formally entered into the Register of Companies held at the Commercial Court in 2002.

### **Capital Structure and Financial Resources of the Company**

As a result of the share capital increase during 2010, the Company’s equity of CZK 280,180 thousand as of 31 December 2010 increased to CZK 566,625 thousand.

In addition to its internal funding the Company secured additional renewable overdraft facilities from the following commercial banks: Citibank, CSOB, LBBW Bank, Česká Spořitelna, Calyon. In most cases the utilisation of these facilities is limited only to the financing of settlement imperfections and guarantee funds of various stock exchanges.

### **Shareholder Structure**

The ultimate majority shareholders of the Company at the issuance date of this report are Jan Sýkora, Andrea Bartoňová (maiden name Ferancová), Vladimír Jaroš and Lubomír Šoltýs (Partners).

The only shareholder of the Company at the issuance date of this report is WOOD & Company Group S.A., with registered seat at 6C Parc d’Activités Syrdall, L-5365 Munsbach, Grand - Duchy of Luxembourg.

### **Board of Directors:**

The principle rule agreed among main shareholders and directors of the Company is that the shareholders/directors of the Company will be represented on the Board of Directors as follows.

*Chairman* - Jan Sýkora

*Vice Chairwoman* - Andrea Bartoňová (maiden name Ferancová)

*Member* – Vladimír Jaroš

*Member* – Lubomír Šoltýs

### **Supervisory Board:**

*Chairman* - Petr Musil

*Member* - Jan Pavlík

*Member* – Jiří Jirman

### 3. BASIS OF PREPARATION

The unconsolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (“IFRS”) effective for the year ended 31 December 2010. The unconsolidated financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate on the going concern assumption. The financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in shareholders’ equity, a cash flow statement and notes to the financial statements.

All figures are presented in Czech crowns with accuracy to CZK thousands, unless stated otherwise.

The unconsolidated financial statements are prepared under the historical cost accounting convention, as modified by the fair value measurement of available-for-sale securities, financial assets and financial liabilities held for trading, and all derivative contracts at the statement of financial position date.

The comparative figures on the face of the statement of financial position represent balances as of 31 December 2009, for the statement of comprehensive income and statement of cash flows balances for the year ended 31 December 2009.

The Company maintains its accounting books and prepares statements for regulatory purposes in accordance with Czech Accounting Standards. The accompanying financial statements are based on the accounting records of the Company, together with appropriate adjustments and reclassifications necessary to comply with IFRS.

The presentation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as of the date of the financial statements and actual results could differ from those estimates. Key source of estimation uncertainty at the end of the reporting period is the valuation of financial assets.

In connection with the current economic environment, management has considered all relevant factors that could have an effect on the valuation of assets and liabilities in these financial statements, liquidity, funding of the Company’s operations and other effects, if any, on the financial statements. All such impacts, if any, have been reflected in these financial statements. Management of the Company continues to monitor the current situation and the possible impact of the financial crisis and economic slowdown on its operations.

#### 4. ADOPTION OF NEW AND REVISED STANDARDS

##### New and revised IFRSs applied with material effect on the financial statements

In the year ended 31 December 2010, the Company did not apply any IFRS that would have a material effect on the financial statement

##### New and revised IFRSs applied with no material effect on the financial statements

- *Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)*
- *Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)*
- *Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)*
- *Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)*
- *Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)*
- *Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions*
- *Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

##### New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- *Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
- *Amendments to IFRS 7 Disclosures – Transfers of Financial Assets*
- *IFRS 9 (as amended in 2010) Financial Instruments*
- *IAS 24 (revised in 2009) Related Party Disclosures*
- *Amendments to IAS 32 Classification of Rights Issues*
- *Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement*
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

These standards are not yet effective as of the reporting date.

