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Field of Study: Finance and Taxation

**FINANCIAL ANALYSIS AND DESIGN
OPTIMALIZATION OF CORPORATE
FINANCING TRIMILL, Inc.**

(Bachelor thesis)

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ZADÁNÍ BAKALÁŘSKÉ PRÁCE

Jméno a příjmení: **Tomáš Rylka**
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Téma práce:

Finanční analýza a návrh optimalizace financování podniku Trimill, a.s

Cíl bakalářské práce:

Cílem bakalářské práce je vypracování analýzy a návrh optimalizace financování podniku Trimill, a.s a stanovení predikce činnosti firmy pro zajištění nejvýhodnějšího ekonomického vývoje firmy pro následující období. Vypracujte analýzu čistého pracovního kapitálu, analýzu finanční páky, analýzu pomocí soustav ukazatelů a bilanční pravidla. Ze získaných poznatků vypracujte finanční analýzu podniku, popis a zhodnocení finanční stability firmy, a analyzujte její konkurenceschopnost na trhu. Práce bude prezentována před vedením podniku Trimill, a.s

Osnova:

Úvod

1. Popis podniku
2. Finanční analýza podniku
3. Analýza čistého pracovního kapitálu
4. Analýza finanční páky
5. Analýza pomocí soustav ukazatelů
6. Bilanční pravidla
7. Inovace finanční strategie firmy v následujícím období

Závěr

Podle zákona č. 111/1998 Sb., § 47b, odst. 3 platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

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I would like to thank Ing. Milan Julina for the very useful methodological assistance he provided me with during the elaboration of my Thesis.

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INTRODUCTION

For the quality and efficient management of the company needs a lot of information. This information is considered as inputs, which are also in the process of production transforming to outputs, which gives the company a new source. These sources of information create financial stability of the company. It is not possible for the company to manage efficiently without good and as possible accurate details that are collected from environs, whether internal or external environment. The role of business is getting information of various kinds, but the major ones that describe the status and business results. This kind of information provides just a financial analysis.

Financial analysis generates feedback to company management. The aim of this feedback is to expose weaknesses in to manage, as well as to utilize their potential and thereby assess their competitive advantage, delivering guaranteed positive result. However, apart from the strengths financial analysis reveals weaknesses. Early identification of weaknesses in the financial situation reduces the risk of negative outcomes that could lead to a reduction of competitive advantage and consequently, loss of customers. Each company is based in order to build market position, sustain development in a given position in the market, and thus maximize profit. Whereas the financial analysis is a complex instrument, it becomes the priority to meet these basic goals of the company. The company, which has an interest in effective management and long life of your business must use this feedback. Financial analysis is one of the cornerstones in determining and assessing future business development.

The aim of this work is based on selected methods of financial analysis to assess the financial situation of TRIMILL, Inc. from the available financial statements. The practical part deals with the analysis of weaknesses and critical articles of the selected management to manage.

The first part describes the analyzed company. Basic information about the company include the creation, scope of business and other important information about the company.

Other parts are devoted to the analysis, which is first given a theoretical basis and followed by the calculations.

The main objective is to draw partial goals. Among the milestones of work includes the application of elementary methods of financial analysis on the economic performance of the firm in 2005 - 2009, so it is time to analyze the evolution of financial situation. The year 2010 was not included in the analysis for lack of data and in particular due to the absence of a decision of 2010 in this financial analysis. Elementary methods mean the horizontal and vertical analysis, financial ratios, and profitability analysis of degradation and prediction of financial distress. The work also appears in net working capital analysis, analysis of financial leverage and ultimately balancing rules. Other sub - objectives are the synthesis results, the subsequent diagnosis of weaknesses in management and formulating proposals to improve the weaknesses of the company.

1 COMPANY DESCRIPTION

Basic job description of company TRIMILL, Inc. is the development, construction, installation, commissioning, operation, sale and servicing of machine tools designed especially for the mold and pressing tools. TRIMILL, Inc. specialize in the production of high - speed machining centres designed for cutting tools, molds and dies primarily for the automotive, aerospace and electronics industries. The range of machines TRIMILL, Inc. includes vertical and horizontal machining centres with travels from (x, y, z) 1.100/1.000/700 6.500/3.500/1.250 mm in three, five and multi - axis design. Very strong of company TRIMILL, Inc. is the thin structure of the company, which provides short and rapid decision - making and enables rapid solution to specific customer problems. [20]

History

TRIMILL Company, Inc. Founded in 2000 as a joint stock company based in the Czech Republic. Chairperson of the Board of Directors is currently Julina Milan. Zlín Region is traditionally one of Europe's largest machine tool manufacturing centres. The tradition in machine tool manufacturing dates back to 1903 and has until now guaranteed the possibility of using the base of highly skilled professionals. Thanks to the excellent ratio of price, performance and reliability of machines TRIMILL rapidly reached an outstanding reputation and demonstrated with great success to promote in particular the German market. Currently producing approximately machines TRIMILL 100 motivated employees in two factories, in Zlín and Vsetín. TRIMILL machines are regularly exhibited at international fairs and have been repeatedly awarded medals for innovation. [21]

Philosophy

TRIMILL, Inc. is not only a manufacturer of machinery, but supports its customers by offering a complete system of cutting tools and molds. The demonstration centres TRIMILL company is now demonstrating the latest technologies and mold tools. Chain process begins by selecting an appropriate strategy milling, its matching CAM system continues to properly selected instruments, and high - end machining centre, which is a mold and customer conditions that are custom made. The big advantage TRIMILL Company, Inc. its proximity to the customer. In addition to company, headquarters in

the Czech Republic have recently established offices in Germany and India, which performs the tasks of sales and service. [22]

Installation and commissioning

“Installation of equipment at the plant TRIMILL customer performs TRIMILL, Inc. company staff. To achieve the greatest accuracy and best results, after routing performs assembly machine adjustment and optimization of its parameters. In advance of the delivery of client machines, receive all necessary documents to the basics of machine and its establishment. In addition, customers have specialists TRIMILL Company, Inc., so ensured the smooth progress of work. [23]

Training for operators and machine maintenance

Operator training in the basic machine functions and training customer service staff will be held immediately after the transfer the machine into operation. Effective training oriented to customer needs is a prerequisite for the earliest possible achievement of full productivity tools. The transmission of this personal experience, it is also possible optimally respond to specific queries about the future operator. [24]

Service

TRIMILL, Inc. has all the necessary spare parts, wears parts in stock, and can be put in the shortest time available. The highest priority is restoring the functionality of the machine and then determines why the failure occurred and how it could be prevented in the future. [25]

2 FINANCIAL ANALYSIS

In this chapter, the work will be paid to the practical part of the financial analysis, complemented by theoretical - methodological elements, which are extracted from the used literature and other sources. The financial statements, which are balance sheet, profit and loss accounts and annual report will analyze the financial situation of TRIMILL, Inc. in the period from 2005 to 2009. Analysis of financial statements in that period is made for the purpose of sub - goal of this thesis and to the application of elementary methods of financial analysis for the results of the company TRIMILL, Inc. during the period.

2.1 Financial analysis and its significance

There are many definitions of financial analysis. Here are some definitions that best describe the financial analysis.

Financial analysis is the analysis of financial condition and business development, in particular, according to data the financial statements. It is used primarily for assessment of the financial trustworthiness from the perspective of investors and creditors. [2, p. 9]

Financial analysis is an area that represents a significant part of the complex financial management because it provides a feedback effect between projected and actual management decisions. [3, p. 91]

Financial analysis assesses the functioning mechanism of corporate finance and development under the state's financial situation, and by the effects of operating, investing and financing activities on the financial situation. [1, p. 20]

Financial analysis is a brief instrument used to manage the company, which seeks a comprehensive assessment of the current financial and economic situation in the company using specific methods and procedures.

Financial analysis is a systematic analysis of the data, which are contained mainly in the financial statements. Financial analysis includes assessment of business past, present and predicting the future financial conditions. It is obvious that there is a very close link between accounting and decision - making of the enterprise. Accounting thus translates the exact monetary value of data relating to only one point in time, and these data are more or less separate. In order to use this data to evaluate the financial health of the company, must be subjected to financial analysis. The main purpose of financial analysis is to prepare high - quality decisions about company operations. [4, p. 9]

The aim is to find the strengths and weaknesses of the farming business. Based on the results of financial analysis, the weaknesses should be the appropriate steps to eliminate. Such interventions are then distributed to operational (short - term influence) and strategic (long - term influence). With the financial analysis can determine the trend of the financial resources of the business entity.

2.2 Users of financial analysis

Users of financial outcomes analysis in the literature are extensive, almost never - ending lists. May be an exaggeration to say that the output data from the financial analysis can effectively use any special interest group that so wishes. [6, p. 139]

State's financial situation is of interest to many stakeholders. These subjects are divided into two groups and to **internal users** and **external users**.

Internal users:

- **Managers** use information to financial accounting the strategic and operational financial management in business
- **owners (investors)**, the financial analysis, evaluation and validate the use of their funds to invest,
- **employees** and their business activities are dependent on its stability and prosperity.

External users:

- **Prospective investors** want before they invest their money in a other company to determine how the enterprise manages its financial resources,
 - banks and other lenders are trying to find out as much about the status of a potential borrower, which is reflected on whether the firm providing the loan, then it can also affect the amount and terms of potential loan,
 - **competition**, especially that he wants to compare the results of similar companies or entire sectors, enterprises, although not required to provide information on the financial analysis firm, however, that concealing this information, it seems untrustworthy and can lose its good name
 - **trading partners**, particularly the police and the liquidity of the debt enterprise.
- [1, p. 27]

2.3 Sources of information for financial analysis

A prerequisite for opening the financial analysis is gathering the necessary input data.

In principle sources of input data, the financial analysis aggregated into three groups:

- **Business accounting data** drawn mainly from the financial statements of financial accounting, the financial statements, management accounting reporting) and annual reports
- **other data** drawn mainly from business to business statistics, background area of work and wages, internal directives, rules and standards and expert estimates
- **external data** gathered outside the company, drawn mainly from: National statistics, published data from the accounts of other entities and specialized materials published in print, radio, TV on the Internet. [7, p. 14]

Balance sheet

Balance is one of the basic financial statements. This financial report provides an overview of the business assets (assets) and sources of coverage (liabilities) in money terms at a certain date (reporting date) and allows assessing the financial position of the enterprise. A balance sheet is therefore sometimes called the statement of financial position. Unlike other financial statements (such as profit and loss) that show the value valid for a certain

period (flows), shows the balance sheet value of current at a given time (stocks). Formally, correct balance sheet must meet the basic balance equation - i.e. Total assets must equal the sum of liabilities. The content, scope and form determined by the balance sheet Decree No. 500/2002 Coll., supplementing the Law on Accounting and according to the statement prepared. Assets are divided into fixed assets (fixed assets), current assets (current assets), claims for unpaid share capital and accruals. Taking into account the time factor, the assets can be further divided into fixed assets (fixed assets + long - term debt) to the useful life longer than one year and short - term assets with a utilization less than one year. Liabilities of the Company's financing sources were divided into external sources, own funds and time resolution. Again, you can take into account the time and split the liabilities on short - and long - term resources. [4, p. 22 - 24]

Profit and loss

Profit and loss account shows a profit in short, what the company posted profit for a given reference period. Profit and loss account according to the Decree compulsory part of the financial statements. The form of the profit and loss account in the CZ is adjusted using either the short or the full version. Interested in it gets an overview of the company, the size of revenues, cost structure and the basic level of profit. To obtain more detailed overview of the company is suitable to study the annual report and notes to financial statements, which are given additional information. The difference between the billed revenues (revenues, turnover) and costs determine the economic result (profit or loss). This relationship suggests that the larger the difference between revenues and costs, the greater the profit. Then the company must seek to maximize revenues and minimize the costs. Profit and loss account is compiled based on the current principle, which means that transactions are recorded and reported in the period, which is factually and temporally related, not depending on whether there during the period of the cash income or expense. Thus, for example, revenues are recognized at the time of removal, delivery of goods or provision of customer service and do not take into account whether they were paid. [4, p. 31 - 33]

Statement of cash - flow (CF)

Statement of cash flow is an accounting statement comparing the total production by source of funds (revenues) with the uses (expenditures) for a certain period. Used to assess the true financial situation. Therefore corresponds to the question: How much money by

firm and for what purposes is used. This statement also illustrates the fact that profit and money is not the same. [4, p. 34]

Cash flows are divided into:

- **from operations** - basic employment firm that serves the basic purpose of business. Cash flows from operating activities are the difference between revenues and expenditures associated with common activities,
- **from investing activities** - acquisitions and disposals of fixed assets from the sale, possibly related activity with lending, loans and overdrafts, which are not considered operating activities
- **from financing activities** - leads to changes in the level and structure of equity and liabilities. Financial activities consist mainly of additions and disposals of fixed capital. [1, p. 46]

There are two basic ways of compiling the statement - direct and indirect method.

In the case of direct method cash flow is a list compiled based on actual income or expenditure referred to in the separate balance sheet cash flows. The direct method is particularly advantageous in terms of short - term financial management and planning.

Indirect method based on profit, which is the output of the profit and losses. This output is adjusted for changes in balance sheet items (assets and liabilities) so that it was possible to determine the size and structure of cash flows during the period.

This method is not allowed to have different income and expenditure within the current area of operations. In a statement, instead shows clear way the differences between profit and cash flows. In this case, the statement cannot determine the income and expenditure. Instead of income and expenditure terms used sources and uses of funds. Indirect method is particularly in financial management application in the preparation of medium and long - term plans. [18, p. 28]

2.4 Methods of financial analysis

Financial analysis is conducted in different ways, in varying degrees of detail, the various forms and techniques. It is possible that two different companies may use different methods of financial analysis and because of the methods of financial analysis are not legally regulated or unregulated. The essence of financial analysis, however, is the same. In principle, we can distinguish two basic approaches to economic evaluation processes. It is **the fundamental (qualitative) and technical analysis (quantitative)**.

2.4.1 Fundamental analysis

Fundamental analysis is based on extensive knowledge of the interrelationship between economic and non - economic phenomena, the experience of experts (not only observers but also direct participants in economic processes), their subjective estimates of the sensitivity of the situation and trends. [8, p. 7]

2.4.2 Technical analysis

Technical analysis uses mathematical, statistical and other algorithmic methods for the quantitative treatment of economic data, followed by a (qualitative) assessment of economic outcomes. [8, p. 9]

This work will mainly focus on financial analysis by elementary methods.

Elementary methods of technical analysis

Technical analysis works with pointers, which are either items in the financial statements and data from other sources, or numbers derived there from. [9, p. 236]

There are many methods to make this comparison. The basic methods are:

- **analysis of absolute (state) indicators:**
 - horizontal analysis
 - vertical analysis
- **analysis of differential characteristics:**
 - analysis of working capital
- **analysis of financial ratios:**
 - analysis of indicators of liquidity,
 - analysis of profitability indicators,
 - analysis of debt ratios,
 - analysis of indicators of activity,
 - analysis of stock market indicators,
 - analysis of indicators based on cash flow
- **analysis of system parameters:**
 - pyramidal decomposition indicators
 - different types of composite indexes
 - analysis of indicators of added value. [4, p. 41 - 47]

Analysis of absolute indicators

Analysis of absolute indicators of TRIMILL, Inc. is based on direct comparison of values derived from financial statements. For the sake of creating a time series and compare the trends of individual components of the selected statements to the reference variable. Analysis of absolute indicators includes **horizontal** and **vertical analysis**.

