

# Financial statements and Auditor's report



# Auditor's Report

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& Touche**

## AUDITOR'S REPORT FOR THE SHAREHOLDER OF MVV ENERGIE S.R.O.

Based upon our audit, we have issued the following audit report dated January 3, 2003, on the financial statement, which is part of this Annual Report on pgs. 54-83:

„We have audited the accompanying financial statement of MVV Energie CZ s.r.o. as of September 30, 2002. The chief executive officer of the company has the responsibility to prepare the financial statement. Our responsibility is to express an opinion on the financial statement as a whole, based on our audit.

We conducted our audit in accordance with the Act on Auditors and the auditing standards issued by the Chamber of Accountants of the Czech Republic. These standards require that we plan and conduct the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit included the examination of random accounting records and other evidence supporting the disclosures in the financial statement. The audit also included an assessment of the accounting principles used and significant estimates made by the company when preparing the financial statement, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion on the financial statement.

As mentioned in pt. 3.2.1. of the annex of the financial statement, the company, as of September 30, 2002, was the majority stakeholder in a number of companies, its share being worth a total of CZK 1 980 701 thous. (CZK 1 075 884) as of Sept. 30, 2001. The acquired investments are not publicly traded and it is not possible to accurately state their market value. To evaluate the realistic accounted value of its investments, the company uses internal appraisals of each individual company, based on the estimates of future cash flow. The company management believes that the value of the investments, as disclosed in the financial statement, is realistic. The company management sees its investments as one whole, which follows the company strategy in the Czech Republic. It is our opinion, that accounting principles require an individual appraisal of the value of each investment. In our opinion, when evaluating the individual value of each investment, the value of the share on equity of each company as of the date of the financial statement, should be taken into account, or, the appraisal should be undertaken by an official assessor of mergers (see pt. 6 of the annex of the financial statement). Based on the comparison of the acquisition

price and the share on equity (or on the basis of the findings of an official assessor), the value of the investment in the companies Zásobování teplem Vsetín a.s., MVV servis and Opatěrná a.s. as of Sept. 30, 2002, should be decreased by a provision totalling CZK 182 715 thous. (by CZK 61 400 thous. as of Sept. 30, 2001). This would decrease the financial result of the twelve months ending Sept. 30, 2002 by CZK 121 315 thous., and the financial result of the past years would be decreased by CZK 61 400 thous. as of Sept. 30, 2002.

In our opinion, the financial statement (except for the influence of the circumstances described in the previous paragraph) presents fairly, in all material respects, the assets, liabilities and equity of MVV Energie CZ s.r.o. as of Sept. 30, 2002, the financial result and financial situation of the year 2002 in accordance with the Accounting Act and applicable Czech regulations.

Without qualifying our opinion, we draw attention to the following circumstance:

As disclosed in the annex to the financial statement under pt. 2.1., in 2001, the company introduced the fiscal year ending Sept. 30. For this reason, the figures for 2001 (revenues and costs) are provided for 9 months, whereas the figures for the current fiscal period show 12 months. For this reason, the revenues and costs in both periods are not comparable.

The current activities of the company are highly dependent on the continued support of the shareholder. As stated under pt. 3.9.5. of the annex of the financial statement, the value of the loans provided by the shareholder was CZK 1 544 mln. as of Sept. 30, 2002.

As shown under pt. 6 of the annex of the financial statement, the statutory body of the company decided, that as of October 1, 2002, the company would merge with those group companies, where MVV Energie CZ s.r.o. is majority stakeholder (following par. 220 of the Commercial Code). The final form of the merger and the success of the merger process will be known during the first half of 2003.

We have checked the material correctness of the information disclosed in the Related parties report, which is part of this Annual report on pgs. 84-85. The chief executive officer of the company is responsible for the completeness and correctness of the Related parties report. Based on our study, we did not find any major material misrepresentation in this report.

The consolidated financial information on pgs. 88-90, does not present the consolidated results of the company and was not, together with the accompanying comments on pg. 86, part of our study.

We have read other financial information included in this Annual report for consistency with the audited financial statement. The chief executive officer of the company is responsible for the completeness and correctness of the Annual report. According to our opinion, the other financial information in this Annual report corresponds in all major aspects with the financial statement audited by us.

Prague, March 28, 2003

Audit firm:  
Deloitte + Touche spol. s.r.p.  
Certification no. 79

Statutory auditor:  
Michal Petrman  
Certification no. 1105

# Balance sheet

## ASSETS

Denotation	ASSETS	Row	Current accounting period		Prev. period	
			Gross	Adjustment	Net	Net
a	b	c	1	2	3	4
	<b>TOTAL ASSETS</b>	1	2,276,214	-31,965	2,244,249	1,333,427
<b>A.</b>	<b>Receivables for subscribed capital</b>	2	0	0	0	0
<b>B.</b>	<b>Fixed assets</b>	3	2,142,448	-21,746	2,120,702	1,230,553
I.	<b>Intangible fixed assets</b>	4	11,402	-3,840	7,562	8,184
1.	Incorporation costs	5	0	0	0	0
2.	Research and development	6	75	-33	42	67
3.	Software	7	11,201	-3,681	7,520	6,016
4.	Valuable rights (patents, licences, know-how)	8	0	0	0	0
5.	Other intangible fixed assets	9	126	-126	0	0
6.	Intangible fixed assets not-in-use	10	0	0	0	2,101
7.	Prepayments for intangible fixed assets	11	0	0	0	0
II.	<b>Tangible fixed assets</b>	12	7,824	-5,906	1,918	485
1.	Land	13	0	0	0	0
2.	Structures	14	0	0	0	0
3.	Machinery, tools & equipment, vehicles and fixtures	15	5,505	-3,685	1,820	485
4.	Perennial crops	16	0	0	0	0
5.	Breeding and draught animals	17	0	0	0	0
6.	Other tangible fixed assets	18	2,319	-2,221	98	0
7.	Tangible fixed assets not-in-use	19	0	0	0	0
8.	Prepayments for tangible fixed assets	20	0	0	0	0
9.	Adjustments to acquired assets (goodwill)	21	0	0	0	0
III.	<b>Non-current financial assets</b>	22	2,123,222	-12,000	2,111,222	1,221,884
1.	Shares and ownership interests in subsidiaries	23	1,980,701	-12,000	1,968,701	1,075,884
2.	Shares and ownership interests in associates	24	0	0	0	0
3.	Other securities and ownership interests	25	0	0	0	0
4.	Intercompany loans	26	142,521	0	142,521	146,000
5.	Other non-current financial assets	27	0	0	0	0
<b>C.</b>	<b>Current assets</b>	28	121,880	-10,219	111,661	86,580
I.	<b>Stocks</b>	29	5,222	-1,395	3,827	6,214
1.	Materials	30	0	0	0	0
2.	Work-in-progress and semi-finished products	31	5,222	-1,395	3,827	6,214
3.	Finished products	32	0	0	0	0
4.	Livestock	33	0	0	0	0
5.	Purchased goods for resale	34	0	0	0	0
6.	Advance payments for stocks	35	0	0	0	0