Management of the Company consider that the impact of adopting the standards and interpretations that will become effective after 1 January 2011 will not have a material impact on the financial statements for the year ended 31 December 2011, including comparative information.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Recognition of Income and Expenses

The recognition date of a transaction in respect of purchases and sales of financial assets is the trade date. Interest income and expense are recognised in the profit and loss account when earned or incurred, on an accruals basis, through the line “Interest income” and “Interest expense.” Fees and commissions are recognised in the period to which they relate on an accruals basis, through the line “Fee and commission income” and “Fee and commission expense”. Success fees from merger and acquisition projects are recognised on completion of the individual transaction and when the condition necessary to achieve the success fee has been met.

The recognition date of a transaction in respect of cash transfers is the day on which funds are credited to (or debited from) the relevant bank account.

### Foreign Currency Translation

Transactions with foreign currencies (spot and forward transactions) and transactions with GDRs are translated into Czech crowns using the market exchange rate ruling on the trade date of the relevant transaction.

Other transactions denominated in a foreign currency are translated into Czech crowns and accounted for using the official exchange rate announced by the Czech National Bank at the transaction date.

At the statement of financial position date, assets and liabilities denominated in foreign currencies are translated into Czech crowns at the Czech National Bank’s exchange rate prevailing on that date. Realised and unrealised foreign exchange rate gains and losses arising from the translation of assets and liabilities denominated in foreign currencies into Czech crowns are recognised in the income statement as “Net profit or loss on financial operations.”

### Income Taxation, Deferred Taxes

Tax on the profit or loss for the year comprises the current year tax charge, adjusted for deferred taxation. Current tax comprises the tax payable calculated on the basis of the taxable income for the year, using the tax rate enacted by the statement of financial position date, and any adjustment of the income tax payable for the previous period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **Tangible and Intangible Fixed Assets**

Tangible and intangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes professional fees and other costs directly related to the acquisition of the asset. Fixed assets are depreciated indirectly through the accumulated depreciation charge. Depreciation is calculated on a straight line basis to write off the cost of tangible and intangible fixed assets over their estimated useful economic lives.

During the reporting period, the Company used the following estimated useful economic lives in years:

Type of assets	Depreciation period (in years)
Technical appreciation	10 – 30
Furniture and fixtures	3 – 10
Cars	4
Hardware equipment	3
Software	3

The Company periodically assess its fixed assets for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

## Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

### **Repurchase Agreements**

Securities sold under repurchase agreements ("repos") are recorded as assets in the statement of financial position line "Securities held for trading" and the counterparty liability is included in "Amounts due to banks" or "Trade and other payables" as appropriate.

Securities purchased under reverse repurchase agreements ("reverse repos") are not recognized in the statement of financial position. The corresponding receivable arising from the provided loan is recognised as an asset in the statement of financial position line "Trade and other receivables".

The difference between the sale and repurchase price is treated as interest and accrued to expenses/income over the life of the repo agreement using the effective interest rate.

With regard to the sale of a security acquired as collateral under a reverse repurchase transaction; the Company recognises in the statement of financial position an amount payable from a short sale remeasured to fair value.

### **Financial Derivative Instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately as "Net profit on financial operations".

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### Provisions

The Company recognises a provision when:

- It has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

### Reclassification in 2010 financial statements

As of 31 December 2010, the Company changed the presentation of certain assets and liabilities in the statement of the financial position. Estimated receivables and tax receivables formerly classified as Prepayments, accrued income and other assets (Note 15) were reclassified to Trade and other receivables (Note 14), estimated liabilities formerly classified as Accruals, provisions and other liabilities (Note 23) were reclassified to Trade and other payables (Note 22).

## 6. NET INTEREST INCOME

Interest income totalling CZK 4,931 thousand (2009: CZK 9,564 thousand) is principally generated from term and current deposits with commercial banks.

Interest expenses totalling CZK 30,029 thousand (2009: CZK 34,418 thousand) principally comprise subordinated debt interest CZK 20,113 thousand (2009: CZK 28,676 thousand), bank overdraft interest CZK 2,908 thousand (2009: 1,360 thousand) and interest on repo transaction and security loans CZK 1,080 thousand (2009: CZK 4,366 thousand).