Horizontal Analysis

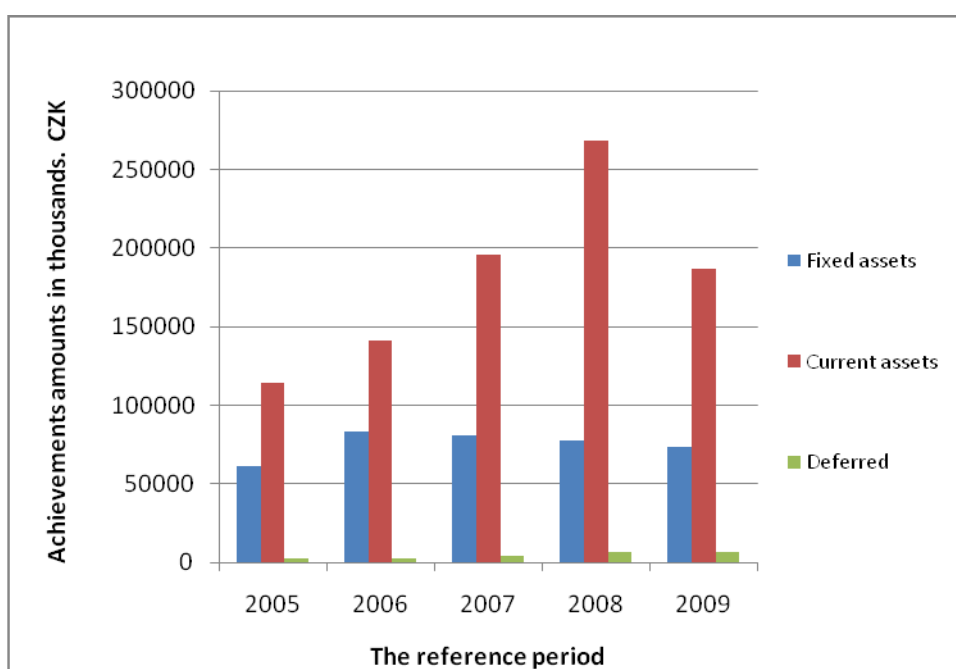
If it is necessary to express the annual change, there are several possibilities. One possibility is a year difference (or difference indices). In this case, determines the percentage by which the individual balance sheet items have changed from the previous year (i.e. the index), or how many items have changed in absolute terms (i.e. the difference). [10, p. 9]

It is based on the calculation of differential expression values and percentage changes in certain balance sheet items in year t compared to the same items the previous year $(t - 1)$.

Absolute change = $t - (t - 1)$ [10, p. 9]

Absolute percentage change = $\text{change} * 100 / (t - 1)$ [10, p. 9]

The aim is to create a horizontal analysis of time series trends and comparison of the values of the financial statements. Horizontal analysis will be performed by comparing the absolute value of total assets and sources of funding and their parts.



Note: Figures for 2010 are not available yet

Graph No. 1: Horizontal analysis of assets

Source: [26 - 30] custom graphic design

Total assets

In the horizontal development of the total assets may be observed from 2005 to 2008 an increasing trend, but has been a decrease from 2009. Specifically, we record increase in assets between 2005 and 2006 by 27 % between 2006 and 2007 by 24 % between 2007 and 2008 and by 25 % between 2008 and 2009, a decline of 24 %. By 2008, therefore there were average increase current assets by 25 % annually. Current assets greatest effect on the structure of assets (see vertical analysis). At the highest point of the reference period (in 2008) reached the value of total assets of 352,729 thousand CZK.

Fixed assets

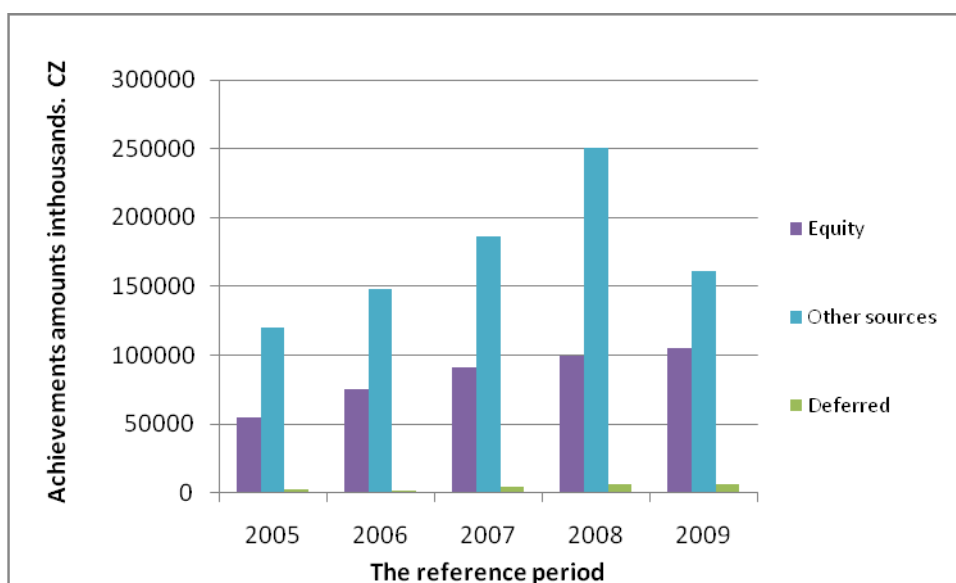
For tangible property occurred between 2005 and 2006 increased by 36 %, namely due to an increase in self - movable property and fixtures. However, after 2006, fixed assets recorded a downward trend until 2009, total by 12 % compared to 2006. Average amount of fixed assets 75,317 thousand CZK.

Current assets

Since 2005, we follow the growth of current assets until 2008, where it reaches the maximum value of 268,708 thousand CZK. Specifically, assets increased between 2005 and 2006 by 23 % between 2006 and 2007 by almost 39 %, which seems to be in this period and the highest increase between 2007 and 2008 by 37 %. In 2009, the value of current assets fall by 30 % compared to 2008 due to an overall reduction in inventory, but the value of the preparations and progress is monitored at the highest, as well as the highest value of the products compared to previous years increased more than five times a in this reporting period, a very above average.

Other assets

Here is a small decline recorded in 2006 by 8 % over 2005. Furthermore, we are now seeing growth throughout the period, the highest figure of 6,383 thousand CZK reached in 2009, or the value almost three times higher than in 2006.



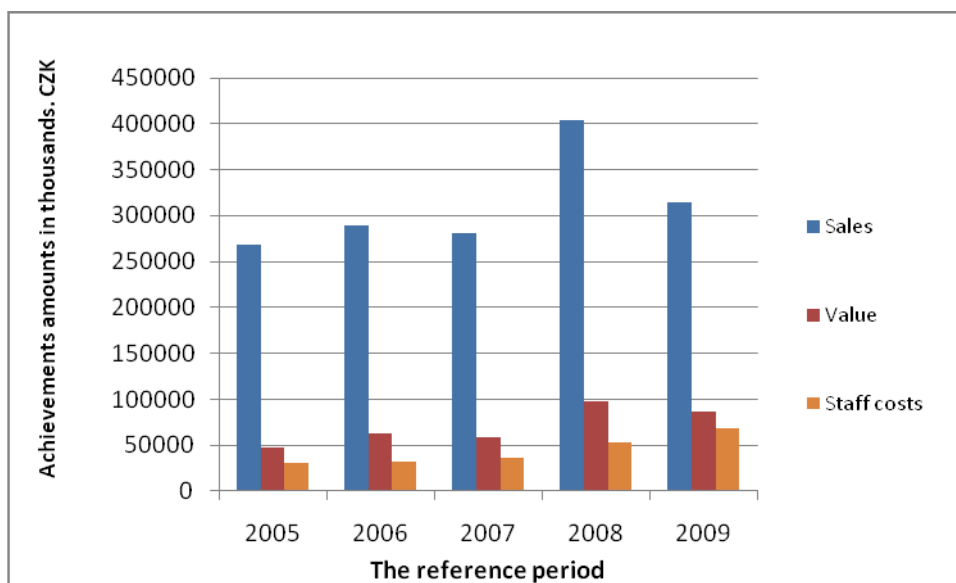
Note: Figures for 2010 are not available yet
Graph No. 2: Horizontal analysis of liabilities
Source: [26 - 30] custom graphic design

Equity

The tendency of equity is from the beginning of the growing period. Results reached the highest development in the years 2005 to 2007, when the value of equity grew between 2005 and 2006 and by 37 % between 2006 and 2007 by 21 % or about 20,000 thousand CZK. Between 2007 and 2009 was not unlike the already remarkable growth as in previous years. There was an increase on average by 7% annually, which is about 7,000 thousand CZK in this interval.

Other resources

Status of other resources in the period increased gradually until 2008 when his value was 250,944 thousand CZK. The increase in the value of other sources between 2005 and 2006 was 23 % between 2006 and 2007 and 25 % between 2007 and 2008, almost 35 %. In 2009, a decline of external resources by almost 36 % against the previous year to 161,296 thousand CZK. Parts of external resources were long - and short - term bank loans, which in 2008 recorded the highest values during the reporting period.



Note: Figures for 2010 are not available yet

Graph No. 3: Horizontal analysis of profit and loss

Source: [31 - 35] custom graphic design

Total revenues

In the period under review, sales move above the 260,000 thousand CZK. In 2005, 2006 and 2007 sales ranged between 260 million and 300 million CZK. Company achieved the highest sales in 2008, when this value was 403,946 thousand CZK. The increase this year

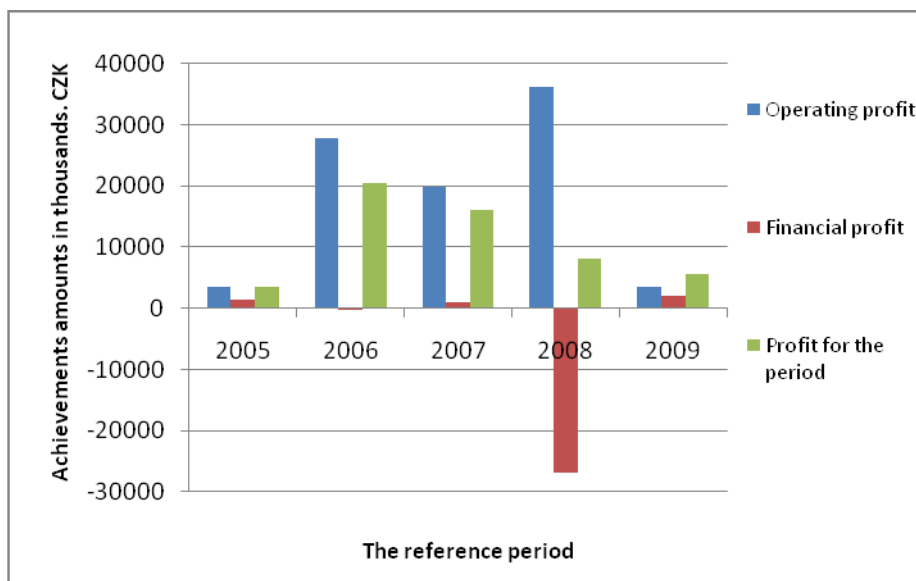
compared to 2007 was less than 40 %. In 2009, there was a drop in sales over the previous year by 19 %. It should be noted that the decrease in sales occurred as a result of economic recession, which is most strongly manifested in mechanical engineering and automotive industries, which represent the largest portion of company sales TRIMILL, Inc. The number of orders in 2009 substantially reduced and their acquisition was more difficult than in the past.

Value

Value is one of the most important parameters in the profit and loss, as shows the exact value that the company was able to earn in a given year. The highest added value 98,119 thousand CZK was company able to produce in 2008, and it is about 67 % more than in 2007, when he was about almost 6 % less efficient than in 2006. The year 2009 shows a reduction in the value added by 12 % against the previous year.

Staff costs

The development of these costs can be noticed a growing trend due to the continuous increase in the work force, which was 97 at December 31, 2009. Annual growth in 2005 and 2006 was less than 5 %, in years 2006 and 2007 was an increase of 13 % in 2007 and 2008 45 % between 2008 and 2009 was just under 30 %. Overall, between 2005 and 2009 the value of personnel costs increased by 123 %. Personnel costs are mainly influenced by labour costs.



Note: Figures for 2010 are not available yet
 Graph No. 4: Horizontal analysis of financial results
 Source: [31 - 35] custom graphic design

Operating profit

Here we see significant differences in values. The highest state of economic loss in the period was 36,085 thousand CZK in 2008, an increase of 81 % compared to 2007. In previous years 2005 and 2006, the difference between the results of 672 % which is above average value. Furthermore, between 2006 and 2007 was a decrease in the value by 28 %. At the end of the period was again a 90 % drop against 2008.

Financial result

Financial results in 2006 and 2008 negative. In 2006, a decrease of 107 % against the previous year. The year 2007 was again nine - fold growth. The state most affected other financial expenses, interest expense, due to increasing returns, other financial costs of falls in interest, and other financing costs, in 2009 to positive financial results. It should be noted that the company TRIMILL, Inc. generates 80 % of the turnover in other currency, namely the European currency Euro. For this reason, the company ensures the stability of the rate of so - called financial derivatives. Specifically, the currency forwards, which is an instrument that will ensure in the case of depreciation over the maturity of the invoice value of the course so that the supplier received the full amount without any loss.

Profit for the period

Profit for the period was in 2006, with nearly five - year growth to 2005, the strongest year with a value of 20,396 thousand CZK. In subsequent years we see a downward trend of values results for the period, with a decrease between 2006 and 2007 was 20 % between 2007 and 2008 and 49 % between 2008 and 2009 was a decrease of 31 %.

Vertical Analysis

Vertical analysis (including analysis of the percentage of components, or structural analysis) is that the individual items in the financial statements, viewed in relation to a variable, determines the percentage of items selected based on the statement. In analyzing the statement of balance sheet items are expressed as a percentage of total assets, respectively of total liabilities, i.e. the balance sheet. The profit and loss account as the basis for the percentages of an item usually takes the size of the total income or sales. [11,p. 44]

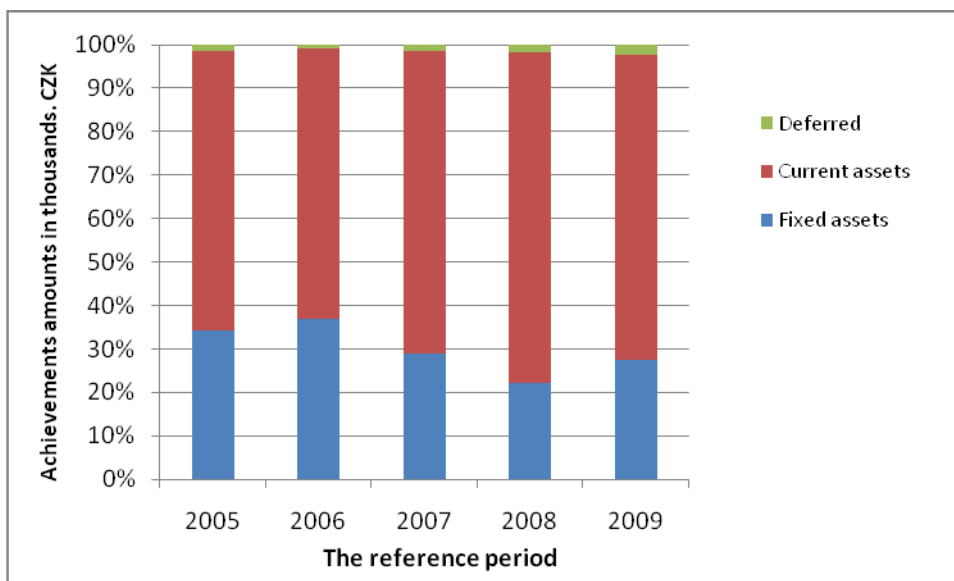
The advantages of vertical and horizontal analysis include:

- is appropriate to compare the company statements in the long term,
- used to compare companies within the industry,
- questionnaires used for the comparison of the internal reports.