## ASSETS

Denotation	ASSETS	Row	Current accounting period		Prev. period	
			Gross	Adjustment	Net	Net
II.	<b>Long-term receivables</b>	36	33,724	0	33,724	24,521
1.	Trade receivables	37	33,724	0	33,724	24,521
2.	Receivables from partners and consortium members	38	0	0	0	0
3.	Amounts receivable from subsidiaries	39	0	0	0	0
4.	Amounts receivable from associates	40	0	0	0	0
5.	Other receivables	41	0	0	0	0
III.	<b>Short-term receivables</b>	42	46,932	-8,824	38,108	35,315
1.	Trade receivables	43	35,146	-8,824	26,322	29,748
2.	Receivables from partners and consortium members	44	0	0	0	0
3.	Social security	45	0	0	0	0
4.	Taxes receivable	46	113	0	113	1,057
5.	Deferred tax asset	47	4,865	0	4,865	3,406
6.	Amounts receivable from subsidiaries	48	6,808	0	6,808	700
7.	Amounts receivable from associates	49	0	0	0	0
8.	Other receivables	50	0	0	0	404
IV.	<b>Cash and cash equivalents</b>	51	36,002	0	36,002	20,530
1.	Cash on hand	52	245	0	245	157
2.	Cash held with banks	53	10,757	0	10,757	20,373
3.	Current financial assets	54	25,000	0	25,000	0
D.	<b>Other assets</b>	55	11,886	0	11,886	16,294
I.	<b>Temporary assets</b>	56	1,711	0	1,711	713
1.	Deferred expenses	57	1,711	0	1,711	713
2.	Accrued income	58	0	0	0	0
3.	Foreign exchange translation losses	59	0	0	0	0
II.	<b>Estimated assets</b>	60	10,175	0	10,175	15,581
	Control number	999	9,094,681	-127,860	8,966,821	5,318,127

## LIABILITIES

Denotation	LIABILITIES AND EQUITY	Row	Current accounting period	Previous accounting period
a	b	c	5	6
	<b>TOTAL LIABILITIES</b>	61	2,244,249	1,333,427
<b>A.</b>	<b>Equity</b>	62	618,702	389,583
I.	<b>Share capital</b>	63	720,000	420,000
1.	Share capital	64	720,000	420,000
2.	Treasury shares	65	0	0
II.	<b>Capital funds</b>	66	1	1
1.	Share premium	67	0	0
2.	Other capital funds	68	0	0
3.	Gains or losses from revaluation of assets	69	1	1
4.		70	0	0
III.	<b>Funds created from profits</b>	71	0	0
1.	Statutory reserve fund	72	0	0
2.	Non-distributable fund	73	0	0
3.	Statutory and other funds	74	0	0
IV.	<b>Retained profit or loss from prior years</b>	75	-30,419	-13,504
1.	Retained earnings from previous years	76	0	0
2.	Accumulated losses from previous years	77	-30,419	-13,504
V.	<b>Profit or loss of current year</b>	78	-70,880	-16,914
<b>B.</b>	<b>Liabilities</b>	79	1,598,032	938,210
I.	<b>Reserves</b>	80	5,281	0
1.	Statutory reserves	81	0	0
2.	Reserve for foreign exchange losses	82	0	0
3.	Other reserves	83	5,281	0
II.	<b>Long-term liabilities</b>	84	0	0
1.	Long-term payables to subsidiaries	85	0	0
2.	Long-term payables to associates	86	0	0
3.	Long-term advances received	87	0	0
4.	Bonds issued	88	0	0
5.	Long-term bills of exchange to be paid	89	0	0
6.	Other long-term payables	90	0	0
III.	<b>Short-term liabilities</b>	91	1,566,443	915,906
1.	Trade payables	92	20,032	29,357
2.	Payables to partners and consortium members	93	0	75
3.	Payables to employees	94	832	457
4.	Social security	95	561	355
5.	Taxes payable and subsidies	96	527	121
6.	Deferred tax liability	97	0	0
7.	Payables to subsidiaries	98	1,543,791	884,832
8.	Payables to associates	99	0	0
9.	Other payables	100	700	709
IV.	<b>Bank loans and borrowings</b>	101	26,308	22,304
1.	Long-term bank loans	102	19,432	17,351
2.	Short-term bank loans	103	6,876	4,953
3.	Short-term borrowings	104	0	0

## LIABILITIES

Denotation	LIABILITIES AND EQUITY	Row	Current accounting period	Previous accounting period
a	b	c	5	6
C.	<b>Other liabilities</b>	105	27,515	5,634
I.	<b><i>Temporary liabilities</i></b>	106	594	90
1.	Accrued expenses	107	334	43
2.	Deferred income	108	0	0
3.	Foreign exchange translation gains	109	260	47
II.	<b><i>Estimated liabilities</i></b>	110	26,921	5,544
	<b>Control number</b>	<b>999</b>	<b>9,020,955</b>	<b>5,345,078</b>



## Income statement

Denotation	ITEM	Row	Accounting period	
			current	previous
a	b	c	1	2
I.	Sales of goods purchased for resale	1	128,538	47,927
A.	Cost of goods sold	2	116,835	43,229
+	Gross margin	3	11,703	4,698
II.	Production	4	73,597	52,211
1.	Sale of own products and services	5	75,934	47,308
2.	Change in finished goods and work-in-progress	6	-2,337	4,903
3.	Own work capitalized	7	0	0
B.	Purchased consumables and services	8	44,363	35,489
1.	Consumables	9	2,508	1,204
2.	Services	10	41,855	34,285
+	Added value	11	40,937	21,420
C.	Staff costs	12	17,156	10,797
1.	Wages and salaries	13	12,241	7,703
2.	Remuneration of board members	14	0	0
3.	Social insurance	15	4,226	2,641
4.	Social benefits	16	689	453
D.	Taxes and charges	17	53	45
E.	Depreciation of intangible and tangible fixed assets	18	3,274	1,740
III.	Sale of fixed assets and material	19	2,534	75
F.	Net book value of fixed assets and material sold	20	2,370	0
IV.	Drawing of reserves, additions to complex deferred expenses	21	0	0
G.	Additions to reserves, settlement of complex deferred expenses	22	5,281	0
V.	Drawing of provisions and depreciation of negative goodwill	23	1,458	594
H.	Creation of provisions and depreciation of goodwill	24	1,571	51
VI.	Other operating income	25	1,440	75
I.	Other operating expenses	26	1,313	337
VII.	Transfer of operating income	27	0	0
J.	Transfer of operating expenses	28	0	0
*	<b>Operating profit or loss</b>	29	15,351	9,194
VIII.	Proceeds from sale of securities and ownership interests	30	0	0
K.	Cost of securities and ownership interests sold	31	0	0
IX.	Income from non-current financial assets	32	0	0
1.	Income from intercompany securities and ownership interests	33	0	0
2.	Income from other securities and ownership interests	34	0	0
3.	Income from other non-current financial assets	35	0	0
X.	Income from current financial assets	36	1,063	0
XI.	Drawing of financial reserves	37	0	0
L.	Additions to financial reserves	38	0	0
XII.	Settlement of provisions	39	0	0
M.	Additions to provisions	40	12,000	0
XIII.	Interest income	41	15,479	7,847
N.	Interest expense	42	95,101	33,276