## 7. NET FEES AND COMMISSIONS

	Year ended 31 December 2010 CZK '000	Year ended 31 December 2009 CZK '000
<b>Fee and commissions income:</b>	434,907	477,171
- Securities transaction	328,491	320,286
- Investment banking advisory	106,416	156,885
<b>Fee and commissions expense:</b>	-189,769	-170,293
- Securities transactions	-162,792	-131,687
- Other	-26,977	-38,606
<b>Total net fees and commissions</b>	<b>245,138</b>	<b>306,879</b>

## 8. NET PROFIT ON FINANCIAL OPERATIONS

	Year ended 31 December 2010 CZK '000	Year ended 31 December 2009 CZK '000
Net profit from proprietary trading with securities	135,565	86,206
Net profit from foreign exchange transactions and foreign currency differences	5,642	921
Dividend income	12,851	8,851
<b>Net profit on financial operations</b>	<b>154,058</b>	<b>95,978</b>

## 9. OTHER INCOME/ (EXPENSES)

	Year ended 31 December 2010 CZK '000	Year ended 31 December 2009 CZK '000
Reinvoicing of operational costs	1,062	5,897
Reversal of costs from previous periods	0	3,788
Other operating income	1,896	2,772
Contractual penalties	-107	1,554
Gain on disposal of tangible assets	201	-352
Release of provisions to receivables	0	-384
<b>Other income</b>	<b>3,052</b>	<b>13,275</b>

## 10. GENERAL ADMINISTRATIVE EXPENSES

	Year ended 31 December 2010 CZK '000	Year ended 31 December 2009 CZK '000
Wages, salaries and bonuses	188,167	260,973
Social security and health insurance costs	38,358	19,043
<b>Employee expenses</b>	<b>226,525</b>	<b>280,016</b>
Other administrative expenses	130,966	93,969
<b>Total administrative expenses</b>	<b>357,491</b>	<b>373,985</b>
Depreciation	16,664	14,755
<b>Total administrative and other expenses</b>	<b>374,155</b>	<b>388,740</b>
Number of employees at the end of the period	138	83
Average number of employees during the period	113	86
<b>Average employee cost per employee</b>	<b>2,004</b>	<b>3,256</b>

Other administrative expenses mainly comprise payments for professional consulting and IT services (CZK 65,790 thousand; CZK 48,681 in 2009) and rent of office space (CZK 25,235 thousand; CZK 23,876 in 2009).

## 11. TAXATION

The corporate tax rate for the year ended 31 December 2010 is 19 percent. The Company's tax liability is calculated based upon the accounting profit/(loss) according to Czech accounting standards taking into account non tax-deductible expenses and tax exempt income or income subject to a final withholding tax rate.

	Year ended 31 December 2010 CZK '000	Year ended 31 December 2009 CZK '000
Profit before tax	2,995	2,538
<b>Theoretical tax calculated at a tax rate of 19% (2009: 20%)</b>	<b>569</b>	<b>508</b>
Tax effect of non-taxable income	-819	-1,804
Tax effect of expenses that are not deductible for tax purposes	3,707	3,058
Tax effect of other allowances	-606	611
Tax effect of IAS adjustments	0	29
Tax effect of dividend income	-546	0
<b>Income tax expense</b>	<b>2,301</b>	<b>2,402</b>