The disadvantages can include:

- does not reveal the cause of the change
- absolute basis for the calculation of changes,
- recorded data can be substantively comparable. [13, p. 50]

The vertical analysis ratios were monitored each balance sheet items to total assets of the company (assets) and the ratio of profit or loss of performance. The aim of vertical analysis is an overview of the structure of joint stock companies TRIMILL, Inc.



Note: Figures for 2010 are not available yet

Graph No. 5: Vertical analysis of assets

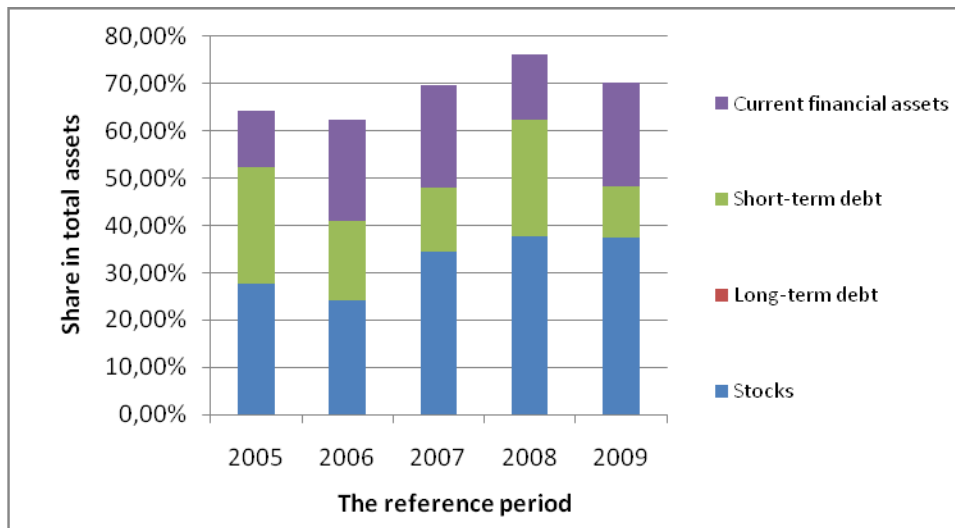
Source: [26 - 30] custom graphic design

Total assets

Throughout the period under review the structure of assets involved in the most current assets on average account for about 68 % of total assets. The highest proportion of current assets in 2008 and 76 % and lowest in 2006 when the ratio reached 62 %. In 2009, 70 % of assets. Intangible assets consist of the bulk of the remainder of the property. The average is about 30 % during the period. Here we can notice the growth in assets in 2006 by 2.5 % compared to 2005. Second, it shows a downward trend until 2008, when the assets were accounted for 22 % of assets. In this case, it is classic asset depreciation. In 2009, there was a slight increase in assets by 5 %.

Fixed assets

The fixed assets to total assets has the largest share of tangible assets and average around 29 %. It is bound mostly in construction. Increase in fixed assets in 2006 is due to either repair or purchase of real estate. Intangible assets and financial assets in the structure are negligible share average to a share of less than 1 %.



Note: Figures for 2010 are not available yet
 Graph No. 6: Vertical analysis of current assets
 Source: [26 - 30] custom graphic design

Current assets

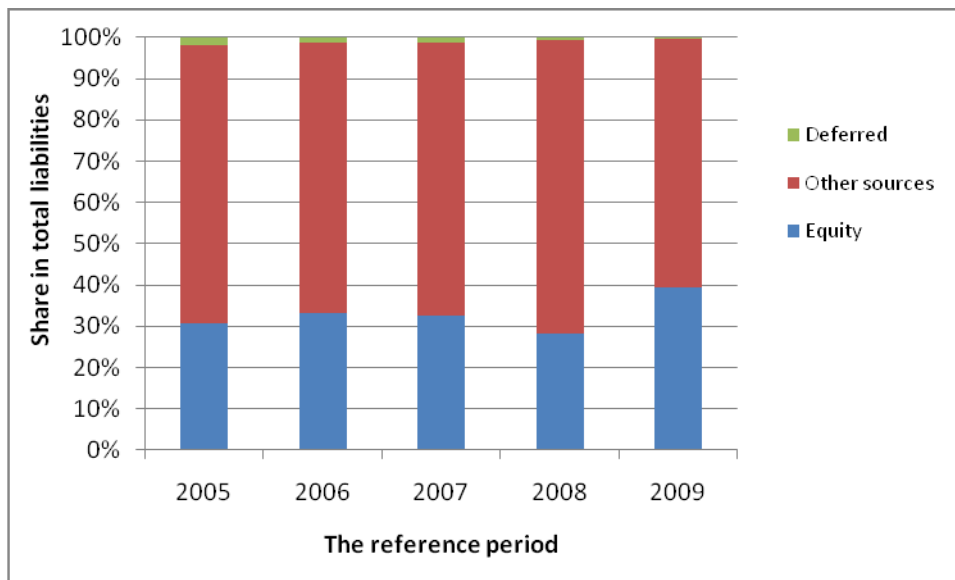
The structure of current assets at the beginning of the period of greatest influence on stocks, specifically one in progress and semi finished goods. In 2005, the share of 27 %, but by 2006 their share dropped to average around 24 %. In 2007, value stocks have already reached 34 % of total assets. The tendency in the last 2 years increasing slightly to a limit of 37 %.

Much of the property is also subject to the short - term transactions, where you can see in 2006 assets decline by 7 % compared to 2005, when this share accounted for 24 % of assets. In 2007, consists of short - term debt for 13% of the property, which is down 3 % against the previous year. The year 2008 was again recorded an increase of claims to 24 % of total assets. The next year again reducing the proportion to 10 %. This is particularly the growth of trade receivables. Long - term claims are for this company at zero. It can therefore conclude that the company has any business relationship in this regard have been resolved.

Other current assets are short - term financial assets, the highest proportion was 27 % in 2006 and 2007, which was an increase of 9 % compared to 2005. Next year is to reduce the share to 13 %. The year 2009 registered an increase again to almost 22 % of total assets.

Other assets

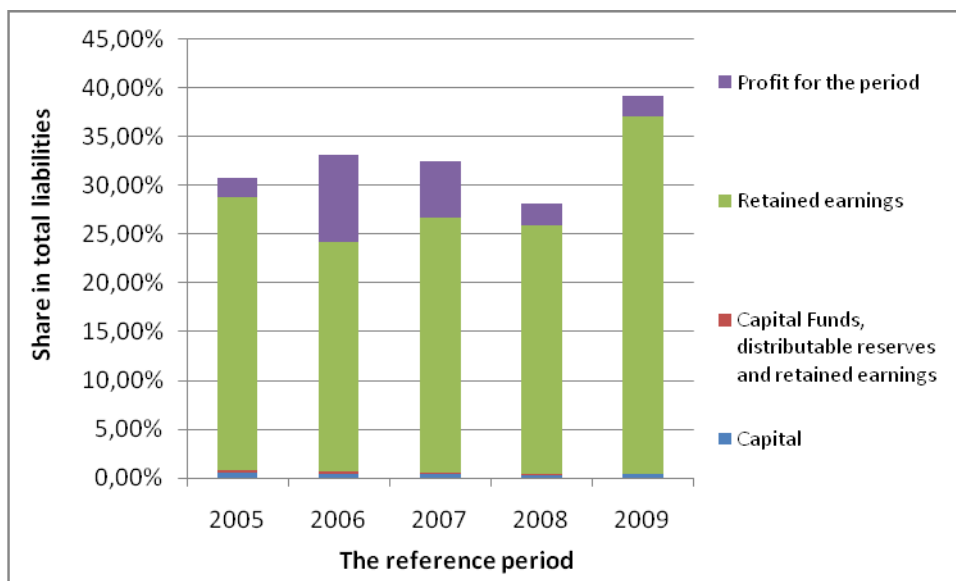
Their average annual share is about 1.6 % of total assets in the last three years we have seen a slight upward trend around this value. The value for 2009 is 2.3 %, which is half a percentage point more than in 2008.



Note: Figures for 2010 are not available yet
Graph No. 7: Vertical analysis of liabilities
Source: [26 - 30] custom graphic design

Equity

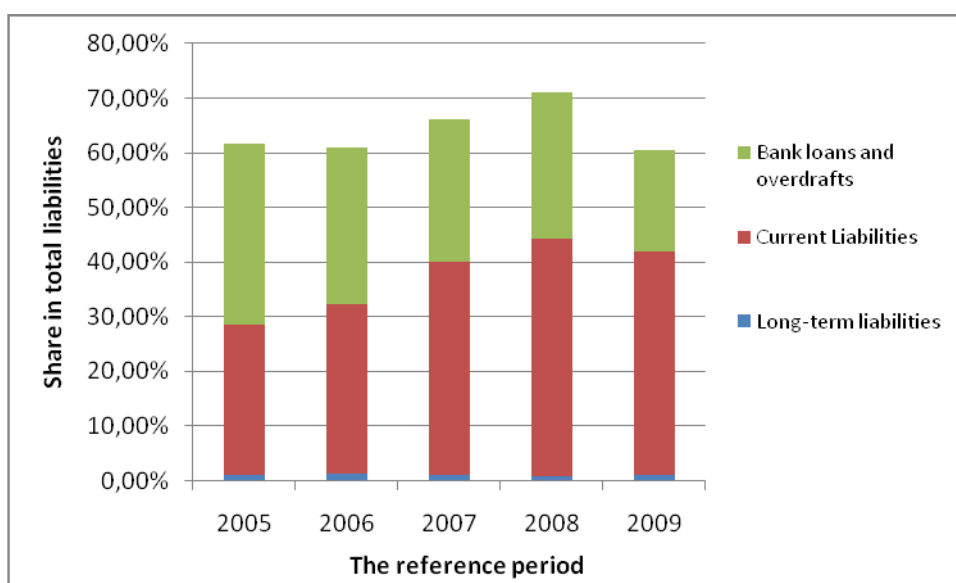
Changes in the structure of equity in the first 4 years of balanced on the edge of approximately 31 %. Only in 2009 was a significant increase in equity at 39 % of total liabilities. The largest percentage of equity capital is retained earnings item.



Note: Figures for 2010 are not available yet

Graph No. 8: Vertical analysis of equity

Source: [26 - 30] custom graphic design



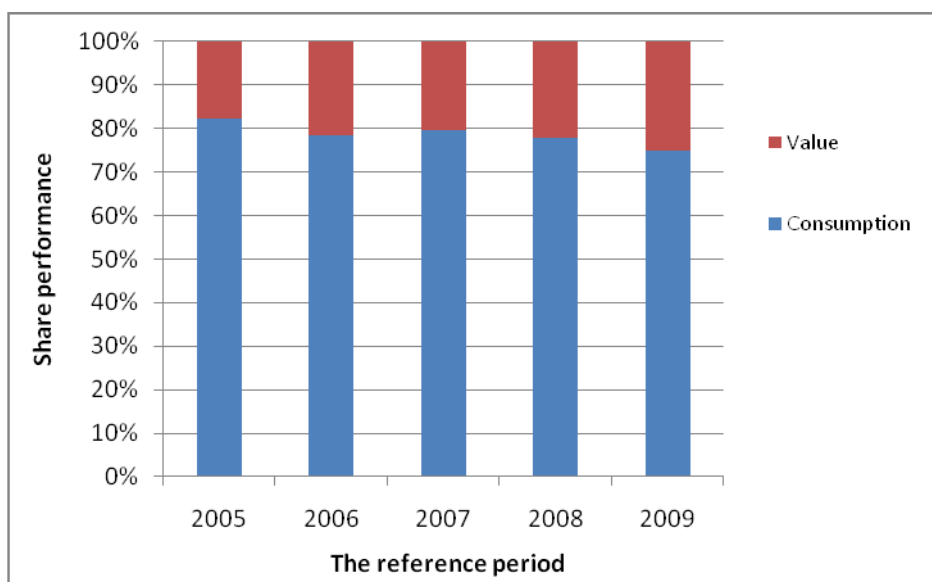
Note: Figures for 2010 are not available yet

Graph No. 9: Vertical analysis of other sources

Source: [26 - 30] custom graphic design

Other resources

At the beginning of the period accounted for outside sources from 67 % financing, there was a large degree represented 27.5 % of current liabilities, 32 % of bank loans. In 2006, the share of short - term liabilities by 3.5 % to a level of 31 %, the share of bank loans dropped by 4 % to 28 %. The total value of other sources dropped to 65 %. In 2007, an increase in value of short - term liabilities to 38%, again declining value of bank loans up to 26% of all resources. In 2008, there is again an increase in short - term liabilities to 43 % of total liabilities, which this year rising to 71 % of total liabilities. Bank loans to grow slightly this year. The year 2009 is of a modest use of external resources and the total value of these resources falls to 60%. The sharp decline recorded in bank loans this year, and by 8 % to 18 % of the total. Only 3 % decline recorded in current liabilities resulting 40 % of other resources.



Note: Figures for 2010 are not available yet

Graph No. 10: Vertical analysis of power consumption and value added

Source: [31 - 35] custom graphic design

Performance

The performances are mostly made up by revenues from sales of products and services and adjusted for changes in inventory and activation, which in 2008 forms the highest part of the performance.

Power Consumption

At the beginning of the period accounted for 82% power consumption share per worker. In 2006 fell by 3 % to 79 % share. In 2007 slightly increased by 1 % to 78 %. In 2008, it fell by 1% to 77% share. The year 2009 again saw decrease power consumption by 2 % to 75 %. It follows that the added value in 2009 was the largest. Hand in hand go here intermediate consumption and value added. Reducing power consumption has always been an increase in the share of value added in total output in nearly the same amount as the decrease in power consumption. The power consumption has contributed most of the material and energy consumption. The share of services was crucial in 2005, soon followed a downward trend until 2009. Raw materials and energy in the years 2006, 2007, 2008 stood at 70 % of the total power consumption, but in 2009 declined relative to 68 %.

Staff costs

During the reporting period, there is a continuous increase in the share of labour costs per worker. Most of this fact affect the labour cost is in the last year 16 % of performance.

Operating profit

Share of operating profit and performance reflects the essence profitability performance. It reaches high values at the beginning of the period. The highest proportion of the performance is in 2006 and 9.5 % as compared to 2005 was an increase of 8 %. Next year, the level fell to 6.9 % in 2008 it was a slight increase to 8 %, but in the last reporting year, the level dropped to 1 %.

Financial result

Its value is a time series of sweeping from positive to negative values but the last year, which constitutes 0.5 % of the performance. The structure of the financial results primarily affects other operating costs and revenues. Furthermore, foreign exchange rate currencies (EUR), the trading companies are largely in foreign currency.

Profit for the period

This reflects a similar trend as operating profit. In the year 2006 is the highest participation in the exercise and 7 %, which is 5.6 percentage points more than in 2005. In 2007, the

value share decreased by 3.7 % and declined further in 2008 to 1.8 %. In 2009, continued to fall to 1.6 percentage points.