## Income statement

Denotation	ITEM	Row	Accounting period	
			current	previous
a	b	c	1	2
XIV.	Other financial income	43	3,183	0
O.	Other financial expenses	44	241	303
XV.	Transfer of financial income	45	0	0
P.	Transfer of financial expenses	46	0	0
*	<b>Financial profit or loss</b>	47	-87,617	-25,732
R.	Income tax on ordinary activities	48	-1,459	556
1.	– due	49	0	0
2.	– deferred	50	-1,459	556
		51	0	
**	<b>Profit or loss from ordinary activities</b>	52	-70,807	-17,094
XVI.	Extraordinary income	53	291	225
S.	Extraordinary expenses	54	364	0
T.	Income tax on extraordinary activities	55	0	45
1.	– due	56	0	0
2.	– deferred	57	0	45
*	<b>Extraordinary profit or loss</b>	58	-73	180
U.	Transfer of shares on profit or loss of partnership to partners	59	0	0
***	<b>Profit or loss of the current year</b>	60	-70,880	-16,914
	<b>Profit or loss of the current year before taxation</b>	61	-72,339	-16,313
	<b>Control number</b>	<b>99</b>	<b>425,978</b>	<b>293,359</b>





## Notes to the Financial statements

Company name:	MVV EPS s. r. o.
Head office:	Nuselská 39, 140 00 Prague 4
Legal form:	Ltd.
ID No.:	49685490

The notes were created by:	Ing. Jana Maudrová
Representing the statutory body:	Ing. Ivo Slavotínek, chief executive

# 1. General information

## 1.1. FOUNDING AND GENERAL INFORMATION ON THE COMPANY

MVV Energie CZ s. r. o. (further as “the company”) was founded as a Limited company on September 7, 1993. It was entered into the trade register at the regional court in Prague on October 6, 1993.

The company has a basic capital of CZK 720 000 000.

Its sole shareholder with a 100 % share on basic capital is MVV Energie AG.

The company’s main goal is to build up an important energy group in the Czech Republic by acquiring companies that are active in the heating sector, as well as in other energy distribution sectors, and also by outsourcing energy operations from industrial companies and by developing EPC projects.

## 1.2. CHANGES AND ADDITIONS TO THE TRADE REGISTER ENTRY DURING THIS FISCAL PERIOD

During this fiscal period the following changes were entered into the trade register:

1. the head office of the company changed from Nuselská 39, Prague 4, to Chrudimská 2a, Prague 3
2. the company name changed from MVV EPS s. r. o. (Ltd.) to MVV Energie CZ s. r. o. (Ltd.) (entered into the trade register on August 8, 2002)
3. a Supervisory board was created with the following membership:

Position	Name	Day of acquiring membership	Day when membership ended
Chairman	Roland Hartung	14. 12. 2001	
Vice-Chairman	Dr. Werner Dub	14. 12. 2001	
Member	Einar Westre	14. 12. 2001	
Member	Michael J. Kirsch	14. 12. 2001	
Member	Ing. Helfried Krobe	14. 12. 2001	
Member	Dr. Ing. Thomas Wenzel	14. 12. 2001	11.4.2002
Member	Karsten Günter Nowak	11. 4. 2002	

4. increase in basic capital via a monetary contribution of MVV Energie AG by CZK 300 000 000. The total basic capital is now CZK 720 000 000 (registered on January 7, 2002).
5. the stock of shareholder Ing. Ivo Slavotínek were sold to MVV Energie AG, who thus became 100 % shareholder.

### 1.3. ORGANIZATIONAL STRUCTURE OF THE COMPANY

During the fiscal year, the organizational structure of the company was changed.

#### Organizational structure as of September 30, 2002

CEO:

- legal department
- back office
- energy trading
- energy services

CFO

- finance and accounting
- controlling
- IT

CTO:

- technological development
- investments, centralized acquisition

### 1.4. STATUTARY BODIES DURING THE FISCAL YEAR

The company is represented by the chief executive Ing. Ivo Slavotínek, who has the power of attorney, and who can sign for the company, by signing his name under the company name.

#### Supervisory Board as of September 30, 2002

Position	Name
Chairman	Roland Hartung
Vice-Chairman	Dr. Werner Dub
Member	Einar Westre
Member	Michael J. Kirsch
Member	Ing. Helfried Krobe
Member	Karsten Günter Nowak

## **2. Accounting method and basic accounting principles**

The accounting and the financial statements of the company were prepared in accordance with the Accounting act (č. 563/1991 Coll.), by the Ministry of Finance provision, which sets the chart of accounts for businesses and by the Ministry of Finance provision, which sets the content of the financial statement for businesses.

The accounting respects basic accounting principles, especially those on asset appraisals using historical costs, on objectiveness and context, the principle of conservative approach and the assumption, that the subject is able to continue in its activities.

### **2.1. FISCAL PERIOD**

During the last year, the company used the opportunity given by the Income tax law and by the Accounting act to change its fiscal (and taxation) period from the calendar year to any consecutive twelve month period. From now on, the company's fiscal year will be twelve consecutive months starting on October 1.

This financial statement is prepared as a financial statement for the twelve month period ending on September 30, 2002. The statements of the company are presented as follows:

- the Balance sheet, in the column „Current fiscal period“ balance as of September 30, 2002 and in the column „Previous fiscal period“ balance as of September 30, 2001;
- the Income statement includes in the column „Current fiscal period“ information for the period October 1, 2001 until September 30, 2002 and in the column „Previous fiscal period“ information for the shorter fiscal period January 1, 2001 until September 30, 2001.

### **2.2. PRINCIPLES OF APPRAISAL, WRITE-OFF AND PROVISIONS**

#### **2.2.1. Long-term tangible and intangible assets**

Appraisal

Long-term tangible assets are assets, which are appraised at more than CZK 40 000 per piece and which can be used for more than one year.

Long-term intangible assets are acquisition costs of more than CZK 20 000, as well as other assets, which are appraised at more than CZK 60 000 per piece and which can be used for more than one year.

The long-term tangible and intangible assets are appraised at their acquisition cost level.

Tangible assets which can be used for more than one year and which are appraised at less than CZK 40 000 but more than CZK 5 000, and intangible assets which can be used for more than one year and which are appraised at less than CZK 60 000 but more than CZK 5 000 are classified as minor long-term tangible and intangible assets and are written off at 100 % at the time of initial use.

If the technical appraisal of any one item wAs of more than CZK 40 000 during one fiscal period, then it increases the acquisition cost of long-term assets.

## Write-offs

Long-term assets are written off by linear method as follows:

Type of asset	Write-off period in years
Machines and facilities	2 to 4
Transportation devices	2
Software	2 to 4

Each long-term asset has an individualized write-off period based on its estimated life-span.

## Provisions

During the years 2001 and 2002, no provisions were created for tangible and intangible assets.

### 2.2.2. Long-term financial assets

#### Appraisal

Securities and investments are appraised on the basis of acquisition cost.

#### Provisions

The value of financial investments was agreed upon on the basis of available and relevant information at the time of stock-taking.

The company makes provisions for long-term financial assets on the basis of internal appraisals, which in turn are based on future cash flow estimations, as provided by the company's strategy in the Czech Republic.

### 2.2.3. Supplies

#### Appraisal

Unfinished production or projects are appraised on the basis of their direct costs and their part on overhead costs.

#### Provisions

The company made provisions for unfinished production on the basis of an individual appraisal of each project. In those cases, where it was not clear, whether the project would be completed, a provision of 100 % was made.