## Deferred tax

	Year ended 31 December 2010 CZK '000	Year ended 31 December 2009 CZK '000
<b>Deferred income tax assets</b>		
Fixed assets depreciation	410	410
Revaluation of Investments	28	28
<b>Deferred tax liabilities</b>		
Leases	0	0
Fixed assets depreciation	0	0
<b>Net deferred income tax assets/(liabilities)</b>	<b>438</b>	<b>438</b>
<b>Deferred tax asset movement</b>		
Balance at the beginning of period	438	0
Movement in deferred tax assets	0	438
<b>Balance at the end of period</b>	<b>438</b>	<b>438</b>
<b>Deferred tax liability movement</b>		
Balance at the beginning of period	0	-478
Movement in deferred tax liabilities	0	478
<b>Balance at the end of period</b>	<b>0</b>	<b>-0</b>
<b>Increase/decrease in deferred tax – profit and loss impact</b>	<b>0</b>	<b>887</b>

Deferred income taxes are calculated from all taxable and deductible differences between the tax bases and carrying values using effective tax rates 19 percent for 2011 onwards. As there were no significant change in taxable and deductible differences and tax losses carried forward, the Company did not recognise any change in the deferred tax asset in 2010.

## 12. CASH AND DEPOSITS WITH BANKS

	As of 31 December 2010 CZK '000	As of 31 December 2009 CZK '000
Cash on hand	1,251	850
Current accounts with banks	535,749	431,032
Term deposits with banks	40,512	141,396
<b>Total cash and deposits with banks</b>	<b>577,512</b>	<b>573,278</b>

Total cash and deposits with banks represent the cash and cash equivalents for cash flow reporting purposes.

## 13. SECURITIES HELD FOR TRADING

	As of 31 December 2010 CZK '000	As of 31 December 2009 CZK '000
Romanian Restitution S.C. Fondul Proprietatea S.A	56,882	26,069
Securities traded on the Prague Stock Exchange	3,194	1,968
Securities traded on the Vienna Stock Exchange	3,716	1,317
Securities traded on the London Stock Exchange	0	51
Securities traded on the Slovakia Stock Exchange	0	10
Securities traded on the Istanbul Stock Exchange	19,696	0
<b>Total trading securities</b>	<b>83,488</b>	<b>29,415</b>

Shares are denominated in particular local market currencies.

The Company bought the shares in Romanian restitution fund Fondul Proprietatea. Meantime the Company sold part of these shares via one year maturity warrants. As the Company transfers the substantial part of risks and rewards related to the fund shares to warrant holders, fund shares are derecognised from the statement of financial position when the warrants are issued.

#### 14. TRADE AND OTHER RECEIVABLES

	As of 31 December 2010 CZK '000	As of 31 December 2009 CZK '000
Receivables from securities trading	588,625	1,044,342
Trade receivables and other receivables	223,425	362,990
Tax receivables	3,752	4,336
Prepayments made – short-term	7,551	1,751
<b>Total trade and other receivables</b>	<b>823,353</b>	<b>1,413,419</b>

Receivables from securities trading (CZK 588,625 thousand) include mainly equity transactions for clients that remained unsettled at the 2010 year-end. These transactions were subsequently fully settled at the beginning of January 2010. None of the receivables were overdue as of 31 December 2010.

Trade and other receivables totalling CZK 227,177 thousand represent mainly intercompany relations (CZK 191,206 thousand) and estimated receivables (CZK 18,457).

#### 15. PREPAYMENTS, ACCRUED INCOME AND OTHER ASSETS

	As of 31 December 2010 CZK '000	As of 31 December 2009 CZK '000
Prepayments and accrued income	9,866	10,141
<b>Total prepayments, accrued income and other assets</b>	<b>9,866</b>	<b>10,141</b>

Prepayment and accrued income includes mainly prepaid offices rental. As of 31 December 2010, the Company presents tax receivables and estimated receivables as part of Trade and other receivables. Comparative figures were reclassified accordingly, see Note 14.

#### 16. SECURITIES AVAILABLE FOR SALE

The Company's available-for-sale portfolio includes the stakes in limited liability companies amounting to CZK 485 thousand.

#### 17. SECURITIES HELD TO MATURITY

As of 31 December 2009, The Company's held-to-maturity portfolio consisted of the listed bonds of Hungarian bank that matured in 2010.