3 ANALYSIS OF NET WORKING CAPITAL

Net working capital (NWC) is a long - term source of finance, the firm has available to fund normal business operations. [10, p. 40]

Working capital is current assets section, which is financed by long - term financial resources and the company can freely dispose of it in achieving his goals. Working capital can also be seen as part of the funds that would allow the company to a limited extent to continue its activities if it were forced to pay most or all of their current liabilities. It is therefore a sort of financial cushion for emergencies. Working capital is also a measure of liquidity is closely linked to the current liquidity indicator, which indirectly reflects the size of working capital. [4, p. 51]

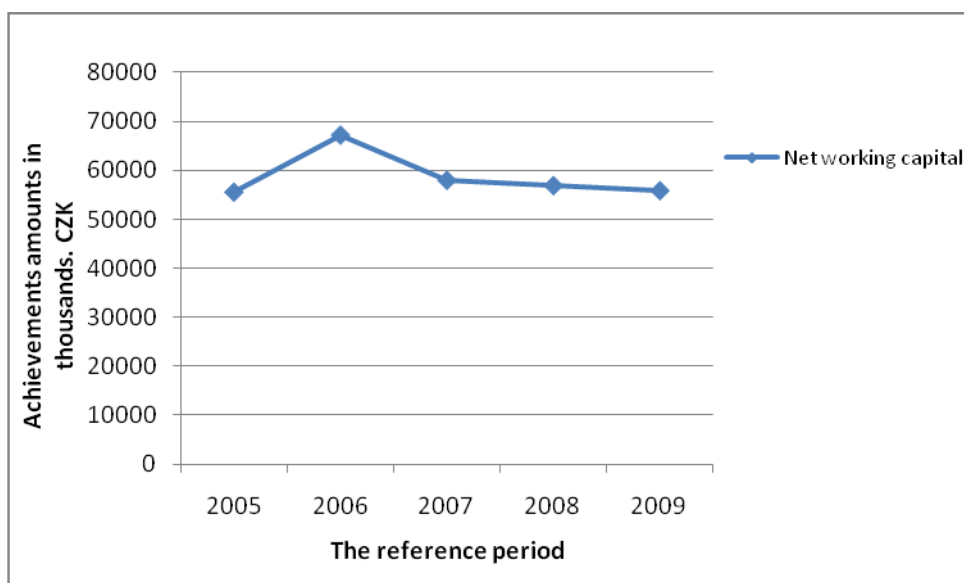
Net working capital = current assets - short - term foreign capital [4, p. 51]

You can also tell you that it contains all the available funds, the company that remain after payment of all current (short - term) commitment. Net working capital separating in current assets of the funds, which are used directly for payment of financial commitments from the part that is relatively free and can be disposable capital funds. [4, p. 51]

Analysis of differential indicators is specifically concerned with the net working capital as an important part of the company, which is related to its liquidity. Net working capital is expressed as the difference current assets and current liabilities. It expresses the amount of cash, which owns the payment of all current liabilities.

The highest value of net working capital amounted in 2006 to 67,121 thousand CZK. By 2009 the downward trend. The highest drop was recorded in 2007 and by almost 14 % over 2006. In subsequent years, the average decline from previous years of 1.8 %. In 2009, the value of networking capital of 55,792 thousand CZK. Net working capital can be assessed from two perspectives. From the perspective of management is to have the highest possible working capital because the capital allows us to continue to operate even if it will be forced to meet all its commitments. Business Owners On the other hand, prefer to be funded current assets short - term resources, and only permanent source of long - term assets,

which are generally more expensive. It follows that in terms of ownership is best to minimize net working capital.



Note: Figures for 2010 are not available yet
Graph No. 11: Analysis of net working capital
Source: [26 - 30] custom graphic design

4 ANALYSIS OF LEVERAGE

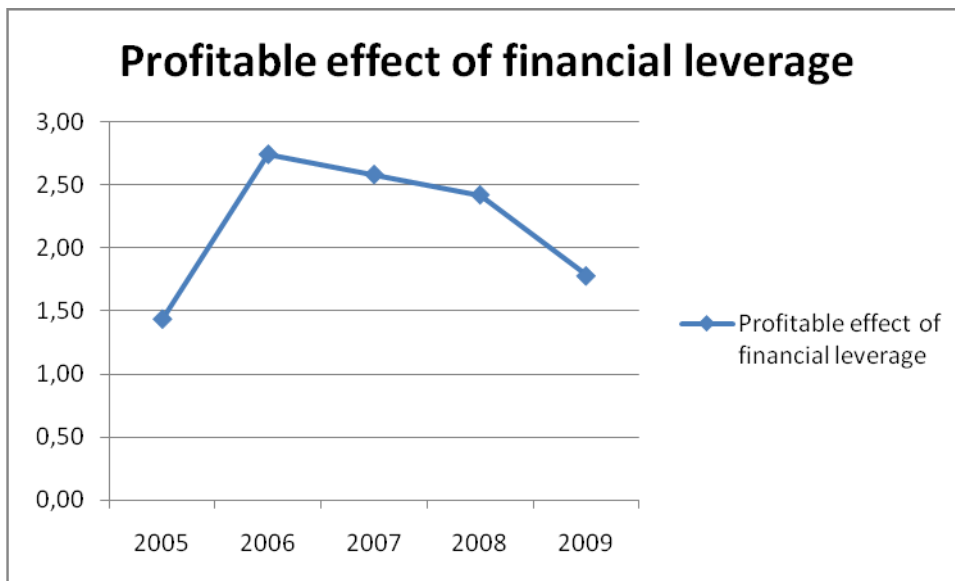
Analysis of leverage gives the answer to the question whether it is in the debt situation of the company profitable. [6, p. 135]

Leverage is a form of expression level of the Company's debt. Financial leverage to evoke the idea of increasing the return on equity connecting external sources to equity, thus increasing the potential for equity ownership by using foreign capital. The share of external resources is greater, the greater the financial indicator lever. [12, p. 75]

Leverage = total assets / equity [12, p. 75]

Profitable effect of financial leverage

Leverage enhances the ability of earnings of equity using debt.



Note: Figures for 2010 are not available yet

Graph No. 12: Profitable effect of financial leverage

Source: [26 - 30] custom graphic design

Its value was not satisfactory at all times, since beyond a value of 1 What is happening is that the use of foreign resources has had a positive effect on return on equity, or a foreign firm could utilize resources appropriately. However, the downward trend since 2006 is not exactly a positive sign for the company for the further course of the overall return on equity.

5 ANALYSIS OF SYSTEM PARAMETERS

The essence of the system is to set up a simple model that shows the interdependencies between the sub - indicators of a higher grade. This model creates whole indicators that can gradually break down into other sub - indicators to detail. [5, p. 45]

The disadvantage of standard indicators that are separated by a relative area of the company's performance (profitability, profitability, liquidity, etc.). If we try to draw many conclusions from these isolated indicators can be distorted view of the final financial affairs of the company. These facts led to the creation of complex financial indicators.

When you create a system of indicators are distinguished:

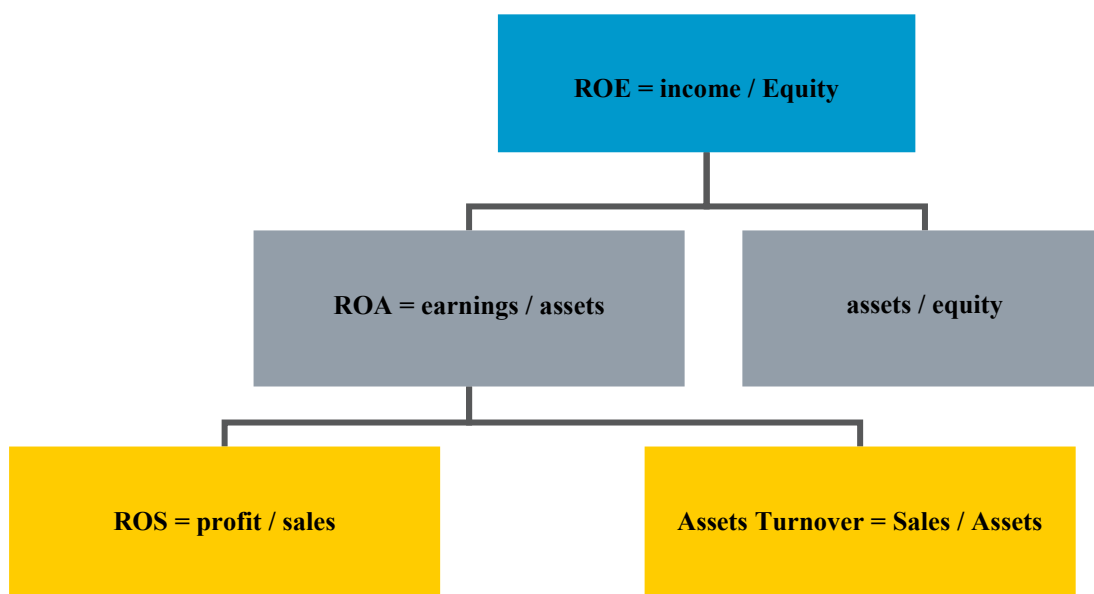
Hierarchical system of indicators - the typical example is the pyramid system, which is used to determine the logical and economic links between the indicators of dissolution.

Purposefully selected group of indicators - designed to predict the development of the financial situation based on a numerical characteristics, these include:

- bankruptcy models, corresponding to whether the company goes belly - up within a certain time (Altman Z - score, Taffler model, IN credibility index, etc.)
- standing models, trying to spot and assess the business to include it under the terms of the financial intercompany comparison (Tamari model, Kralicek Quicktest, QuickTest modified, etc.). [8, p. 81]

5.1 Pyramid system indicators

Pyramid system indicators decay additive or multiplicative method peak indicator. The aim of the pyramid system is on the one hand, describe the interdependence between the various indicators, and on the other hand, the analysis of complex internal linkages within the pyramid. Any intervention in one indicator is then reflected throughout the weave. It was first used in the pyramid decomposition chemical company Du Pont de Nomeurs and remains the most typical pyramid decomposition just Du Pont decomposition. It focuses on the degradation of return on equity and the definition of the various items entering into this indicator. [5, p. 71]



Theme No. 1: Du Pont decomposition (basic theme)
Source: [5, p. 71]

Decomposition of overall profitability and equity

Decomposition of profitability will be based on the value of individual indicators on which to derive the impact of changes to specific type of return.

Appropriation	2005	2006	2007	2008	2009
Return on sales	0,03	0,10	0,09	0,03	0,03
Total assets turnover	1,14	1,28	1,00	1,15	1,18
ROA	0,03	0,13	0,09	0,04	0,08
Financial leverage	2,10	3,01	3,08	3,55	2,54

Note: Figures for 2010 are not available yet
Chart No. 1: Decomposition of profitability (partial indicators)
Source: own processing of resources [26 - 35]

Decomposition of return on assets (ROA)

In 2006 the total return on total capital value of the highest (about 13 %), compared to 2005 was to increase profitability by about 10 percentage points. In 2007, the ROA levels drop by about 5 percentage points. It can be noted that the share of this decline was primarily a change of turnover of assets whose value has fallen by 2 percentage points, while return on sales did not fall significantly in any way. Other years there was another reduction in return on equity, the influence of both factors was balanced in 2008, and in

2009 was a negligible decline due mainly to change in return on sales.

Year	Change in ROA	Change in return on sales	Change in asset turnover
2006	0,10	0,10	0,01
2007	- 0,05	- 0,02	- 0,03
2008	- 0,05	- 0,06	0,01
2009	0,04	- 0,01	0,00

Note: Figures for 2010 are not available yet

Chart No. 2: Decomposition of ROA (the influence of sub - indicators of changes in percentage points)

Source: own processing of resources [26 - 35]

Decomposition of the return on equity (ROE)

The changes in ROE are a decreasing trend from the beginning to the end of the period. The most significant declines of the ROE occurred in the first year. In 2006, the ROE value recorded an increase of 24 percentage points, mainly due to asset sales and changes in financial leverage. However, in 2007 the ROE declined by 9 percentage points. The decline has affected the profitability of sales (i.e. 4 percentage points) and the most change in asset turnover (i.e. 5 percentage points). In 2008 the ROE and a decline of 9 percentage points from the previous year. The change in this decline was mainly due to return on sales (i.e. 11 percentage points), although the change in financial leverage and asset sales have increased 2 percentage points. Last year was again negative for the ROE by 3 percentage points, the fact that most influenced the decline in return on sales and a decline in leverage (both by 2 percentage points).

Year	Change in ROE	Change in return on sales	Change in asset turnover	Change in financial leverage
2006	0,24	0,15	0,01	0,04
2007	- 0,09	- 0,04	- 0,05	0,00
2008	- 0,09	- 0,11	0,02	0,02
2009	- 0,03	- 0,02	0,00	- 0,02

Note: Figures for 2010 are not available yet

Chart No. 3: Decomposition of ROE (the influence of sub - indicators of changes in percentage points)

Source: own processing of resources [26 - 35]

5.2 Bankruptcy models

The whole point of bankruptcy models based on the idea that each firm may have more symptoms before it falls into bankruptcy. By separating these symptoms can predict financial distress. These models are mainly created with the help of statistical and economic methods, which are generally set.

Altman Z - score

This model is based on ratio indicators. The aim is to express the financial status of companies with a single value to assess the probability in the medium term given the company bankruptcy state. Thus, this value becomes a kind of credibility index health firms. [19]

$$Z = 3.3 \frac{EBIT}{total\ assets} + \frac{sales}{total\ assets} + 0.6 \frac{market\ value\ of\ assets}{book\ value\ of\ debt} + 1.4 \frac{retained\ earnings}{total\ assets} + 1.2 \frac{working\ capital}{total\ assets}$$

Pic. No. 1: The formula for calculating the Altman Z - Score

Source: [19]

Value	The situation of the company
Z > 2,9	We anticipate a satisfactory financial situation
1,2 < Z < 2,9	Grey zone of ambivalent results
Z < 1,2	The company is threatened by serious financial problems

Chart No. 4: Evaluation results of the Z - Score

Source: [19]

For the company, which has to be according to this model in the future predetermined satisfactory financial situation, the pointer value of Z - scores should be greater than 2.9. Even a quick look at the evolution of this indicator in the reference company can say that the indicator is in a gray area of ambivalent results. This means that the coefficients for the entire period did not fall below 1.2, but did not exceed threshold 2.9. These values were highest in 2005 and 2006. In 2007, a decline that continued in 2008 (again due to the crisis) and subsequent growth in 2009. For a company that, while not an exceptional situation, but not even bankruptcy.

Indicators	2005	2006	2007	2008	2009
Working capital / assets	0,37	0,36	0,25	0,19	0,25
Retained earnings / assets	0,42	0,46	0,45	0,39	0,54
EBIT / assets	0,13	0,44	0,29	0,13	0,10
Equity / other sources	0,27	0,30	0,29	0,24	0,39
Sales / assets	1,51	1,28	1,00	1,15	1,18
Results	2,71	2,84	2,28	2,10	2,47

Note: Figures for 2010 are not available yet

Chart No. 5: Altman Z - Score

Source: own processing of resources [26 - 35]

Model "IN" (trust index)

Index 'IN' is a Czech attempt to create a bankruptcy model that could accurately predict the financial health of the company - employed in the Czech market conditions. Symbols V1 to V6 are scales, unlike Altman index weights are different for different industries. With the exception of the coefficients of V2 and V5, those are all the same. [8, p. 111 - 113]

For TRIMILL, Inc. company sector values are used for machine and tools. The values to be substituted in this case are as follows: $v1 = 0.28$, $v2 = 0.11$, $v3 = 13.07$, $v4 = 0.64$, $v5 = 0.1$, $v6 = 6.36$. [8, p. 111 - 113]

$x1$ = activity / foreign capital

$x2$ = EBIT / interest expense

$x3$ = EBIT / Activity

$x4$ = revenues from main business / activity

$x5$ = current assets / current liabilities

$x6$ = overdue liabilities / revenues from core activities

$IN05 = v1 * x1 + x2 + v2 * v3 * x3 * x4 + v4 + v5 + v6 * x5 * x6$ [8, p. 111 - 113]

Value	The situation of the company
$IN > 1,6$	We anticipate a satisfactory financial situation
$0,9 < IN < 1,6$	Grey zone of ambivalent results
$IN < 0,9$	The company is threatened by serious financial problems

Chart No. 6: Evaluation results of the model IN05

Source: [8, p. 112]

According to this indicator, the optimal threshold values were above 1.6. The prerequisite for satisfactory progress tracked by the survey meets throughout the period. Thus according to this model, yet there is no need to worry about the future of bankruptcy, and while you may anticipate a satisfactory financial situation. Although the indicator is declining since 2006, still reaches positive values.