### 2.2.4. Pohledávky

Způsob tvorby opravných položek

V roce 2002 byly vytvořeny opravné položky k pohledávkám v návaznosti na jejich věkovou strukturu následovně:

Receivables with maturity profiles of	Provisions in %
From 3 to 6 months	20 %
From 6 to 12 months	50 %
From 12 to 18 months	80 %
Over 18 months	100 %

### **2.2.5. Loans**

#### **Appraisal**

Loans are monitored at their nominal value. Short-term loans include those long-term loans, which are due within one year of the financial closing.

### **2.3. RESERVES**

During the fiscal period reserves were created for management bonuses.

### **2.4. ADJUSTMENT OF FOREIGN CURRENCIES TO CZECH CROWNS**

Financial operations in foreign currency are adjusted to Czech crowns on the basis of the exchange rate published by the Czech National Bank as of the day of the financial transaction.

Receivables and liabilities in foreign currency are translated at the Czech National Bank exchange rate as of the date of financial closing. Possible exchange rate deviations are accounted as active and passive exchange rate deviations. Reserves are made for exchange rate deviations, if their value is significant.

### **2.5. FINANCIAL LEASING**

Leasing costs are calculated by the short-term method, ie. leasing payments due do not show in the financial statements. Leasing payments show in the accounts of future periods, or under the „advanced payments“ item. From these accounts, a proportionate amount is released each month.

### **2.6. TAXES**

#### **Tax write-offs on long-term assets**

The linear method is used for the calculation of tax write-offs.

#### **Deferred tax**

Deferred tax is calculated from all differences between the accounted and the residual value of long-term assets, receivables from business activity, supplies and non-realized losses from previous periods. The income tax rate valid for the following year is used.

### **2.7. CHANGES IN APPRAISAL, WRITE-OFF AND ACCOUNTING METHODS SINCE THE LAST FISCAL PERIOD**

No changes have been made since the previous fiscal periods.

### 3. Additional information to the Balance sheet and the Income statement

#### 3.1. LONG-TERM ASSETS

##### 3.1.1. Long-term intangible assets

###### Acquisition

(in thous. CZK)

costs

	As of Dec. 31, 2000	Additions	Disposals	As of Sept. 30, 2001	Additions	Disposals	As of Sept. 30, 2002
Intangible result of research activity	0	75	0	75	0	0	75
Software	605	6,776	0	7,381	3,820	0	11,201
Other long-term intangible assets	126	0	0	126	0	0	126
Acquisition of long-term intangible assets	4,611	2,101	4,611	2,101	1,286	3,387	0
<b>Total</b>	<b>5,342</b>	<b>8,952</b>	<b>4,611</b>	<b>9,683</b>	<b>5,106</b>	<b>3,387</b>	<b>11,402</b>

###### Write-offs

(in thous. CZK)

	As of Dec. 31, 2000	Additions	Disposals	As of Sept. 30, 2001	Additions	Disposals	As of Sept. 30, 2002
Intangible result of research activity	0	8	0	8	25	0	33
Software	484	881	0	1,365	2,316	0	3,681
Other long-term intangible assets	126	0	0	126	0	0	126
Acquisition of long-term intangible assets	0	0	0	0	0	0	0
<b>Total</b>	<b>610</b>	<b>889</b>	<b>0</b>	<b>1,499</b>	<b>2,341</b>	<b>0</b>	<b>3,840</b>

###### Net book value

(in thous. CZK)

	As of Dec. 31, 2000	As of Sept. 30, 2001	As of Sept. 30, 2002
Intangible result of research activity	0	67	42
Software	121	6,016	7,520
Other long-term intangible assets	0	0	0
Acquisition of long-term intangible assets	4,611	2,101	0
<b>Total</b>	<b>4,732</b>	<b>8,184</b>	<b>7,562</b>

The additional software is the newly bought license for the Exact SW accounting software for all group companies.

###### Write-offs on long-term intangible assets (show in the costs column)

In 2002, the write-offs on long-term intangible assets were CZK 2 341 thous., in 2001 they were CZK 889 thous.



### 3.1.2. Long-term tangible assets

#### Acquisition

costs

(in thous. CZK)

	As of Dec. 31, 2000	Additions	Disposals	As of Sept. 30, 2001	Additions	Disposals	As of Sept. 30, 2002
Independent tangible items	3,391	152	13	3,530	4,444	2,469	5,505
– Machines and facilities	3,005	152	13	3,144	1,993	18	5,119
– Transportation devices	386	0	0	386	2,451	2,451	386
Other tangible assets	1,821	292	12	2,101	292	74	2,319
<b>Total</b>	<b>5,212</b>	<b>444</b>	<b>25</b>	<b>5,631</b>	<b>4,736</b>	<b>2,543</b>	<b>7,824</b>

#### Write-offs

(in thous. CZK)

	As of Dec. 31, 2000	Additions	Disposals	As of Sept. 30, 2001	Additions	Disposals	As of Sept. 30, 2002
Independent tangible items	2,500	558	13	3,045	739	99	3,685
– Machines and facilities	2,403	413	13	2,803	514	18	3,299
– Transportation devices	97	145	0	242	225	81	386
Other tangible assets	1,821	292	12	2,101	194	74	2,221
<b>Total</b>	<b>4,321</b>	<b>850</b>	<b>25</b>	<b>5,146</b>	<b>933</b>	<b>173</b>	<b>5,906</b>

#### Net

book

value

(in thous. CZK)

	As of Dec. 31, 2000	As of Sept. 30, 2001	As of Setp. 30, 2002
Independent tangible items	891	485	1,820
– Machines and facilities	602	341	1,820
– Transportation devices	289	144	0
Other tangible assets	0	0	98
<b>Total</b>	<b>891</b>	<b>485</b>	<b>1,918</b>

During the fiscal period, no provisions were made for long-term tangible assets.

#### Write-offs of long-term tangible assets (show in the costs column)

In 2002, the write-offs for long-term tangible assets were CZK 933 thous., in 2001 they were CZK 850 thous.

### 3.1.3. Assets under financial or operational leasing

#### Financial leasing

(in thous. CZK)

Item or group of items	Starting date	Leasing period (in months)	Total value of the leasing	Paid off by Sept. 30, 2001	Paid off by Sept. 30, 2002	Due from 10/2002 – 9/2003	Due in the following years
HW	25.10.00	36	3,236	1,210	936	936	154
HW	9.2.01	36	356	151	150	53	2
HW	6.6.01	36	3,414	1,000,	1,430	964	20
Personal car – 1502326995	16.3.98	36	762	762	0	0	0
Personal car – 1502325401	17.11.99	36	787	145	163	0	0
Personal car – 1502327858	29.3.00	36	461	89	100	0	0
Personal car – 1502328241	25.4.00	36	1,404	273	316	0	0
Personal car – 1502330429	6.10.00	36	716	145	163	0	0
Personal car – 1502330430	6.10.00	36	716	145	163	0	0
Personal car – 1502330431	6.10.00	36	611	124	139	0	0
Personal car – 1100251	26.2.01	36	702	187	142	0	0
Personal car – 1100250	1.3.01	36	702	169	142	0	0
<b>Total</b>			<b>13,867</b>	<b>4,400</b>	<b>3,844</b>	<b>1,953</b>	<b>176</b>

Based on the request of the company, the financial leasing of all personal cars was cancelled during the fiscal period and the cars were bought from the leasing company.