#### 18. LONG-TERM RECEIVABLES

Long-term receivables in the total amount of CZK 1,181 thousand (CZK 1,002 thousand in 2009) are principally composed of long-term advances paid for rentals.

## 19. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Software CZK '000	Technical Appreciation CZK '000	Furniture and fixtures CZK '000	Other equipment CZK '000	Hardware CZK '000	Total CZK '000
<b>Cost</b>						
1 January 2010	41,180	20,034	19,125	14,381	14,224	108,944
Additions	33,431	0	3,620	806	1,823	39,680
Disposals	0	0	0	1,544		1,544
<b>31 December 2010</b>	<b>74,611</b>	<b>20,034</b>	<b>22,745</b>	<b>13,643</b>	<b>16,047</b>	<b>147,080</b>
<b>Accumulated depreciation</b>						
1 January 2010	17,338	1,276	2,703	8,348	9,228	38,893
Depreciation	6,748	1,094	2,016	2,651	2,955	15,464
Disposals	0	0	0	1,544	0	1,544
<b>31 December 2010</b>	<b>24,086</b>	<b>2,370</b>	<b>4,719</b>	<b>9,455</b>	<b>12,183</b>	<b>52,813</b>
<b>Net book value</b>	<b>50,525</b>	<b>17,664</b>	<b>18,026</b>	<b>4,188</b>	<b>3,864</b>	
<b>31 December 2010</b>						<b>94,267</b>
1 January 2010	23,842	18,758	16,422	6,033	4,996	70,051

During 2010 the Company paid up all the outstanding lease payments for acquisition of fixed assets. Software additions in 2010 include mainly new trade processing system that will be put in use in April 2011.

## 20. SHARE CAPITAL AND RESERVES

The registered share capital of the Company is represented by 198,000 shares with a nominal value of CZK 2,250 each. In 2010, subordinated debt in amount of CZK 384,750 thousands was converted into share capital.

## 21. SUBORDINATED DEBT

Subordinated debt from Wood and Company Financial Services AG (WOOD AG) was transferred in 2010 to the sole shareholder of the Company and subsequently converted into share capital. Subordinated debt from Wood & Company, a.s. (WOOD SK) was repaid in 2010.

As of 31 December 2009, the structure of the subordinated debt was as follows:

2009	Currency	Amount in Currency '000	Amount in CZK '000	Maturity
Wood and Company Financial Services AG	CZK	388,450	388,450	20.10.2010
Wood & Company, a.s.	EUR	1,779	47,080	21.12.2011
<b>Total</b>			<b>435,530</b>	

## 22. TRADE AND OTHER PAYABLES

	As of 31 December 2010 CZK '000	As of 31 December 2009 CZK '000
Trade and other payables	64,313	142,047
Payables from securities trading	801,037	1,194,546
Payables from securities arising from the short position	1,672	0
State budget payables	1,216	0
Estimated liabilities	63,165	145,874
Fair value of unsettled FX spots	71	1,433
<b>Total trade and other payables</b>	<b>931,474</b>	<b>1,483,900</b>

Trade and other payables consist of payables to suppliers that remained outstanding at the 2010 year-end. These payables were subsequently settled in early 2011. None of the payables were overdue as of 31 December 2010.

Payables from securities trading include equity transactions for clients that remained unsettled at the 2010 year-end and cash received from clients under asset management contracts. These transactions were subsequently settled in January 2011.

Estimated liabilities include mainly estimate of bonuses.

## 23. ACCRUALS, PROVISIONS AND OTHER LIABILITIES

	As of 31 December 2010 CZK '000	As of 31 December 2009 CZK '000
Provision	1,250	4,490
Deferred income and accrued expenses	1,199	1,052
<b>Total accruals and other liabilities</b>	<b>2,449</b>	<b>5,542</b>

In 2007, the Company recognised a provision of CZK 5,250 thousand to cover costs connected with depth inspection of the regulator in 2007 as well as legal costs connected to this issue. In 2010, the obligation was settled and the outstanding balance of the provision was reversed. Further to this, the Company recognised a provision of CZK 1,250 thousands related to the current dispute with the regulator in Hungary.