Indicators	2005	2006	2007	2008	2009
Assets / other capital	0,42	0,43	0,43	0,39	0,46
EBIT / interest expense	0,38	1,29	0,70	0,33	0,31
EBIT / assets	0,51	1,74	1,15	0,52	0,42
Revenues from core activities / assets	0,97	0,82	0,64	0,73	0,75
Current assets / liabilities + loans	0,19	0,19	0,14	0,13	0,14
Overdue payables / sales	0,01	0,01	0,01	0,02	0,06
Results	2,47	4,47	3,06	2,12	2,15

Note: Figures for 2010 are not available yet

Chart No. 7: Model IN05

Source: own processing of resources [26 - 35]

Explanation of the term EBIT (Earnings Before Interest and Tax)

The profit before payment of interest and income taxes, i.e. Gross profit plus interest paid. EBIT is the traditional measurement method, which in itself does not take into account the cost of capital. EBIT advantage is its simple calculation and the relative ease of capture on divisional or sub divisional enterprise level. In practice the term is used instead of EBIT **operating profit**.

5.3 Credibility models

With the help of scoring, these models try to determine the creditworthiness of the company. In general, the selected indicators are compared with the tabular values and these values are assigned a point rating. The subsequent algorithm to derive the firm's position. The level of creditworthiness of the borrower's ability to meet the expected rate of future claims of creditors and the obligations owed by the debt service . [1, p. 199]

Kralicek Quicktest

Evaluation of this test in turn, takes three steps. First, an evaluation of financial stability so that the aggregated indicators of self - financing ratio and debt maturity, and dividing by two. Furthermore, we evaluate the profit situation so that we add indicators ROA and cash flow as a percentage of sales, share two. Finally, we assess the overall situation of the company, obtained by adding the values of the stability of the financial situation and earnings and divide by two. The company is creditworthy as the overall mark stands at three or less, a sign of approaching a 3 indicates a so - called gray zone, and a sign of greater than 3 may be a harbinger of bad business management. [4, p. 76 - 83]

Indicator	Excellent	Very good	Good	Poor	Risk
	[1]	[2]	[3]	[4]	[5]
The coefficient of self - financing	> 30 %	> 20 %	> 10 %	> 0 %	negative
CF in % sales	> 10 %	> 8 %	> 5 %	> 0 %	negative
ROA	> 15 %	> 12 %	> 8 %	> 0 %	negative
Time debt	< 3 years	< 5 years	< 12 years	> 12 years	> 30 years

Chart No. 8: Evaluation results of Kralicek Quicktest
Source: [17, p. 75]

Indicator	2005	2006	2007	2008	2009
Equity / assets	30,74%	33,19%	32,46%	28,20%	39,34%
Time debt from CF	7,17	4,22	9,96	14,45	11,12
CF in sales	5,70%	11,32%	6,63%	4,30%	4,61%
ROA	2,75%	9,79%	6,70%	3,24%	2,86%

Note: Figures for 2010 are not available yet
Chart No. 9: Kralicek Quicktest (values of indicators)
Source: own processing of resources [26 - 35]

Indicator	2005	2006	2007	2008	2009
Equity / assets	1	1	1	2	1
Time debt from CF	3	2	3	4	3
CF in sales	3	1	3	4	4
ROA	4	2	4	4	4
Average	3	2	3	4	3

Note: Figures for 2010 are not available yet
Chart No. 10: Kralicek Quicktest (points assessment)
Source: own processing of resources [26 - 35]

The average values are compared evident that during the period reported fluctuating results, but throughout this period, the results are good. The year 2006 is assessed by the average mark 2, which represents a very good result this creditworthy model. However, between 2007 and 2008 is bound to increase the value of the average mark. In 2009 once again recorded a declining trend of average values, so a good result again.

The general level of assessment is the deterioration of the results especially in the last years of the period. This deterioration is again responsible for the economic recession that affected financial and production operations of TRIMILL, Inc.

6 BALANCE RULES

Balancing rules are recommendations, which should drive the management of finance companies in order to achieve long - term financial equilibrium and stability. They are based on the capital needs and provide the basic principles, which means funding is required to use under certain circumstances to cover capital needs. A rule does not address the amount of this need, but its internal structure, which may be substantially affected by technical cross shareholding by business interests. [17, p. 56 - 58]

Golden rule of balance sheet financing

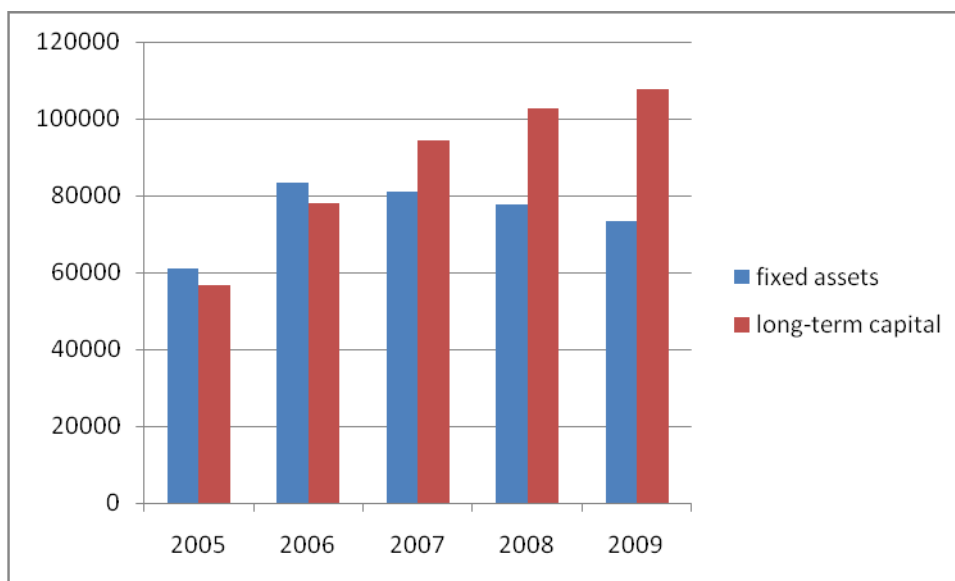
Golden balance rule tells us that long - term assets should be financed from own resources or long - term foreign and contrary current assets the firm should finance from short - term resources, except possibly on stocks that may be long term or permanently bonded, then they should be financed from long - term resources. This result can be achieved only if the long - term resources are more valuable than tangible assets. [17, p. 56 - 58]

	2005	2006	2007	2008	2009
Fixed assets	61142	83212	81036	77788	73409
Long - term capital	56696	78009	94439	102649	107841

Note: Figures for 2010 are not available yet

Chart No. 11: Golden rule of balance sheet financing (in CZK thous.)

Source: own processing of resources [26 - 30]



Note: Figures for 2010 are not available yet

Graph No. 13: Golden rule of balance sheet financing (in CZK thous.)

Source: [26 - 30] custom graphic design

Golden rule of balance sheet risks

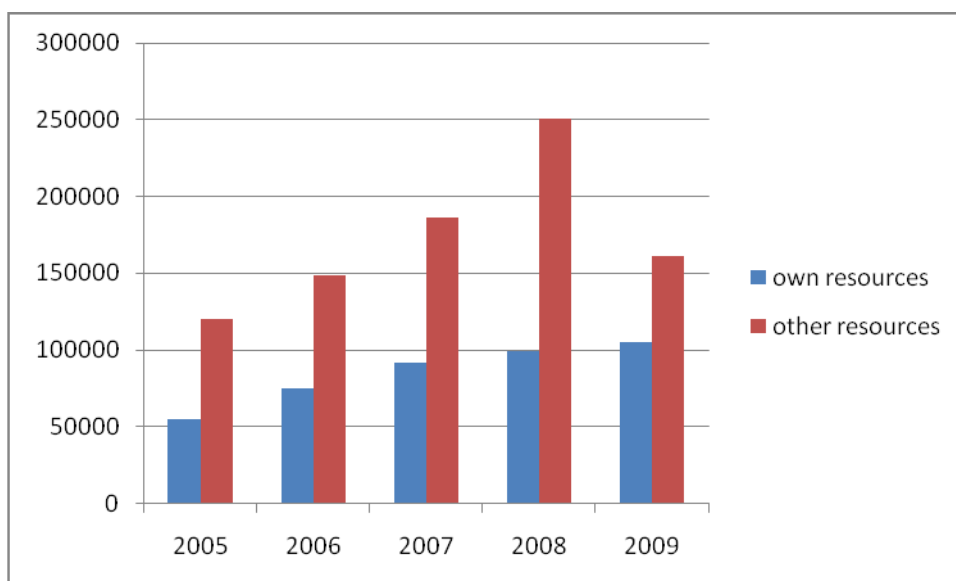
It deals with the composition of capital. Equity should exceed foreign capital, or at least be on the same level. It is a relationship of their own resources and fixed assets, which would own resources should not be higher than fixed assets and the same amount it would be an inefficient financing due to the high cost of capital. [17, p. 56 - 58]

	2005	2006	2007	2008	2009
Own resources	54752	75148	91298	99455	105018
Other resources	119917	148352	185901	250944	161296

Note: Figures for 2010 are not available yet

Chart No. 12: Golden rule of balance the risk of settlement (in CZK thous.)

Source: own processing of resources [26 - 30]



Note: Figures for 2010 are not available yet

Graph No. 14: Golden rule of balance the risk of settlement (in CZK thous.)

Source: [26 - 30] custom graphic design

Pari Golden Rule

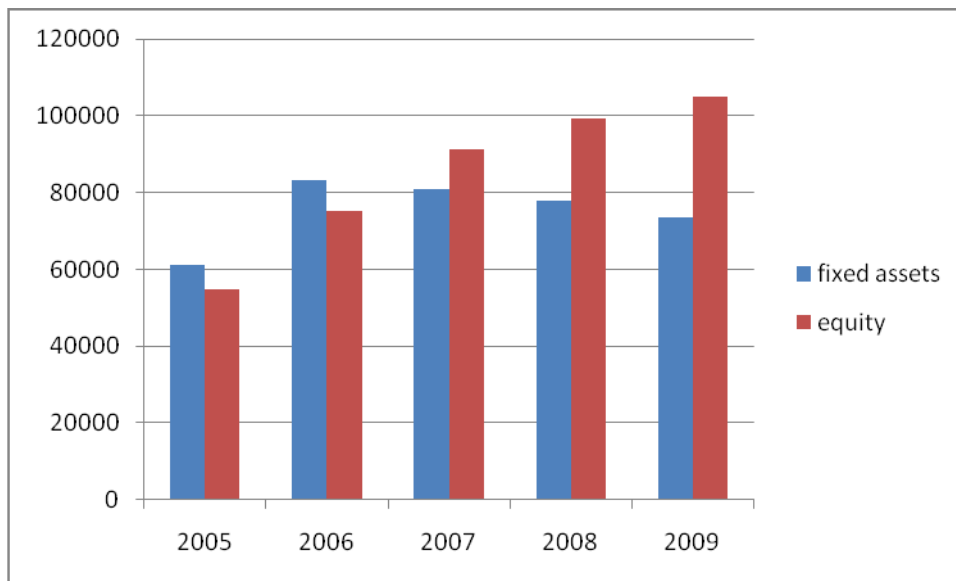
The relation of fixed assets and their own resources. It could be that the volume of fixed assets is less than the amount of own resources. Fixed assets are financed from foreign sources, because the fixed assets and own funds equal to only rarely. This rule is not respected in practice as it does not take advantage of foreign finance capital. [17, p. 56 - 58]

	2005	2006	2007	2008	2009
Fixed assets	61142	83212	81036	77788	73409
equity	54752	75148	91298	99455	105018

Note: Figures for 2010 are not available yet

Chart No. 13: Pari golden rule (in CZK thous.)

Source: own processing of resources [26 - 30]



Graph No. 15: Pari golden rule (in CZK thous.)
Source: [26 - 30] custom graphic design

Golden Ratio Rule

Under this rule, the pace of investment growth in order to sustain long - term financial equilibrium or not in the short term to outstrip growth in revenues. Too heavy investments in the future owed by the company for several reasons, as a result of reduced profitability, liquidity problems, loss of competitive capacity, unused capacity. [17, p. 56 - 58]

7 FINANCIAL STRATEGY FIRM INNOVATION IN THE FOLLOWING YEAR

Results of financial analysis for the period do not show extreme fluctuations of the partial results of the selected methods of analysis, even though some of the results across different years. The year 2009 represents the largest decline for the entire period, and due to the decrease in current assets and earnings. The decline in orders this year is obviously a result of the economic crisis. The period from 2005 to 2008 was a period of development for the company, it is evident from the comprehensive annual growth in assets and earnings. The year 2008 recorded the highest value and results of operations in the period.

The partial results of the horizontal and vertical analysis of assets, information was obtained the absolute values of individual items of assets each year and their share of the overall structure of the property. Development of total number of company's assets in the reference period is the lowest in 2005. Subsequently, growth was recorded until 2008, and then decreased again. The assets are largely comprised of current assets (i.e. on average 68 %), mainly in the form of stocks. A smaller proportion of current assets to short - term debt and short - term investments. In 2008, the current assets reflected the state of being the most short - term debt, which exceeds 80 million CZK (i.e. about 128 % more than in 2007). In short - term investments during the reporting period varies. It ranges from around 20 to 60 million, these funds are mainly linked to bank accounts. Long - term debts are recognized in the period zero.

The overall structure of liabilities in the period dominated by outside sources (i.e. on average 66 %). Most were burdened by foreign sources in 2008, and due to the increase in short - term debt and bank loans. Equity capital is usually allocated as retained earnings and has an average value of 31 % of total liabilities over the period. Since the beginning of the period is evident from the results of the analysis of foreign sources of growth until 2008. The year 2009 shows a decrease in external resources and increase equity, and due to partial loss of commitment. In 2006, a decrease liabilities overdue (more than 180 days) of 1,148 thousand CZK over the previous year. 2007 and 2008 again

brought an increase of commitments up to 1400 thousand CZK. The following year there is again the liability and the state is zero. In 2006 he recorded the highest proportion (i.e. 26 %) of liabilities from trading stocks to total current liabilities. In subsequent years, this ratio is on average 10 % share of total current liabilities. Long - term trade relations did not record any values.

Analysis of profit and loss, it was found that the company reached the highest sales in the last two years of the period (about 404 and 314 million CZK). In previous years, the fluctuating value of sales recorded (i.e. in 2005 - about 265 million in 2006 - about 290 million, in 2007 - 287 million). A significant indicator of the value added which reached an average of 21 % share of performance throughout the period. During the reporting period, there is a decline in service performance, where this percentage was highest in 2005 (i.e. about 13 %) and lowest in 2009 (about 7 %). The share of personnel costs has seen significant growth only in 2009 (i.e. about 20 % share), resulting in a decline in operating profit. Growth in labour costs caused the adoption of new employees and wage growth. The financial result in 2006 and 2008 the negative effect of other expenses, income and interest expense. The year 2008 saw the largest decline in financial results, up to 3024 % over 2007. Last year, however, leads to its growth (in 2009 it has a positive value). Profit for the period is positive throughout the period, the highest in the years 2006 and 2007 (i.e. 20,396 thousand CZK and 16,150 thousand CZK). Since then, however, profits fell in 2009 to the border around 5,500 thousand CZK attenuation due to corporate activity.

Net working capital in 2006 recorded the highest value of 67,121 thousand CZK during the reporting period. Since this year's downward trend.

Total debt was a volatile period. The largest share of total debt was short - term debt, which was its highest value just in 2007 and 2008. Since 2008, there were to repay loans, and therefore also to reduce the share of total debt liabilities (i.e. 60 % in 2009). The values of interest coverage and indicators undercapitalised reach positive values.

In the current and quick ratio reached above - average enterprise value, which could lead to the question of whether an enterprise uses its resources efficiently and not to unnecessarily

tying capital in current assets. The indicator shows the optimal cash liquidity in short - term investments, which is around the recommended value of 0.5. To the contrary, increase or decrease the value of this indicator is especially due to the financial term in bank accounts.