### 3.1.4. Long-term assets under lien

The company has no long-term tangible or intangible assets, which are burdened by liens.

## 3.2. LONG-TERM FINANCIAL ASSETS

#### Acquisition costs

(in thous. CZK)

	As of Dec. 31, 2000	Additions	Disposals	As of Sept. 30, 2001	Additions	Disposals	As of Sept. 30, 2002
Securities and majority holdings	674,884	401,000	0	1,075,884	904,817	12,000	1,968,701
Loans to group companies	0	146,000	0	146,000	0	3,479	142,521
<b>Total</b>	<b>674,884</b>	<b>547,000</b>	<b>0</b>	<b>1,221,884</b>	<b>904,817</b>	<b>15,479</b>	<b>2,111,222</b>

### 3.2.1. Securities and majority holdings

2002

Company name	Acquisition price	Nominal value	Number of securities	Equity	Financial result	Share in %	Provisions	Profit that year
Zásobování teplem Vsetín a. s.	240,850	150,839	150,839	226,659	-5,848	82.22	0	0
CTZ s. r. o.	31,800	31,800	x	64,613	1,263	51.00	0	0
TERMO Děčín a. s.	312,234	345,965	345,965	487,051	-12,470	66.66	0	0
Městské inženýrské sítě Studénka a. s.	40,000	86,565	86,565	114,933	1,385	66.66	0	0
MVV enservis s. r. o.	50,000	1,000	x	1,401	-826	100.00	0	0
Dubská energetická společnost a. s.	12,000	1,000	1,000	x	x	100.00	12,000	0
Jablonecká teplárenská a realitní, a. s.	255,000	198,000	198	372,193	17,615	65.78	0	0
OPATHERM a. s.	134,000	9,900	100	23,407	1,397	100.00	0	0
BFE-CZ institut pro energii a ekologii s. r. o.	10	500	x	42	-15	100.00	0	0
Teplárny Brno a. s.	904,807	753,641	753,641	1,899,880	45,273	85.10	0	0
<b>Total</b>	<b>1,980,701</b>	<b>1,579,210</b>					<b>12,000</b>	<b>0</b>

The results of the company Dubská energetická společnost a. s. are not at our disposal, since we have ceased to manage their activities with the backing out of a contract of securities transfer.

The long-term financial assets of the company are not publicly traded.

The subsidiary MVV enservis s. r. o. (formerly UNITHERM Česká Lípa s. r. o.) is a 35 % shareholder of Českolipska teplárenská a. s., which is a company that fits into the activity portfolio of MVV Energie CZ s. r. o. investments.

The investment in Czech holdings is geared at creating a portfolio of energy companies, whose business activities focus on the operations of central heating sources, the generation of electricity, the distribution of water and the operation of energy infrastructures.

The acquired investments are not publicly traded and it is not possible to appraise their exact market value. When appraising the individual value of investments, the company uses internal appraisals based on the estimate of future cash flow. The company management believes, that the value of investments as presented in these statements is realistic.

The company made provisions on long-term financial assets of Dubská energetická společnost a. s. at 100% of the acquisition cost of its shares.

On November 12, 2001, MVV Energie CZ s. r. o. (Ltd.) resigned from security transfer contracts signed with the former shareholders of Dubská energetická společnost a. s., which had been signed on May 30, 2001. The reason for resigning was the claiming of receivables by the Czech Consolidation Agency towards Millenium Technologies s. r. o., for whose dues Dubská energetická společnost a. s. is liable. This commitment of Dubská energetická společnost a. s. had not been made known to MVV Energie CZ s. r. o. (Ltd.) until the time, when the receivable was claimed. This means that the contract of securities acquisition was breached. Since the value of the receivable is significantly higher than the securities' acquisition price, MVV Energie CZ s. r. o. (Ltd.) considers this as a major breach of contract conditions and demands the return of the acquisition fee including interest at 8 % as of June 18, 2001.

On January 17, 2002, the company filed a law suit against Ing. Stanislav Kolb, Grisha Kahlen and Vladimír Bezdíčka at the regional court of Prague. This law suit is related to the resignation from the security transfer contracts with Dubská energetická společnost a. s. The aforementioned persons were the former owners of Dubská energetická společnost a. s. They do not agree with the termination of the contract and did not return the acquisition payment. Under the law suit, the regional court should decide that the aforementioned persons should regain ownership of Dubská energetická společnost a. s. and they should be ordered to repay CZK 11 300 thous.

**2001**

(údaje v tis. Kč)

Company name	Acquisition price	Nominal value	Number of securities	Equity	Financial result	Share in %	Provisions	Profit that year
Zásobování teplem Vsetín a. s.	240,850	150,839	150,839	82,22	232,614	-9,095	0	0
CTZ s. r. o.	31,800	31,800	x	51,00	63,440	1,013	0	0
TERMO Děčín a. s.	312,234	345,965	345,965	66,66	499,594	-19,972	0	0
Městské inženýrské sítě Studénka a. s.	40,000	86,565	86,565	66,66	113,777	-17,149	0	0
UNITHERM Česká Lípa s. r. o.	50,000	1,000	x	100,00	2,227	-912	0	0
Dubská energetická společnost a. s.	12,000	1,000	1,000	100,00	-11,773	-4,759	0	0
Jablonecká teplárenská a realitní, a. s.	255,000	198,000	198	65,78	354,845	-6,958	0	0
OPATHERM a. s.	134,000	9,900	100	100,00	-2,060	-14,455	0	0
<b>Total</b>	<b>1,075,884</b>	<b>825,069</b>			<b>1,252,664</b>		<b>0</b>	<b>0</b>

**3.2.2. Loans to Group companies****2002**

(in thous. CZK)

Company	Amount	Interest rate	Annual interest	Date due	Guarentee	Currency	Provision
OPATHERM a. s.	142,521	9 %	13,111	31. 3. 2014	Není	CZK	0
MVV enservis s. r. o.	350	6 %		30. 9. 2002	Není	CZK	0
MVV enservis s. r. o.	350	6 %		30. 9. 2003	Není	CZK	0
MVV enservis s. r. o.	1,000	6 %	75s	30. 9. 2003	Není	CZK	0
CTZ s. r. o. Uherské Hradiště	5,108	6M PRIBOR + 2,5% margin	0	30. 9. 2003	není	CZK	0
<b>Total</b>	<b>149,329</b>		<b>13,186</b>				<b>0</b>

Receivables from the companies MVV enservis s. r. o. and CTZ s. r. o. are accounted as short-term; for OPATHERM a. s. as long-term.