As of 31 December 2010, the Company presents estimated liabilities as part of trade and other payables. Comparative information was reclassified accordingly, see Note 22.

## 24. FOREIGN CURRENCY RISK

The Company principally conducts its business in Czech crowns. The Company established rules in respect of the holding of current assets, specifically cash denominated in individual currencies, pursuant to its internal guidelines for foreign currency risk management.

Responsibility for foreign currency risk management lies with the Treasury department, which monitors, on an ongoing basis, foreign currency positions in respect of current assets and decides on their structure and amount specifically in relation to the currency structure of long-term liabilities.

Set out below is an analysis of selected assets and liabilities of the Company as of 31 December 2010 in CZK thousand:

Currency:	CZK	EUR	PLN	HUF	Other	Total
Cash and deposits with banks	322,243	105,574	75,915	6,441	67,339	577,512
Securities held for trading	3,679	8	0	0	79,801	83,488
Securities available for sale	485	0	0	0	0	485
Trade and other receivables	248,291	347,811	202,031	14,756	10,464	823,353
Securities held to maturity	0	0	0	0	0	0
Prepayments, accrued income and other assets	1,497	3,478	206	162	4,523	9,866
Deferred tax assets	438	0	0	0	0	438
Tangible and intangible fixed assets, net	94,267	0	0	0	0	94,267
Long-term receivables	1,181	0	0	0	0	1,181
<b>Total assets</b>	<b>672,081</b>	<b>456,871</b>	<b>278,152</b>	<b>21,359</b>	<b>162,127</b>	<b>1,590,590</b>
Share capital	445,500	0	0	0	0	445,500
Profit for the current period	694	0	0	0	0	694
Retained earnings	105,252	0	0	0	0	105,252
Reserve Fund	15,293	0	0	0	0	15,293
Valuation gain and losses	-114	0	0	0	0	-114
Subordinated debt	0	0	0	0	0	0
Amounts owed to banks	90,042	0	0	0	0	90,042
Trade and other payables	451,237	190,064	239,115	17,408	33,650	931,474
Accruals and other liabilities	1,253	1,196	0	0	0	2,449
Income tax payable	0	0	0	0	0	0
Short-term subordinated debt	0	0	0	0	0	0
<b>Total liabilities</b>	<b>1,109,157</b>	<b>191,260</b>	<b>239,115</b>	<b>17,408</b>	<b>33,650</b>	<b>1,590,590</b>
<b>Net on statement of financial position currency position as of 31 December 2010</b>	<b>-437,076</b>	<b>265,611</b>	<b>39,037</b>	<b>3,951</b>	<b>128,477</b>	<b>0</b>
<b>Net on statement of financial position currency position as of 31 December 2009</b>	<b>-478,525</b>	<b>372,319</b>	<b>16,648</b>	<b>7,053</b>	<b>82,505</b>	<b>0</b>

## 25. LIQUIDITY RISK MANAGEMENT

The Company's liquidity management is based on the fact that the majority of the operations and transactions negotiated by the Company are settled in compliance with the T+2 or T+3 principle (trade date + 2 or 3 business days). Responsibility for managing the Company's liquidity rests with the Treasury department, which closely co-operates with the Settlement department. The Treasury department primarily undertakes analyses of maturity and currency structures of future receivables and payables to ensure that the Company constantly carries a sufficient amount of assets readily convertible into cash.

In addition, the Company's internal guidelines set out volumes of purchases and sales that a dealer is authorised to enter into on his account during one trading day and the amount of the securities that the dealer may hold on his account at the end of the trading day.