Values of turnover in 2007 show a downward trend. In 2007, all indicators of activity reaching the lowest values. Since this year, there was a slight increase. However, in terms of receivables turnover index shows that, conversely, occurred in 2007 with the growth. Furthermore, in 2008 decline receivables turnover, but the following year 2009 there was a rapid increase, and more than doubled. Turnaround claims in addition to the year 2008 throughout the period is satisfactory. The value of this indicator shows rise in overdue receivables. The increased turnover is the time commitment in the past 3 years, but in a declining trend since 2007.

The indicators of profitability, it is clear that the company was able to effectively evaluate the embedded assets in 2006. However, in the coming years with the decrease of the profitability of such an assessment. Fluctuation in 2006 is due to the increase of profits. In the second half of the period causes a drop in annual profit to jump in average decline in profitability, although there was an increase in equity.

The development of indicators of return on assets (ROA) has a slightly bigger impact in the years 2006 and 2007, return on sales, i.e. in terms of dynamic development of this indicator. The indicator return on equity (ROE), the situation is similar. The development of this indicator in these years has a positive effect of financial leverage.

The model prediction of financial distress has a very good business results for the entire period. The models, however, is seen fluctuating trend over the last three years of the period. In the last year, but in all cases the result of a growing, so the company is positive.

If creditworthy model, it is clear that the evaluation of the company falls somewhere at the border point 3, which is being interpreted by the evaluation "good", so you could say that the company has no extremes as far as its credibility.

Fluctuations in the years 2008 and 2009 have a clear justification in the form of a global economic recession. In other cases, it is also a way of trading companies, where 80% of their financial revenues are generated in the global European currency Euro. The company uses the forwards to ensure exchange rate stability, and thus preceded the loss of profit due to lower foreign exchange rate currencies.

In this chapter attention is paid to the interpretation of weaknesses and bottlenecks in the joint - stock company TRIMILL, Inc. and suggests to improve the situation identified in the financial analysis.

After evaluating the results of financial analysis TRIMILL, Inc. over the past five reporting periods (i.e. 2005 - 2009) were identified in the management of the following weaknesses and bottlenecks in business operations.

One of the factors that most affect the company's performance, the short - term debt. The values of these claims are in addition to the 2008 average in other years. In 2009 even dropped these claims. Most are affected by trade receivables. Turnover of short - term debt is satisfactory, since the entire period of its value does not exceed 90 days. Even so, it is necessary to monitor this situation.

Great attention should be paid to the results of the analysis of relative values of indicators, namely indicators of profitability. The results indicate that the firm's profitability in recent years has pursued the downward trend is not favourable for the company's performance. Specifically, equity value in the range of 5.3 %, a value comparable with the yields of medium and long - term bonds.

The development of profitability followed by a decrease of total turnover and current assets. It is important to identify the causes of decline in value of these indicators in the last year of the period and try to change their impact. Profitable financial leverage effect is satisfactory, since the entire period is above a threshold, even though last year was a decrease in the profit effect.

The main item is the company's operating profit, which indicates how the company can monetize the results of its main activities in that business. Operating profit of the company has pursued an annual fluctuating difference. The highest value reached in 2008 (i.e. 36,085 thousand CZK). This is almost twofold increase over the previous year. In 2009, however, shows a rapid decline in the value of operating profit. This decrease is caused by a fall in sales and rising labour costs. In this case, again reducing the number of orders due to economic crisis.

The liquidity indicators show that business during the period has sufficient liquid funds. Regular and prompt liquidity show the average and best values, which have a bearing on the current assets in the form of short - term debt. Cash liquidity indicator also shows the optimal value, which indicates plenty of cash and accounts.

A factor influencing the company's rapid growth into 2008, which reflects the amount of bank loans and overdrafts. Although the debt at the end of the period decreased by 10%, its share is still 60%, which is still a high value. It is estimated that this trend will continue downward as a result of the gradual redemption of current liabilities. It can be assumed that the company will use the loans efficiently and can in future years of the benefit obligations successfully. The rate of cash flow is positive and in the last year shows an increase.

Analysis of cash flows from operating activities showed a critical point in 2008 when it dropped to a negative value, due to a change in receivables from operating activities and changes in inventories. The year 2009 registered an increase of 150%, which is positive for society. Results Cash flow from investing and financing activities are satisfactory, since it is rather the development and renewal of society.

Other results are results of creditable Kralicek QuickTest model when scoring the results usually amounts to just 3, which indicates the so - called gray zone, where the company has no problems with their credit rating. It should be noted that the practice is only a few companies that adhere to values better than the so - called gray zone.

7.1 The proposal to strengthen the weaknesses in management

The company has no problems with the maturity of their claims especially in trade relations, it is not necessary to further discuss the industry. You can claim its due place in different instruments. Solvency of TRIMILL, Inc. business partners is a high level.

Profitability is an indicator, which should be maximized. The company must at least take care to maintain profitability and optimum seek to increase profitability. The return decomposition is evident that the development of this indicator involved two main components, namely profitability and sales turnover of total assets. In principle, these two sub - indicators will affect mainly increase sales or decrease costs. These are two basic ways to increase profitability.

The increase in profitability can be achieved by reducing costs, which is the responsibility of every able - bodied management. This can be used controlling principles, as a comprehensive system of control and planning. Alternatively, use the ABC method of procedure for efficient inventory management. Increase the return on equity is achieved by the effect of financial leverage. If the company increases the amount of foreign capital and manages to achieve a greater appreciation than to create value for the cost of foreign capital, achieve a positive effect, which ensures an increase in return on equity.

The growth of wages and hiring of new staff there is a decrease in operating profit. The growing trend of personnel costs should be reconsidered. In order to determine the effective use of personnel expenses is possible to use the human resources audit, which includes re - engineering processes, well - defined powers and responsibilities, and any analysis and design more efficient organizational structure. HR audit should be performed by an external body.

An analysis of foreign sources, it was found that the company is trying to maintain an optimal capital structure during the reporting period. Following the high short - term loans in particular in the last 3 years of the period is apparent that the company regularly uses external resources in a coordinated manner. To effectively assess the equity capital and finding a suitable structure can be used indicators such as average cost of capital, which

takes into account the interest rate and taxed the owners of capital appreciation. The company should begin to rationally manage their capital structure, utilizing the effect of financial leverage, and thus seek to increase return on equity.

The profitability is closely related to creditworthiness, it is important that the company focused on the use of foreign resources to leverage the efficiency and thereby contribute to its profitability and thus the effective use of cash flows.

CONCLUSION

Part of this work, entitled Financial analysis and design optimization TRIMILL corporate financing, and implementation of the horizontal and vertical analysis, balance sheet and profit and loss, calculation and analysis of net working capital, the analysis of financial ratios, return on equity and the decomposition of total capital, analyzing cash flow and Finally, according to company evaluation of complex financial distress prediction models.

The aim of this thesis was to assess the financial situation of the company stock TRIMILL, Inc. from 2005 to 2009 using selected techniques of financial analysis, an analysis of weaknesses within the company's performance and suggest measures to improve the current situation.

Following an analysis by the above sub - indicators have been identified weaknesses and critical areas of TRIMILL, Inc. These include in particular a significant increase in short - term debts, which were not paid within 90 days. With the increase in short - term debt related decline in short - term funding and subsequent growth of overdue payment. The returns were calculated optimal values of normal and quick liquidity. The increase in cash liquidity indicators indicate an increase in liquid funds. Since last year there was a decline in production and a decline in sales at a relatively high threshold of equity, the company has since the beginning of the period of decreasing profitability. Although sales declined, there was an increase in personnel costs due to adoption of new employees and wage growth, causing a fall in operating profit.

According to the model prediction of financial distress, it was found that the company has so far not fear failure, because the critical indicators showed very good values. However, if the company fails to respond adequately to the above critical areas of its operations, the company may not achieve good results in future years.

For the period have not been pursued by the business entity of the financial analysis identified no significant financial problems. An active approach to debt management, minimize costs and ensure the company's personnel policy to increase its resources

and stabilize the position in time of economic crisis, with many customers the company will deal with the consequences of various forms.

EVALUATION OF BACHELOR THESIS

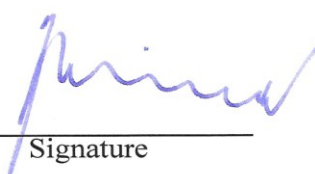
Study Circle: Finance and Taxation

Author: Tomáš Rylka

Topic: **Financial analysis and design optimization of corporate financing TRIMILL, Inc.**

Working with Mr. Rylka proceeded without problems and at regular intervals. All requests TRIMILL Company, Inc. Asked on the financial analysis were met within the specified range, ie within the period from 2005 to 2009. Design methods utilized for the processing of financial analysis, the company agreed. All comments and suggestions on the content of the work of the author were adopted and subsequently used in the thesis. Content processing work is clear, understandable and useful. Theory of the individual outputs is sufficient. Concluding remarks and suggestions for improvement are conceived more in general, to which the company has no objections.

In Zlín 15.06.2011



Signature

ABSTRACT

Tomáš RYLKA *Financial analysis and design optimization of corporate financing TRIMILL, Inc.* Bachelor Thesis. European Polytechnic Institute, Ltd. Kunovice

Supervisor: Ing. Milan Julina

Keywords: Balance sheet, Profit and loss Mount, insolvency, activity, liquidity, profitability, financial analysis.

The aim of presented bachelor work is based on the analysis of financial statements to carry out an analysis of financial situation of the joint - stock company Trimill in the period from 2005 to 2009. The analysis of financial situation enforces Essentials methods of financial analysis like horizontal and vertical analysis, ratio analysis, differential analysis, pyramidal analysis and the financial shortcoming prediction. Based on discovered results, arrangements leading to improvement of company's financial situation are suggested.

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LIST OF ABBREVIATIONS

ABC – activity based costing

CF – cash flow

CZK

EBIT - earnings before interest and taxes

i.e.

Inc. – incorporation

Ltd. – limited company

NWC – net working capital

ROA – return on assets

ROCE – return on capital employed

ROE – return on equity

ROI – return on investments

ROS – return on sales

Thous. - thousand

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Annex No. 9: The vertical analysis of profit and loss statement, in %

Annex No. 1: Balance Sheet - Assets

ASSETS	Line No.	2005	2006	2007	2008	2009
TOTAL ASSETS	001	178103	226419	281220	352729	266957
Receivables for subscribed capital	002	0	0	0	0	0
Fixed assets	003	61142	83212	81036	77788	73409
Intangible assets	004	199	610	560	708	685
Start - up costs	005	0	0	0	0	0
Research and development	006	0	0	0	0	0
Software	007	199	610	560	708	685
Royalties	008	0	0	0	0	0
Goodwill	009	0	0	0	0	0
Other intangible assets	010	0	0	0	0	0
Intangible assets	011	0	0	0	0	0
Prepayments for intangible assets	012	0	0	0	0	0
Tangible assets	013	60943	82602	80476	77080	72724
Grounds	014	6490	6566	6566	6566	6566
Buildings	015	37100	48019	36884	51210	48860
Separate movables and sets of movables	016	5123	41946	19976	16456	12462
Perennial crops	017	0	0	0	0	0
General Livestock	018	0	0	0	0	0
Other tangible assets	019	3442	15017	2258	2848	4836
Tangible assets	020	8788	15160	14792	0	0
Prepayments for tangible fixed assets	021	0	0	0	0	0
Adjustments to acquired assets	022	0	0	0	0	0
Long - term investments	023	0	0	0	0	0
Shares in subsidiaries	024	0	0	0	0	0
Equity investments in associates	025	0	0	0	0	0
Other securities and investments	026	0	0	0	0	0
Loans - controlled entities, associated companies	027	0	0	0	0	0
Other financial assets	028	0	0	0	0	0
Financial investments	029	0	0	0	0	0
Prepayments for long - term financial assets	030	0	0	0	0	0
Current assets	031	114570	141022	195744	268708	187165
Stocks	032	49268	54425	96748	132722	99914

ASSETS	Line No.	2005	2006	2007	2008	2009
Material	033	38926	44648	81513	95258	44543
Unfinished production and semi -	034	6168	9083	11061	34544	36267
Products	035	2617	694	3928	2920	17650
Young and other animals and their groups	036	0	0	0	0	0
Goods	037	0	0	0	0	0
Prepayments for inventory	038	1557	0	246	0	1454
Long - term receivables	039	0	0	0	0	0
Trade receivables	040	0	0	0	0	0
Receivables - controlling entity	041	0	0	0	0	0
Receivables - associated companies	042	0	0	0	0	0
Receivables from shareholders / owners and associations	043	0	0	0	0	0
Long - term prepayments	044	0	0	0	0	0
Unbilled revenue	045	0	0	0	0	0
Other receivables	046	0	0	0	0	0
Deferred tax assets	047	0	0	0	0	0
Short - term debt	048	43774	38085	38332	87619	28669
Trade receivables	049	35757	26324	33907	82943	20577
Receivables - controlling entity	050	0	0	0	0	0
Receivables - associated companies	051	0	0	0	0	0
Receivables from shareholders / owners and associations	052	0	0	0	0	0
Social security and health insurance	053	0	0	0	0	0
State - tax receivables	054	7409	10929	2997	3965	4416
Short - term prepayments	055	455	175	109	402	43
Unbilled revenue	056	125	251	119	0	0
Other receivables	057	28	406	1200	309	3633
Short - term investments	058	21528	48512	60664	48367	58582
Money	059	117	278	279	106	115
Bank accounts	060	21411	48234	60385	48261	58467
Short - term securities and shares	061	0	0	0	0	0
Short - term investments	062	0	0	0	0	0
Accruals	063	2391	2185	4440	6233	6383
Prepaid Expenses	064	2370	2165	4217	6188	6367
Comprehensive prepaid expenses	065	0	0	0	0	0
Accrued income	066	21	20	223	45	16

Source: [26 - 30]

Annex No. 2: Balance Sheet - Liabilities

LIABILITIES	Číslo řádku	2005	2006	2007	2008	2009
TOTAL LIABILITIES	067	178103	226419	281220	352729	105637
Equity	068	54752	75148	91298	99455	105018
Share capital	069	1000	1000	1000	1000	1000
Share capital	070	1000	1000	1000	1000	1000
Own shares and own shares	071	0	0	0	0	0
Changes in share capital	072	0	0	0	0	0
Capital Funds	073	0	0	0	0	0
Share premium	074	0	0	0	0	0
Other capital funds	075	0	0	0	0	0
Revaluation of assets and liabilities	076	0	0	0	0	0
Revaluation of the transformations	077	0	0	0	0	0
Reserve funds, indivisible fund and other funds from profit	078	400	400	400	400	0
Statutory reserve fund / Indivisible fund	079	400	400	400	400	400
Statutory and other funds	080	0	0	0	0	400
Retained earnings	081	49842	53352	73748	89898	98053
Retained earnings	082	49842	53352	73748	89898	98053
Profit for the period	083	3510	20396	16150	8157	5565
Other resources	084	119917	148352	185901	250944	161296
Reserves	085	10170	10170	0	0	0
Reserves under special laws	086	10170	10170	0	0	0
Provisions for pensions and similar obligations	087	0	0	0	0	0
Provision for income taxes	088	0	0	0	0	0
Other reserves	089	0	0	0	0	0
Long - term liabilities	090	1944	2861	3141	3194	2823
Trade payables	091	0	0	0	0	0
Liabilities - controlling entity	092	0	0	0	0	0
Liabilities - a significant influence	093	0	0	0	0	0
Liabilities to shareholders and association	094	0	0	0	0	0
Advances received	095	0	0	0	0	0
Bonds issued	096	0	0	0	0	0
Long - term notes payable	097	0	0	0	0	0
Unbilled	098	0	0	0	0	0
Other liabilities	099	562	0	0	0	0
Deferred tax liability	100	1382	2861	3141	3194	2823