**2001**

(in thous. CZK)

Company	Amount	Interest rate	Annual interest	Date due	Guarantee	Currency	Provision
OPATHERM a. s.	146,000	9 %	3,924	31. 3. 2014	Není	CZK	0
UNITHERM Česká Lípa s. r. o.	350	6 %	11	31. 12. 2001	Není	CZK	0
UNITHERM Česká Lípa s. r. o.	350	6 %	6	31. 12. 2001	Není	CZK	0
<b>Total</b>	<b>146,700</b>		<b>3,941</b>				<b>0</b>

### 3.2.3. Long-term financial assets under lien

2002

(in thous. CZK)

Asset description	Accounted value	Lien specification	Lien value
Holding in CTZ s. r. o.	31,800	Lien of HVB	31 800
Multiple certificated shares TERMO Děčín a.s. No.: 000004 a 000005.	312 234	Loan balance to 30.9.2002 by HVB CZ a.s.	358 977

HVB CZ a.s. provided a loan to TERMO Děčín a.s. for a major investment – erection of CHP in Děčín – Želenice and district heating project – Děčín right bank. MVV Energie CZ s.r.o., as the majority owner of TERMO Děčín a.s., pledged its shareholding 66,66%. as collateral for this loan to HVB CZ a.s.

HVB CZ a. s. granted a loan to CTZ s. r. o. Uherské Hradiště for investment into the complex merger of the central heating distribution system of the city of Uherské Hradiště. MVV Energie CZ s. r. o. (Ltd.) as the majority shareholder of CTZ s. r. o. acts as guarantor of this loan toward HVB a. s. (the guarantee is its share in CTZ s. r. o.)

2001

(in thous. CZK)

Asset description	Accounted value	Lien specification	Lien value
Holding in CTZ s. r. o.	31,800	Lien of HVB	31 800

### 3.3. SUPPLIES

Supplies are made for specific EPC projects in progress.

### 3.4. RECEIVABLES

#### 3.4.1. Receivables from business activity

(in thous. CZK)

	As of Sept. 30, 2002	As of Sept. 30, 2001
Long-term	33,724	24,521
– customers	33,724	24,521

Long-term receivables are created within the Energy Performance Contracting projects (EPC), which significantly decrease the operational costs of energy generation, distribution and use. After planning, preparations and implementation of the energy conservation measures, the project is paid off gradually (depending on the individual contract conditions during a period of 6 to 8 years). Payments are made from the savings in the operational costs budget. The savings are guaranteed at the agreed upon level and they correspond to the amount to be paid.

(in thous. CZK)

	As of Sept. 30, 2002	As of Sept. 30, 2001
Short-term	26,322	29,748
– customers	34,220	33,165
– operational deposits granted	926	5,336
– other receivables	0	6
– provisions	– 8,824	– 8,759
<b>Total</b>	<b>26,322</b>	<b>29,748</b>

### 3.4.2. Maturity structure of receivables

(in thous. CZK)

Year	Type	Before payment started	After payments started to be due					In total
			0–90 days	91–180 days	181–360 days	1–2 years	2 years and more	
2002	Short-term	6,328	9,940	7,807	5,464	1,286	3,395	34,220
	Provisions			1,561	2,732	1,136	3,395	8,824
2001	Short-term	14,003	9,573		536	596	8,457	33,165
	Provisions				268	584	7,907	8,759

The common payment due date of receivables is 14 days.

### 3.4.3. Receivables from Group companies

(in thous. CZK)

Company name	As of Sept. 30, 2002	As of Sept. 30, 2001
Short-term receivables from business activity		
Zásobování teplem Vsetín a. s.	3,943	2,894
CTZ s. r. o.	3,000	333
TERMO Děčín a. s.	3,049	1,730
Městské inženýrské sítě Studénka a. s.	127	539
Jablonecká teplárenská a realitní, a. s.	481	9,058
OPATHERM a. s.	3,928	3,924
Dubská energetická společnost a. s.	125	0
MVV enservis s. r. o.	1,336	0
Teplárny Brno a. s.	8	0
Total short-term receivables from Group companies	15,997	18,478
Receivables outside the Group	18,223	14,688
<b>Short-term receivables in total</b>	<b>34,220</b>	<b>33,165</b>

The receivables of MVV enservis s. r. o. and CTZ s. r. o. towards MVV Energie CZ s. r. o. (from short-term loans) at CZK 6 808 thous. are part of point 3.2.2 of the notes – Loans to Group companies.

### Receivables covered by liens or by another means

ČSOB a. s. has made liens on the company to guarantee its receivables from loan contracts. The lien applies to all receivables at a value of CZK 9 946 thous.

### 3.5. FINANCIAL ASSETS

(in thous. CZK)

	Stav k 30. 9. 2002	Stav k 30. 9. 2001
Cash on hand	109	122
Current accounts	7,847	4,647
Term deposits	2,910	15,726
Securities	136	35
Deposited promissory notes	25,000	0
<b>Financial assets in total</b>	<b>36,002</b>	<b>20,530</b>

### 3.6. TEMPORARY ASSET ACCOUNTS

The balance of contingencies' gains is based on estimates of profits from non-invoiced revenues as of Sept. 30, 2002. These are unfinished projects, where most run on once-yearly invoicing.

### 3.7. EQUITY

#### 3.7.1. Changes in equity

##### Changes in equity

(in thous. CZK)

	Equity	Capital funds	Uncovered loss	Profit and loss for the year	Total equity
Balance on Dec. 12, 2000	420,000	1	-3,945	-9,559	406,497
Additions	0	0	-9,559	-16,914	
Disposals	0	0	0	9,559	
Balance on Sept. 30, 2001	420,000	1	-13,505	-16,914	389,582
Additions	300,000	0	-16,914	-70,880	
Disposals	0	0	0	-16,914	
<b>Balance on Sept. 30, 2002</b>	<b>720,000</b>	<b>1</b>	<b>-30,419</b>	<b>-70,880</b>	<b>618,702</b>

### 3.8. RESERVES

During the fiscal period reserves were created for management bonuses.

### 3.9. LIABILITIES

#### 3.9.1. Liabilities from business activity

	As of Sept. 30, 2002	As of Sept. 30, 2001
Short-term liabilities		
– suppliers	5,536	20,252
– deposits received	14,496	9,105
<b>Total</b>	<b>20,032</b>	<b>29,357</b>

### 3.9.2. Maturity profile of liabilities towards suppliers

(in thous. CZK)

Year	Type	Before payment started	After payments started to be due					In total
			0–90 day	91–180 days	181–360 days	1–2 years	2 years and more	
2002	Short-term	3,663	353	287	667	0	566	5,536
2001	Short-term	19,135	33	400			684	20,252

The common payment due date of receivables is 14 days.

### 3.9.3. Liabilities towards group companies

(in thous. CZK)

Company name	As of Sept. 30, 2002	As of Sept. 30, 2001
Short-term receivables from business activity		
MVV enservis s. r. o.	0	374
Total short-term liabilities from Group companies	0	374
Liabilities outside the Group	5,536	19,878
<b>Short-term liabilities in total</b>	<b>5,536</b>	<b>20,252</b>

Company name	As of Sept. 30, 2002	As of Sept. 30, 2001
Liabilities from financing		
Liabilities towards MVV ENERGIE AG – loans	1,497,000	867,000
Liabilities towards MVV ENERGIE AG – interest on loans	46,791	17,832
<b>Total liabilities towards MVV ENERGIE AG</b>	<b>1,543,791</b>	<b>884,832</b>

During 2002 the company did not fulfill some of its commitments stemming from loans provided by the shareholder, MVV Energie AG, namely the payment of interest. The non-fulfillment of contracts should be eliminated with the merger, that came into effect after the financial closing date (see chapter 6).