Authorised employees of the Trading, Treasury and Settlement departments carry out checks for compliance with the set limits during the day.

Set out below is an analysis of financial liabilities of the Company as of 31 December 2010 according to remaining maturity in CZK thousand. Items with unspecified maturity are included in the column "Maturity undefined".

Maturity:	On demand	Under 3 months	Under 1 year	Under 5 years	Over 5 years	Maturity undefined	Total
Long-term subordinated debt	0	0	0	0	0	0	0
Amounts owed to banks	0	90,042	0	0	0	0	90,042
Trade and other payables	0	931,474	0	0	0	0	931,474
Accruals and other liabilities	0	1,199	0	0	0	1,250	2,449
Income tax payable	0	0	0	0	0	0	0
Short-term subordinated debt	0	0	0	0	0	0	0
<b>Total 31 Dec 2010</b>	<b>0</b>	<b>1,022,715</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,250</b>	<b>1,023,965</b>

  

Maturity:	On demand	Under 3 months	Under 1 year	Under 5 years	Over 5 years	Maturity undefined	Total
Long-term subordinated debt	0	0	0	47,080	0	0	47,080
Amounts owed to banks	0	3,683	0	0	0	0	3,683
Trade and other payables	0	1,338,026	145,874	0	0	0	1,483,900
Accruals and other liabilities	0	1,052	4,490	0	0	0	5,542
Income tax payable	0	0	1,431	0	0	0	1,431
Short-term subordinated debt	0	0	388,450	0	0	0	388,450
<b>Total 31 Dec 2009</b>	<b>0</b>	<b>1,342,761</b>	<b>540,245</b>	<b>47,080</b>	<b>0</b>	<b>0</b>	<b>1,930,086</b>

The carrying value does not significantly differ from the contractual cash flows of financial liabilities.

## 26. CREDIT RISK

The majority of the Company's receivables consist of receivables arising from unsettled securities transactions. As those transaction are settled using delivery versus payment method, the Company is exposed only to a marginal credit risk. This risk is additionally managed by selecting and monitoring counterparties with which the Company negotiates the transactions and/or to which the Company provides other services.

## 27. INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument thus indicates to what extent it is exposed to an interest rate risk.

Due to the nature of its operations and the contractual maturity of its financial assets and liabilities the Company is not exposed to a significant interest rate risk.

## 28. MARKET RISK

In order to measure and manage market risks, the Company primarily operates a system of limits arising from the Company's needs and external requirements.

The Company trades the following instruments that carry market risk:

- Shares traded on the Prague Stock Exchange; and
- Selected foreign shares and derivatives contracts on stock.

The following table calculates the Equity Sensitivity Analysis (Delta) in CZK thousand. Sensitivity represents shift by +/- 5percent of all securities in the portfolio.

2010	Sensitivity Long Position	Sensitivity Short Position	Total Sensitivity
Sensitivity in Shareholder's Equity Amount –Public Equity(listed stock)	4,174	-84	4,090
Sensitivity in Income Amount –Public Equity(listed stock)	4,174	-84	4,090

  

2009	Sensitivity Long Position	Sensitivity Short Position	Total Sensitivity
Sensitivity in Shareholder's Equity Amount –Public Equity(listed stock)	3,039	0	3,039
Sensitivity in Income Amount –Public Equity(listed stock)	2,990	0	2,990

## 29. ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES OF THE COMPANY

The carrying amounts of cash and cash equivalents, receivables, prepayments, other current assets, payables and current borrowings approximate their fair value due to the short-term maturity of these instruments.