LIABILITIES	Line No.	2005	2006	2007	2008	2009
Current liabilities	102	49061	70446	109178	153246	108863
Trade payables	103	26576	59043	33235	53889	11530
Liabilities - controlling entity	104	0	0	0	0	0
Liabilities - a significant influence	105	0	0	0	0	0
Payables to shareholders	106	0	0	0	0	0
owners and the association	107	1277	1367	1531	2071	13033
Liabilities to employees	108	758	789	1277	1444	2124
Liabilities for social security	109	1206	2687	8198	4891	6630
And Health Insurance	110	19230	6560	64925	76930	75510
State - tax payables and subsidies	111	0	0	0	0	0
Advances received	112	0	0	5	0	25
Bonds issued	113	14	0	7	14021	11
Unbilled	114	58742	64875	73582	94504	49610
Other liabilities	115	48725	61420	44932	35878	27100
Bank loans and overdrafts	116	10017	3455	28650	58626	22510
Long term bank loans	117	0	0	0	0	0
Short - term bank loans	118	3434	2919	4021	2330	643
Borrowings	119	3250	1775	3997	2306	619
Accruals	120	184	1144	24	24	24

Source: [26 - 30]

Annex No. 3: Profit and Loss in thousands CZK

TEXT	Line No.	2005	2006	2007	2008	2009
Sales of goods	01	1187	749	110	0	0
Cost of goods sold	02	981	591	91	0	0
Gross profit	03	206	158	19	0	0
Performance	04	265501	290540	287523	440625	343365
Sales of own goods and services	05	267445	288728	281192	403946	314690
Change in inventory	06	- 2254	993	5211	22475	16454
Activation	07	310	819	1120	14204	12221
Power Consumption	08	218931	228374	228912	342506	257197
Raw materials and energy	09	184442	205087	201403	310191	234311
Services	10	34489	23287	27509	32315	22886
Value	11	46776	62324	58630	98119	86168
Staff costs	12	30504	31995	36184	52523	68233
Wages and salaries	13	22833	23929	26871	40222	55155
Remuneration of members of statutory bodies	14	0	0	103	0	104
Costs of social security and health insurance	15	7006	7372	8352	11053	11831
Social costs	16	665	694	858	1248	1143
Taxes and fees	17	552	175	290	231	591
Depreciation of intangible and tangible assets	18	5288	5205	7993	8215	9018
Proceeds from sale of fixed assets and material	19	2891	8786	4895	6127	6648
Proceeds from sale of fixed assets	20	490	6530	672	263	0
Sales of material	21	2401	2256	4223	5864	6648
Sales of fixed assets and material	22	1842	2119	3384	4331	5181
Net book value of fixed assets	23	422	1117	172	0	0
Material sold	24	1420	1002	3212	4331	5181
Change in provisions and adjustments to operating activities and complex deferred expenses	25	5085	0	- 10170	- 180	0
Other operating income	26	3611	3165	5016	5453	2710
Other operating expenses	27	6425	7101	10941	8494	9009
Transfer of operating revenues	28	0	0	0	0	0
Transfer of operating expenses	29	0	0	0	0	0
Operating profit	30	3582	27680	19919	36085	3494

TEXT	Line No.	2005	2006	2007	2008	2009
Revenues from sales of securities and shares	31	0	0	0	0	0
Cost of securities and shares	32	0	0	0	0	0
Income from investments	33	0	0	0	0	0
Income from shares and ownership of people in accounting associates'	34	0	0	0	0	0
Income from other securities and investments	35	0	0	0	0	0
Revenues from other financial assets	36	0	0	0	0	0
Proceeds from short - term financial assets	37	0	0	0	0	0
Cost of financial assets	38	0	243	1071	0	4356
Income from revaluation of securities and derivatives	39	0	0	39	15051	1082
Loss on revaluation of securities and derivatives	40	0	0	0	0	0
Change in reserves and provisions	41	44	92	259	1075	375
in the financial field (+/-)	42	2021	2578	3916	4732	2989
Interest income	43	6943	5138	8957	15705	16621
Interest expense	44	3620	2999	5417	23756	15285
Other financial income	45	0	0	0	0	0
Other financial expenses	46	0	0	0	0	0
Transfer of financial revenues	47	1346	- 104	915	- 26759	1996
Transfer of financial expenses	48	1418	7180	4684	1169	- 75
Financial result	49	1206	5701	4404	1116	296
Tax on profit on ordinary activities	50	212	1479	280	53	- 371
- Current	51	3510	20396	16150	8157	5565
- deferred	52	0	0	0	0	0
Profit from ordinary activities	53	0	0	0	0	0
Extraordinary income	54	0	0	0	0	0
Extraordinary expenses	55	0	0	0	0	0
Income tax on extraordinary activities	56	0	0	0	0	0
- Current	57	0	0	0	0	0
- deferred	58	0	0	0	0	0
Extraordinary profit	59	3510	20396	16150	8157	5565
Transfer of partners (+/-)	60	4928	27576	20834	9326	5490
	61					

Source: [31 - 35]

Annex No. 4: Horizontal Analysis of Assets, in thousands CZK

ASSETS	Line No.	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
TOTAL ASSETS	001	48316	54801	71509	- 85772
Receivables for subscribed capital	002	0	0	0	0
Fixed assets	003	22070	- 2176	- 3248	- 4379
Intangible assets	004	411	- 50	148	- 23
Start - up costs	005	0	0	0	0
Research and development	006	0	0	0	0
Software	007	411	- 50	148	- 23
Royalties	008	0	0	0	0
Goodwill	009	0	0	0	0
Other intangible assets	010	0	0	0	0
Intangible assets	011	0	0	0	0
Prepayments for intangible assets	012	0	0	0	0
Tangible assets	013	21659	- 2126	- 3396	- 4356
Grounds	014	0	0	0	0
Buildings	015	10919	- 11135	14326	- 2350
Separate movables and sets of movables	016	36823	- 21970	- 3520	- 3994
Perennial crops	017	0	0	0	0
General Livestock	018	0	0	0	0
Other tangible assets	019	11575	- 12759	590	1988
Tangible assets	020	6372	- 368	- 14792	0
Prepayments for tangible fixed assets	021	0	0	0	0
Adjustments to acquired assets	022	0	0	0	0
Long - term investments	023	0	0	0	0
Shares in subsidiaries	024	0	0	0	0
Equity investments in associates	025	0	0	0	0
Other securities and investments	026	0	0	0	0
Loans - controlled entities, associated companies	027	0	0	0	0
Other financial assets	028	0	0	0	0
Financial investments	029	0	0	0	0
Prepayments for long - term financial assets	030	0	0	0	0

ASSETS	Line No.	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
Current assets	031	26452	54722	72964	- 81543
Stocks	032	5157	42323	35974	- 32808
Material	033	5722	36865	13745	- 50715
Unfinished production and semi -	034	2915	1978	23483	1723
Products	035	- 1923	3234	- 1008	14730
Young and other animals and their groups	036	0	0	0	0
Goods	037	0	0	0	0
Prepayments for inventory	038	- 1557	246	- 246	1454
Long - term receivables	039	0	0	0	0
Trade receivables	040	0	0	0	0
Receivables - controlling entity	041	0	0	0	0
Receivables - associated companies	042	0	0	0	0
Receivables from shareholders / owners and associations	043	0	0	0	0
Long - term prepayments	044	0	0	0	0
Unbilled revenue	045	0	0	0	0
Other receivables	046	0	0	0	0
Deferred tax assets	047	0	0	0	0
Short - term debt	048	- 5689	247	49287	- 58950
Trade receivables	049	- 9433	7583	49036	- 62366
Receivables - controlling entity	050	0	0	0	0
Receivables - associated companies	051	0	0	0	0
Receivables from shareholders / owners and associations	052	0	0	0	0
Social security and health insurance	053	0	0	0	0
State - tax receivables	054	3520	- 7932	968	451
Short - term prepayments	055	- 280	- 66	293	- 359
Unbilled revenue	056	126	- 132	- 119	0
Other receivables	057	378	794	- 891	3324
Short - term investments	058	26984	12152	- 12297	10215
Money	059	161	1	- 173	9
Bank accounts	060	26823	12151	- 12124	10206
Short - term securities and shares	061	0	0	0	0
Short - term investments	062	0	0	0	0
Accruals	063	- 206	2255	1793	150
Prepaid Expenses	064	- 205	2052	1971	179
Comprehensive prepaid expenses	065	0	0	0	0
Accrued income	066	- 1	203	- 178	- 29

Source: own processing of resources [26 - 30]

Annex No. 5: Horizontal Analysis liabilities, in thousands CZK

LIABILITIES	Line No.	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
TOTAL LIABILITIES	067	48316	54801	71509	- 247092
Equity	068	20396	16150	8157	5563
Share capital	069	0	0	0	0
Share capital	070	0	0	0	0
Own shares and own shares	071	0	0	0	0
Changes in share capital	072	0	0	0	0
Capital Funds	073	0	0	0	0
Share premium	074	0	0	0	0
Other capital funds	075	0	0	0	0
Revaluation of assets and liabilities	076	0	0	0	0
Revaluation of the transformations	077	0	0	0	0
Reserve funds, indivisible fund and other funds from profit	078	0	0	0	- 400
Statutory reserve fund / Indivisible fund	079	0	0	0	0
Statutory and other funds	080	0	0	0	400
Retained earnings	081	3510	20396	16150	8155
Retained earnings	082	3510	20396	16150	8155
Profit for the period	083	16886	- 4246	- 7993	- 2592
Other resources	084	28435	37549	65043	- 89648
Reserves	085	0	- 10170	0	0
Reserves under special laws	086	0	- 10170	0	0
Provisions for pensions and similar	087	0	0	0	0
Provision for income taxes	088	0	0	0	0
Other reserves	089	0	0	0	0
Long - term liabilities	090	917	280	53	- 371
Trade payables	091	0	0	0	0
Liabilities - controlling entity	092	0	0	0	0
Liabilities - a significant influence	093	0	0	0	0
Liabilities to shareholders and association	094	0	0	0	0
Advances received	095	0	0	0	0
Bonds issued	096	0	0	0	0
Long - term notes payable	097	0	0	0	0

LIABILITIES	Line No.	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
Unbilled	098	0	0	0	0
Other liabilities	099	- 562	0	0	0
Deferred tax liability	100	1479	280	53	- 371
Current liabilities	102	21385	38732	44068	- 44383
Trade payables	103	32467	- 25808	20654	- 42359
Liabilities - controlling entity	104	0	0	0	0
Liabilities - a significant influence	105	0	0	0	0
Liabilities to shareholders and	106	0	0	0	0
Liabilities to employees	107	90	164	540	10962
Liabilities for social security and	108	31	488	167	680
State - tax payables and subsidies	109	1481	5511	- 3307	1739
Advances received	110	- 12670	58365	12005	- 1420
Bonds issued	111	0	0	0	0
Unbilled	112	0	5	- 5	25
Other liabilities	113	- 14	7	14014	- 14010
Bank loans and overdrafts	114	6133	8707	20922	- 44894
Long term bank loans	115	12695	- 16488	- 9054	- 8778
Short - term bank loans	116	- 6562	25195	29976	- 36116
Borrowings	117	0	0	0	0
Accruals	118	- 515	1102	- 1691	- 1687
Accrued expenses	119	- 1475	2222	- 1691	- 1687
Deferred revenue	120	960	- 1120	0	0

Source: own processing of resources [26 - 30]

Annex No. 6: Horizontal analysis of profit and loss, in thousands CZK

TEXT	Line. No	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
Sales of goods	01	- 438	- 639	- 110	0
Cost of goods sold	02	- 390	- 500	- 91	0
Gross profit	03	- 48	- 139	- 19	0
Performance	04	25039	- 3017	153102	- 97260
Sales of own goods and services	05	21283	- 7536	122754	- 89256
Change in inventory	06	3247	4218	17264	- 6021
Activation	07	509	301	13084	- 1983
Power Consumption	08	9443	538	113594	- 85309
Raw materials and energy	09	20645	- 3684	108788	- 75880
Services	10	- 11202	4222	4806	- 9429
Value	11	15548	- 3694	39489	- 11951
Staff costs	12	1491	4189	16339	15710
Wages and salaries	13	1096	2942	13351	14933
Remuneration of members of statutory bodies	14	0	103	- 103	104
Costs of social security and health insurance	15	366	980	2701	778
Social costs	16	29	164	390	- 105
Taxes and fees	17	- 377	115	- 59	360
Depreciation of intangible and tangible assets	18	- 83	2788	222	803
Proceeds from sale of fixed assets and material	19	5895	- 3891	1232	521
Proceeds from sale of fixed assets	20	6040	- 5858	- 409	- 263
Sales of material	21	- 145	1967	1641	784
Sales of fixed assets and material	22	277	1265	947	850
Net book value of fixed assets	23	695	- 945	- 172	0
Material sold	24	- 418	2210	1119	850
Change in provisions and adjustments to operating activities and complex deferred expenses	25	- 5085	- 10170	9990	180
Other operating income	26	- 446	1851	437	- 2743
Other operating expenses	27	676	3840	- 2447	515
Transfer of operating revenues	28	0	0	0	0
Transfer of operating expenses	29	0	0	0	0

TEXT	Line No.	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
Operating profit	30	24098	- 7761	16166	- 32591
Revenues from sales of securities and shares	31	0	0	0	0
Cost of securities and shares	32	0	0	0	0
Income from investments	33	0	0	0	0
Income from shares and ownership of people in accounting associates'	34	0	0	0	0
Income from other securities and investments	35	0	0	0	0
Revenues from other financial assets	36	0	0	0	0
Proceeds from short - term financial assets	37	0	0	0	0
Cost of financial assets	38	0	0	0	0
Income from revaluation of securities and derivatives	39	243	828	- 1071	4356
Loss on revaluation of securities and derivatives	40	0	39	15012	- 13969
Change in provisions and adjustments in the financial field	41	0	0	0	0
Interest income	42	48	167	816	- 700
Interest expense	43	557	1338	816	- 1743
Other financial income	44	- 1805	3819	6748	916
Other financial expenses	45	- 621	2418	18339	- 8471
Transfer of financial revenues	46	0	0	0	0
Transfer of financial expenses	47	0	0	0	0
Financial result	48	- 1450	1019	- 27674	28755
Tax on profit on ordinary activities	49	5762	- 2496	- 3515	- 1244
- Current	50	4495	- 1297	- 3288	- 820
- deferred	51	1267	- 1199	- 227	- 424
Profit from ordinary activities	52	16886	- 4246	- 7993	- 2592
Extraordinary income	53	0	0	0	0
Extraordinary expenses	54	0	0	0	0
Income tax on extraordinary activities	55	0	0	0	0
- Current	56	0	0	0	0
- deferred	57	0	0	0	0
Extraordinary profit	58	0	0	0	0
Profit for the period (+/-)	59	0	0	0	0
Profit before taxes (+/-)	60	16886	- 4246	- 7993	- 2592
	61	22648	- 6742	- 11508	- 3836

Source: own processing of resources [31 - 35]