### 3.10. BANK LOANS AND BONDS

2002

(in thous. CZK)

Bank/ Lender	Balance as of Sept. 30, 2002	Interest rate	Form of guarantee	Accounted and market value of assets under lien	Assets under lien specifications
ČSOB	3,538	Prime rate/2 + 3%	Lien on receivables Guarantee of shareholder	See part 3.4.5.	See part 3.4.5.
ČSOB	8,407	Prime rate/2 + 2%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
ČSOB	10,450	Prime rate/2 + 2%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
ČSOB	2,113	Prime rate/2 + 2%	Lien on receivables Blank promissory note	See part 3.5.5.	See part 3.4.5.
ČSOB	1,800	Prime rate/2 + 2,5%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
<b>Total</b>	<b>26,308</b>				

The prime rate equals the minimal lending rate of the bank, which is communicated at the time.

All loans were granted to finance EPC projects.

#### Payment schedule

(in thous. CZK)

Bank/lender	Due within one year	Due within 1-2 years	Due within 2-3 years	Due within 3-4 year	Due within 4-5 years	Due later	Total
ČSOB	1,584,	1,584	370				3,538
ČSOB	1,980	1,980	1,980	1,980	487		8,407
ČSOB	2,340	2,340	2,340	2,340	1,090	,	10,450
ČSOB	552	552	552	457			2,113
ČSOB	420	504	504	372			1,800
<b>Total</b>	<b>6,876</b>	<b>6,960</b>	<b>5,746</b>	<b>5,149</b>	<b>1,557</b>		<b>26,308</b>

## 2001

(in thous. CZK)

Bank/lender	Balance as of Sept. 30, 2001	Interest rate	Form of guarantee	Accounted and market value of assets under lien	Assets under lien specifications
ČSOB	5,122	Prime rate/2 + 3%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
ČSOB	10,387	Prime rate/2 + 2%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
ČSOB	4,268	Prime rate/2 + 2%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
ČSOB	2,527	Prime rate/2 + 2%	Lien on receivables Blank promissory note	See part 3.4.5.	See part 3.4.5.
<b>Total</b>	<b>22,304</b>				

### 3.11. TEMPORARY ACCOUNTS LIABILITIES

A significant item of contingencies' loss in 2002 is the interest of a loan from the shareholder, MVV Energie AG, at CZK 23 643 thous. The items are based on estimates of overhead costs in September 2002 and an estimate of employee earnings in 2002. In 2001 the contingencies' loss was made up mainly of non-invoiced costs for EPC projects at CZK 3 772 thous.

### 3.12. DEFERRED TAX

(in thous. CZK)

Investments	As of Sept. 30, 2002	30.9.aAs of Sept. 30, 20012001
Tangible asset write-offs	425	429
Receivables from business activity	2,371	1,899
Supplies	432	417
Other reserves	1,637	0
Unclaimed tax loss from previous years	0	660
<b>Total deferred tax assets</b>	<b>4,865</b>	<b>3,405</b>

### 3.13. ASSETS AND LIABILITIES IN FOREIGN CURRENCY

The company accounts only one liability in foreign currency, namely the interest from a loan by the shareholder, at 1 572 thous. EUR (1 026 thous DEM in 2001). This liability is accounted under item „Agreed Liabilities“ at the exchange rate as of the financial closing date.

### 3.14. INCOME FROM BUSINESS ACTIVITY BY ACTIVITY

(in thous. CZK)

	As of Sept. 30, 2002	As of Sept. 30, 2001
	Tuzem.	Tuzem.
Heavy fuel oil	106,517	42,685
Coal	17,911	5,229
Other	4,110	13
Income from aproduct sales	128,538	47,927
EPC project realization	20,258	7,396
Energy audits and consultations	1,626	354
Share on energy conserved	17,905	13,055
Consultations, organizational and business services	36,145	26,503
<b>Income from sold products and services in total</b>	<b>75,934</b>	<b>47,308</b>

All income was generated locally in the Czech Republic.

### 3.15. TRANSACTIONS WITH RELATED PARTIES

#### 3.15.1. Profits made through related parties

2002

Subject	Type of subject	Products	Services	Revenues	Total
Zásobování teplem Vsetín a. s.	Subsidiary	14,461	5,098	393	19,952
CTZ s. r. o.	Subsidiary	0	5,403	0	5,403
TERMO Děčín a. s.	Subsidiary	4,110	13,632	0	17,742
MVV enservis s. r. o.	Subsidiary	0	1,138	75	1,213
OPATHERM a. s.	Subsidiary	6,223	1,976	13,111	21,310
Dubská energetická společnost a. s.	Subsidiary	0	254	0	254
Jablonecká teplárenská a realitní, a. s.	Subsidiary	103,744	6,969	0	110,713
Městské inženýrské sítě a. s.	Subsidiary	0	1,090	0	1,090
Teplárny Brno a. s.	Subsidiary	0	7	0	7
Českolipská teplárenská a. s.	Owned by MVV enservis s. r. o.	0	578	0	578
<b>CelkemaTotal</b>		<b>128,538</b>	<b>36,145</b>	<b>13,579</b>	<b>178,262</b>

**2001**

(in thous. CZK)

Subject	Type of subject	Products	Services	aRevenuesnosy	Total
Zásobování teplem Vsetín a. s.	Subsidiary	5,229	7,189	551	12,969
CTZ s. r. o.	Subsidiary	0	3,203	1,495	4,698
TERMO Děčín a. s.	Subsidiary	13	13,527	0	13,540
Městské inženýrské sítě Studénka a. s.	Subsidiary	0	450	522	972
Unitherm Česká Lípa s. r. o.	Subsidiary	0	560	17	577
Opatherm a. s.	Subsidiary	0	0	3,924	3,924
Dubská energetická společnost a. s.	Subsidiary	0	75	0	75
Jablonecká teplárenská a realitní, a. s.	Subsidiary	42,685	1,500	0	44,185
<b>Total</b>		<b>47,927</b>	<b>26,504</b>	<b>6,509</b>	<b>80,940</b>

All revenues are generated on the basis of contracts between MVV Energie CZ s. r. o. (Ltd.) and each individual subsidiary.

**3.15.2. Acquisition****2002**

Subject	Type of subject	Materials	Services	Costs	Total
MVV ENERGIE AG	Shareholder	0	0	93,753	93,753
TERMO Děčín a. s.	Subsidiary	6	26	159	191
MVV enservis s. r. o.	Subsidiary	13	1,420	0	1,433
<b>CelkaTotalem</b>		<b>19</b>	<b>1,446</b>	<b>93,912</b>	<b>95,377</b>

**2001**

(in thous. CZK)

Subjaect	Type of subject	Services	Costs	Total
TERMO Děčín a. s.	Subsidiary	0	1,247	1,247
MVV ENERGIE AG	Shareholder	0	31,283	31,283
Unitherm Česká Lípa s. r. o.	Subsidiary	1,848	0	1,848
<b>CeaSubjaectlkem</b>		<b>1,848</b>	<b>32,530</b>	<b>34,378</b>

**3.15.3. Further transactions with related parties**

No further transactions with related parties were made during the previous period.