## 30. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2010	Total CZK '000	Level 1 CZK '000	Level 2 CZK '000	Level 3 CZK '000
<b>Financial assets</b>				
Trading securities				
- Quoted equities	26,606	26,606	0	
- Unquoted equities	56,882	0	0	56,882
<b>Securities available for sale</b>				
Unquoted equities	485	0	0	485
<b>Total</b>	<b>83,973</b>	<b>26,606</b>	<b>0</b>	<b>485</b>

2009	Total CZK '000	Level 1 CZK '000	Level 2 CZK '000	Level 3 CZK '000
<b>Financial assets</b>				
Trading securities				
- Quoted equities	3,346	3,346	0	0
- Unquoted equities	26,069	0	0	26,069
<b>Securities available for sale</b>				
Unquoted equities	485	0	0	485
<b>Total</b>	<b>29,900</b>	<b>3,346</b>	<b>0</b>	<b>26,554</b>

**Financial instruments measured at fair value based on level 3**

2010	Trading securities	Securities available for sale
	Unquoted equities CZK '000	Unquoted equities CZK '000
Opening balance	26,069	485
Purchase	30,813	0
<b>Closing balance</b>	<b>56,882</b>	<b>485</b>

  

2009	Trading securities	Securities available for sale
	Unquoted equities CZK '000	Unquoted equities CZK '000
Opening balance	0	485
Purchase	26,069	0
<b>Closing balance</b>	<b>26,069</b>	<b>485</b>

**31. SEGMENT REPORTING**

The Company is not required to provide a segment reporting analysis under IFRS.

**32. RELATED PARTIES**

During the year, the Company entered into the following related party transactions.

**32.1. WOOD & Company Group S.A. (“WOOD SA”)**

As of 31 December 2010, the Company reports a receivable of CZK 70,432 thousand to WOOD SA (included in “Trade and other receivables” in Note 14).

**32.2. Wood and Company Financial Services AG (“WOOD AG”)**

The Company charged to WOOD AG a fee of CZK 877 thousands for administrative support. Further to this, the Company realised a gain from currency derivatives in amount of CZK 26,036 thousands.

As of 31 December 2010, the Company reports a receivable of CZK 68,035 thousand to WOOD AG which is included in “Trade and other receivables” in Note 14 and a payable of CZK 2,092 thousands which is included in “Trade and other payables” in Note 22.

**32.3. Wood & Company, a.s. (“WOOD SK”)**

The Company participated in investment banking engagement of WOOD SK totalling of CZK 14,159 thousand. As of 31 December 2010, the Company reports a receivable from WOOD SK of CZK 14,402 thousand (“Trade and other receivables” in Note 14).

**32.4. Wood & Company investiční společnost, a.s. (“WOOD IS”)**

The Company provided WOOD IS with securities disposal related services in amount of CZK 2,381 thousands.

As of 31 December 2010, the Company reports a receivable of CZK 2,646 thousand to WOOD IS (included in “Trade and other receivables” in Note 14) arising mainly from securities disposal related services and recharging of rental costs.

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As of 31 December 2010, the Company reports a payable of CZK 19,974 thousand to WOOD IS (included in “Trade and other payables” in Note 22).

### **32.5. NIRON LIMITED (NIRON)**

As of 31 December 2010, the Company reports a receivable of CZK 32,741 thousand to NIRON (included in “Trade and other receivables” in Note 14) and a payable from NIRON (included in “Trade and other payables” in Note 22) in amount of CZK 33,577 thousands.

### **33. REMUNERATION OF KEY MANAGEMENT**

During the reporting period, the short term benefits to the key management amounted CZK 30,243 thousand. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. No other benefits were provided to the key management.

### **34. ISSUED LOANS, BORROWINGS OR OTHER BENEFITS**

During the reporting period, the Company provided its statutory bodies, shareholders or management with no loans, borrowings or other benefits.

### **35. CONTINGENT LIABILITIES**

The Company’s directors consider that the Company is not exposed to any contingent liabilities of any kind as of the date of the Company’s financial statements for which no provision was created.

### **36. POST STATEMENT OF FINANCIAL POSITION EVENTS**

No significant events that would have a material impact on the financial statement for the year ended 31 December 2010 occurred subsequent to the statement of financial position date.