Annex No. 7: Vertical analysis of the asset, in %

ASSETS	Line No.	2005	2006	2007	2008	2009
TOTAL ASSETS	001	100,00%	100,00%	100,00%	100,00%	100,00%
Receivables for subscribed capital	002	0,00%	0,00%	0,00%	0,00%	0,00%
Fixed assets	003	34,33%	36,75%	28,82%	22,05%	27,50%
Intangible assets	004	0,11%	0,27%	0,20%	0,20%	0,26%
Start - up costs	005	0,00%	0,00%	0,00%	0,00%	0,00%
Research and development	006	0,00%	0,00%	0,00%	0,00%	0,00%
Software	007	0,11%	0,27%	0,20%	0,20%	0,26%
Royalties	008	0,00%	0,00%	0,00%	0,00%	0,00%
Goodwill	009	0,00%	0,00%	0,00%	0,00%	0,00%
Other intangible assets	010	0,00%	0,00%	0,00%	0,00%	0,00%
Intangible assets	011	0,00%	0,00%	0,00%	0,00%	0,00%
Prepayments for intangible assets	012	0,00%	0,00%	0,00%	0,00%	0,00%
Tangible assets	013	34,22%	36,48%	28,62%	21,85%	27,24%
Grounds	014	3,64%	2,90%	2,33%	1,86%	2,46%
Buildings	015	20,83%	21,21%	13,12%	14,52%	18,30%
Separate movables and sets of movables	016	2,88%	18,53%	7,10%	4,67%	4,67%
Perennial crops	017	0,00%	0,00%	0,00%	0,00%	0,00%
General Livestock	018	0,00%	0,00%	0,00%	0,00%	0,00%
Other tangible assets	019	1,93%	6,63%	0,80%	0,81%	1,81%
Tangible assets	020	4,93%	6,70%	5,26%	0,00%	0,00%
Prepayments for tangible fixed assets	021	0,00%	0,00%	0,00%	0,00%	0,00%
Adjustments to acquired assets	022	0,00%	0,00%	0,00%	0,00%	0,00%
Long - term investments	023	0,00%	0,00%	0,00%	0,00%	0,00%
Shares in subsidiaries	024	0,00%	0,00%	0,00%	0,00%	0,00%
Equity investments in associates	025	0,00%	0,00%	0,00%	0,00%	0,00%
Other securities and investments	026	0,00%	0,00%	0,00%	0,00%	0,00%
Loans - controlled entities, associated companies	027	0,00%	0,00%	0,00%	0,00%	0,00%
Other financial assets	028	0,00%	0,00%	0,00%	0,00%	0,00%
Financial investments	029	0,00%	0,00%	0,00%	0,00%	0,00%
Prepayments for long - term financial assets	030	0,00%	0,00%	0,00%	0,00%	0,00%
Current assets	031	64,33%	62,28%	69,61%	76,18%	70,11%
Stocks	032	27,66%	24,04%	34,40%	37,63%	37,43%

ASSETS	Line No.	2005	2006	2007	2008	2009
Material	033	21,86%	19,72%	28,99%	27,01%	16,69%
Unfinished production and semi -	034	3,46%	4,01%	3,93%	9,79%	13,59%
Products	035	1,47%	0,31%	1,40%	0,83%	6,61%
Young and other animals and their groups	036	0,00%	0,00%	0,00%	0,00%	0,00%
Goods	037	0,00%	0,00%	0,00%	0,00%	0,00%
Prepayments for inventory	038	0,87%	0,00%	0,09%	0,00%	0,54%
Long - term receivables	039	0,00%	0,00%	0,00%	0,00%	0,00%
Trade receivables	040	0,00%	0,00%	0,00%	0,00%	0,00%
Receivables - controlling entity	041	0,00%	0,00%	0,00%	0,00%	0,00%
Receivables - associated companies	042	0,00%	0,00%	0,00%	0,00%	0,00%
Receivables from shareholders / owners and associations	043	0,00%	0,00%	0,00%	0,00%	0,00%
Long - term prepayments	044	0,00%	0,00%	0,00%	0,00%	0,00%
Unbilled revenue	045	0,00%	0,00%	0,00%	0,00%	0,00%
Other receivables	046	0,00%	0,00%	0,00%	0,00%	0,00%
Deferred tax assets	047	0,00%	0,00%	0,00%	0,00%	0,00%
Short - term debt	048	24,58%	16,82%	13,63%	24,84%	10,74%
Trade receivables	049	20,08%	11,63%	12,06%	23,51%	7,71%
Receivables - controlling entity	050	0,00%	0,00%	0,00%	0,00%	0,00%
Receivables - associated companies	051	0,00%	0,00%	0,00%	0,00%	0,00%
Receivables from shareholders / owners and associations	052	0,00%	0,00%	0,00%	0,00%	0,00%
Social security and health insurance	053	0,00%	0,00%	0,00%	0,00%	0,00%
State - tax receivables	054	4,16%	4,83%	1,07%	1,12%	1,65%
Short - term prepayments	055	0,26%	0,08%	0,04%	0,11%	0,02%
Unbilled revenue	056	0,07%	0,11%	0,04%	0,00%	0,00%
Other receivables	057	0,02%	0,18%	0,43%	0,09%	1,36%
Short - term investments	058	12,09%	21,43%	21,57%	13,71%	21,94%
Money	059	0,07%	0,12%	0,10%	0,03%	0,04%
Bank accounts	060	12,02%	21,30%	21,47%	13,68%	21,90%
Short - term securities and shares	061	0,00%	0,00%	0,00%	0,00%	0,00%
Short - term investments	062	0,00%	0,00%	0,00%	0,00%	0,00%
Accruals	063	1,34%	0,97%	1,58%	1,77%	2,39%
Prepaid Expenses	064	1,33%	0,96%	1,50%	1,75%	2,39%
Comprehensive prepaid expenses	065	0,00%	0,00%	0,00%	0,00%	0,00%
Accrued income	066	0,01%	0,01%	0,08%	0,01%	0,01%

Source: own processing of resources [26 - 30]

Annex No. 8: Vertical analysis of the liabilities, in %

LIABILITIES	Line No.	2005	2006	2007	2008	2009
TOTAL LIABILITIES	067	100,00%	100,00%	100,00%	100,00%	39,57%
Equity	068	30,74%	33,19%	32,46%	28,20%	39,34%
Share capital	069	0,56%	0,44%	0,36%	0,28%	0,37%
Share capital	070	0,56%	0,44%	0,36%	0,28%	0,37%
Own shares and own shares	071	0,00%	0,00%	0,00%	0,00%	0,00%
Changes in share capital	072	0,00%	0,00%	0,00%	0,00%	0,00%
Capital Funds	073	0,00%	0,00%	0,00%	0,00%	0,00%
Share premium	074	0,00%	0,00%	0,00%	0,00%	0,00%
Other capital funds	075	0,00%	0,00%	0,00%	0,00%	0,00%
Revaluation of assets and liabilities	076	0,00%	0,00%	0,00%	0,00%	0,00%
Revaluation of the transformations	077	0,00%	0,00%	0,00%	0,00%	0,00%
Reserve funds, indivisible fund and other funds from profit	078	0,22%	0,18%	0,14%	0,11%	0,00%
Statutory reserve fund / Indivisible fund	079	0,22%	0,18%	0,14%	0,11%	0,15%
Statutory and other funds	080	0,00%	0,00%	0,00%	0,00%	0,15%
Retained earnings	081	27,98%	23,56%	26,22%	25,49%	36,73%
Retained earnings	082	27,98%	23,56%	26,22%	25,49%	36,73%
Profit for the period	083	1,97%	9,01%	5,74%	2,31%	2,08%
Other resources	084	67,33%	65,52%	66,11%	71,14%	60,42%
Reserves	085	5,71%	4,49%	0,00%	0,00%	0,00%
Reserves under special laws	086	5,71%	4,49%	0,00%	0,00%	0,00%
Provisions for pensions and similar obligations	087	0,00%	0,00%	0,00%	0,00%	0,00%
Provision for income taxes	088	0,00%	0,00%	0,00%	0,00%	0,00%
Other reserves	089	0,00%	0,00%	0,00%	0,00%	0,00%
Long - term liabilities	090	1,09%	1,26%	1,12%	0,91%	1,06%
Trade payables	091	0,00%	0,00%	0,00%	0,00%	0,00%
Liabilities - controlling entity	092	0,00%	0,00%	0,00%	0,00%	0,00%
Liabilities - a significant influence	093	0,00%	0,00%	0,00%	0,00%	0,00%
Liabilities to shareholders and association	094	0,00%	0,00%	0,00%	0,00%	0,00%
Advances received	095	0,00%	0,00%	0,00%	0,00%	0,00%
Bonds issued	096	0,00%	0,00%	0,00%	0,00%	0,00%
Long - term notes payable	097	0,00%	0,00%	0,00%	0,00%	0,00%
Unbilled	098	0,00%	0,00%	0,00%	0,00%	0,00%
Other liabilities	099	0,32%	0,00%	0,00%	0,00%	0,00%
Deferred tax liability	100	0,78%	1,26%	1,12%	0,91%	1,06%

LIABILITIES	Line No.	2005	2006	2007	2008	2009
Current liabilities	102	27,55%	31,11%	38,82%	43,45%	40,78%
Trade payables	103	14,92%	26,08%	11,82%	15,28%	4,32%
Liabilities - controlling entity	104	0,00%	0,00%	0,00%	0,00%	0,00%
Liabilities - a significant influence	105	0,00%	0,00%	0,00%	0,00%	0,00%
Liabilities to shareholders and association	106	0,00%	0,00%	0,00%	0,00%	0,00%
Liabilities to employees	107	0,72%	0,60%	0,54%	0,59%	4,88%
Liabilities for social security and health insurance	108	0,43%	0,35%	0,45%	0,41%	0,80%
State - tax payables and subsidies	109	0,68%	1,19%	2,92%	1,39%	2,48%
Advances received	110	10,80%	2,90%	23,09%	21,81%	28,29%
Bonds issued	111	0,00%	0,00%	0,00%	0,00%	0,00%
Unbilled	112	0,00%	0,00%	0,00%	0,00%	0,01%
Other liabilities	113	0,01%	0,00%	0,00%	3,98%	0,00%
Bank loans and overdrafts	114	32,98%	28,65%	26,17%	26,79%	18,58%
Long term bank loans	115	27,36%	27,13%	15,98%	10,17%	10,15%
Short - term bank loans	116	5,62%	1,53%	10,19%	16,62%	8,43%
Borrowings	117	0,00%	0,00%	0,00%	0,00%	0,00%
Accruals	118	1,93%	1,29%	1,43%	0,66%	0,24%
Accrued expenses	119	1,82%	0,78%	1,42%	0,65%	0,23%
Deferred revenue	120	0,10%	0,51%	0,01%	0,01%	0,01%

Source: own processing of resources [31 - 35]

Annex No. 9: The vertical analysis of profit and loss statement, in %

TEXT	Line No.	2005	2006	2007	2008	2009
Sales of goods	01	0,45%	0,26%	0,04%	0,00%	0,00%
Cost of goods sold	02	0,37%	0,20%	0,03%	0,00%	0,00%
Gross profit	03	0,08%	0,05%	0,01%	0,00%	0,00%
Performance	04	100,00 %	100,00 %	100,00%	100,00 %	100,00 %
Sales of own goods and services	05	100,73 %	99,38%	97,80%	91,68%	91,65%
Change in inventory	06	- 0,85%	0,34%	1,81%	5,10%	4,79%
Activation	07	0,12%	0,28%	0,39%	3,22%	3,56%
Power Consumption	08	82,46%	78,60%	79,62%	77,73%	74,90%
Raw materials and energy	09	69,47%	70,59%	70,05%	70,40%	68,24%
Services	10	12,99%	8,02%	9,57%	7,33%	6,67%
Value	11	17,62%	21,45%	20,39%	22,27%	25,10%
Staff costs	12	11,49%	11,01%	12,58%	11,92%	19,87%
Wages and salaries	13	8,60%	8,24%	9,35%	9,13%	16,06%
Remuneration of members of statutory bodies	14	0,00%	0,00%	0,04%	0,00%	0,03%
Costs of social security and health insurance	15	2,64%	2,54%	2,90%	2,51%	3,45%
Social costs	16	0,25%	0,24%	0,30%	0,28%	0,33%
Taxes and fees	17	0,21%	0,06%	0,10%	0,05%	0,17%
Depreciation of intangible and tangible assets	18	1,99%	1,79%	2,78%	1,86%	2,63%
Proceeds from sale of fixed assets and material	19	1,09%	3,02%	1,70%	1,39%	1,94%
Proceeds from sale of fixed assets	20	0,18%	2,25%	0,23%	0,06%	0,00%
Sales of material	21	0,90%	0,78%	1,47%	1,33%	1,94%
Sales of fixed assets and material	22	0,69%	0,73%	1,18%	0,98%	1,51%
Net book value of fixed assets	23	0,16%	0,38%	0,06%	0,00%	0,00%
Material sold	24	0,53%	0,34%	1,12%	0,98%	1,51%
Change in provisions and adjustments to operating activities and complex deferred expenses	25	1,92%	0,00%	- 3,54%	- 0,04%	0,00%
Other operating income	26	1,36%	1,09%	1,74%	1,24%	0,79%
Other operating expenses	27	2,42%	2,44%	3,81%	1,93%	2,62%
Transfer of operating revenues	28	0,00%	0,00%	0,00%	0,00%	0,00%
Transfer of operating expenses	29	0,00%	0,00%	0,00%	0,00%	0,00%
Operating profit	30	1,35%	9,53%	6,93%	8,19%	1,02%

TEXT	Line No.	2005	2006	2007	2008	2009
Revenues from sales of securities and shares	31	0,00%	0,00%	0,00%	0,00%	0,00%
Cost of securities and shares	32	0,00%	0,00%	0,00%	0,00%	0,00%
Income from investments	33	0,00%	0,00%	0,00%	0,00%	0,00%
Income from shares and ownership of people in accounting	34	0,00%	0,00%	0,00%	0,00%	0,00%
associates'	35	0,00%	0,00%	0,00%	0,00%	0,00%
Income from other securities and investments	36	0,00%	0,00%	0,00%	0,00%	0,00%
Revenues from other financial assets	37	0,00%	0,00%	0,00%	0,00%	0,00%
Proceeds from short - term financial assets	38	0,00%	0,00%	0,00%	0,00%	0,00%
Cost of financial assets	39	0,00%	0,08%	0,37%	0,00%	1,27%
Income from revaluation of securities and derivatives	40	0,00%	0,00%	0,01%	3,42%	0,32%
Loss on revaluation of securities and derivatives	41	0,00%	0,00%	0,00%	0,00%	0,00%
Change in provisions and adjustments in the financial field (+/-)	42	0,02%	0,03%	0,09%	0,24%	0,11%
Interest income	43	0,76%	0,89%	1,36%	1,07%	0,87%
Interest expense	44	2,62%	1,77%	3,12%	3,56%	4,84%
Other financial income	45	1,36%	1,03%	1,88%	5,39%	4,45%
Other financial expenses	46	0,00%	0,00%	0,00%	0,00%	0,00%
Transfer of financial revenues	47	0,00%	0,00%	0,00%	0,00%	0,00%
Transfer of financial expenses	48	0,51%	- 0,04%	0,32%	- 6,07%	0,58%
Financial result	49	0,53%	2,47%	1,63%	0,27%	- 0,02%
Tax on profit on ordinary activities	50	0,45%	1,96%	1,53%	0,25%	0,09%
- Current	51	0,08%	0,51%	0,10%	0,01%	- 0,11%
- deferred	52	1,32%	7,02%	5,62%	1,85%	1,62%
Profit from ordinary activities	53	0,00%	0,00%	0,00%	0,00%	0,00%
Extraordinary income	54	0,00%	0,00%	0,00%	0,00%	0,00%
Extraordinary expenses	55	0,00%	0,00%	0,00%	0,00%	0,00%
Income tax on extraordinary activities	56	0,00%	0,00%	0,00%	0,00%	0,00%
- Current	57	0,00%	0,00%	0,00%	0,00%	0,00%
- deferred	58	0,00%	0,00%	0,00%	0,00%	0,00%
Extraordinary profit	59	0,00%	0,00%	0,00%	0,00%	0,00%
Transfer of partners (+/-)	60	1,32%	7,02%	5,62%	1,85%	1,62%
Profit for the period	61	1,86%	9,49%	7,25%	2,12%	1,60%

Source: own processing of resources [31 - 35]