## 4. Employees, management, statutory bodies

### 4.1. PERSONNEL COSTS AND NUMBER OF EMPLOYEES

The average number of employees and management and the personnel costs are as follows:

**2002**

(in thous. CZK)

	Number	Wages	Social and health insurance	Other costs	Personnel costs in total
Employees	20	7,073	2,417	138	9,628
Management	5	5,168	1,809	551	7,528
<b>Total</b>	<b>21</b>	<b>12,241</b>	<b>4,226</b>	<b>689</b>	<b>17,156</b>

**2001**

(in thous. CZK)

	Number	Wages	Social and health insurance	Other costs	Personnel costs in total
Employees	13	3,483	1,215	197	4,895
Management	4	4,220	1,426	256	5,902
<b>Total</b>	<b>17</b>	<b>7,703</b>	<b>2,641</b>	<b>453</b>	<b>10,797</b>

The number of employees is the average from the total pool of all employees during the fiscal period. The item „management“ includes the CEO and the heads of various units. The item „other costs“ includes the company's contribution to the employees' and management's life and accident insurance, as well as the lunch allowance.



## 5. Dues not presented in the statements

### Major potential losses

The company is not aware of major potential losses, which would necessitate the creation of reserves in the company's accounting.

### Promissory notes granted

The company issued blank promissory notes on leasing contracts with ČSOB Leasing a. s. Their value covers the obligation from the leasing.

The company issued promissory notes as guarantees for three loans by ČSOB a. s. (for the coverage of EPC projects). Their value covers the loans.

The company issued blank promissory notes as guarantees for two loans by the shareholder (for the acquisition of long-term financial assets). Their value covers the loans.

### Court cases

As of September 30, 2002, the company did not participate in any court case, whose decision, would affect the company in a major way.

### Environmental commitment

As of September 30, 2002, there exists no environmental audit of the company. For this reason, the company management can neither estimate the possible future commitment due to harm from former activity, nor the commitment to harm prevention. However, it is not aware of such commitments.

### Liability for third parties

MVV EPS s. r. o. issued a promissory note to TEPLO Krkonoše a. s. to cover receivables. The value is CZK 3 000 000.

Further, MVV Energie CZ s. r. o. (Ltd.) signed a guarantor statement for its subsidiaries Městské inženýrské sítě Studénka a. s. and Zásobování teplem Vsetín a. s., guaranteeing for their dues that stem from a loan provided by ČSOB a. s.

The dues from the loan provided by ČSOB a. s. are CZK 30 420 thous. (as of September 30, 2002) for Městské inženýrské sítě Studénka a. s. and CZK 85 790 thous. for Zásobování teplem Vsetín a. s. (as of the same date).

### Liabilities from the acquisition and development of investments (incl. financial)

At the time of the financial closing, the company has no future liabilities from long-term expenses from signed contracts.

## 6. Subsequent events

The statutory body of the company decided, that the company will merge with those companies, where it holds a majority ownership. The merger could take place in various forms, although the merger with the subsidiaries Teplárny Brno, a. s. and OPATHERM a. s. is the basis of the merger. Another option could be, that the heir company could be created from the merger of the company with the companies Teplárny Brno, a. s., OPATHERM a. s., Jablonecká teplárenská a realitní a. s. and Městské inženýrské sítě Studénka a. s. The date of the merger will be October 1, 2002, which is the beginning of the new fiscal period. The level of success of the merger will be known during the first half of 2003.

Prepared by:



Ing. Jana Maudrová



Ing. Ivo Slavotínek  
chief executive of the company

## Cash flow statement

Denotation	ITEM	Accounting period	
		current	previous
<b>P.</b>	<b>Cash and cash equivalents at the beginning of the accounting period</b>	<b>20,531</b>	<b>11,852</b>
	<i>Cash flows from ordinary activities</i>		
<b>Z.</b>	<b>Profit/(loss) from ordinary activities before tax</b>	<b>-72,266</b>	<b>-16,538</b>
<b>A.1.</b>	<b>Adjustments for non-cash transactions</b>	<b>106,218</b>	<b>17,724</b>
A.1.1.	Depreciation of fixed assets(+) excluding book value of fixed assets sold, receivables write offs (+), amortization of goodwill	3,274	1,740
A.1.2.	Change in provisions, reserves , accruals, deferrals, estimated items and unrealised foreign exchange gains/losses	25,856	-9,370
A.1.3.	Profit/(loss) on sale of fixed assets including valuation differences on financial investments	-2,534	-75
A.1.4.	Revenues from dividends and shares from profit, except companies where the main activity is investing activity (-)	0	
A.1.5.	Interest expense (+) excluding capitalized interest and interest income (-)	79,622	25,429
<b>A.*</b>	<b>Net cash flow from operating activities before tax, movements in working capital and extraordinary items</b>	<b>33,952</b>	<b>1,186</b>
<b>A.2.</b>	<b>Change in working capital</b>	<b>-18,031</b>	<b>36,352</b>
A.2.1.	Change in receivables from operating activities	-11,996	24,864
A.2.2.	Change in short-term payables from operating activities	-8,422	16,076
A.2.3.	Change in inventory	2,387	-4,588
<b>A.**</b>	<b>Net cash flow from operating activities before tax and extraordinary items</b>	<b>15,921</b>	<b>37,538</b>
A.3.	Interest paid (-), except interest capitalised	-71,458	-33,276
A.4.	Interest received (+), except companies where the main activity is investing activity	15,479	7,847
A.5.	Income tax paid for operating activities, additional tax paid for previous periods (-)		54
A.6.	Receipts and expenditures relating to extraordinary activities, which create extraordinary profit or loss, including income tax paid from extraordinary activities	-73	225
<b>A.***</b>	<b>Net cash flow from operating activities</b>	<b>-40,131</b>	<b>12,388</b>
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures (-)	-913,374	-405,786
B.2.	Receipts from fixed assets sold (+)	2,534	75
B.3.	Loans provided to related parties (-/+)	3,479	-146,000
<b>B.***</b>	<b>Net cash flow from investing activities</b>	<b>-907,361</b>	<b>-551,711</b>
	<i>Cash flow from financial activities</i>		
C.1.	Change in long term or short term payables (+,-)	662,963	548,002
C.2.	Impact on cash due to change in equity	300,000	0
C.2.1.	Increase of cash and cash equivalents due to change in registered capital, reserve fund, including prepayments made for this increase (+)	300,000	
C.2.2.	Capital payments to partners and shareholders (+)	0	
C.2.3.	Monetary gifts and grants into equity and other deposits of cash made by partners and shareholders (+)	0	
C.2.4.	Reimbursement of loss by partners (+)	0	
C.2.5.	Payments made from funds (-)	0	



## Cash flow statement

Denotation	ITEM	Accounting period	
		current	previous
C.2.6.	Dividends and ownership interests paid, including withholding tax related to these claims and including financial clearance with partners (-)	0	
C.3.	Dividends and ownership interests received, except companies where the main activity is investing activity (+)	0	
<b>C.***</b>	<b>Net cash flow from financing activities</b>	<b>962,963</b>	<b>548,002</b>
<b>F.</b>	<b>Net increase or decrease of cash and cash equivalents</b>	<b>15,471</b>	<b>8,679</b>
<b>R.</b>	<b>Cash and cash equivalents at the end of the accounting period</b>	<b>36,002</b>	<b>20,531</b>



## Related parties report

This report is prepared on the basis of legislation No. §66a part 9 of the Commercial code (No. 513/90 Coll.) in its present and legal form. Between the controlling and the controlled parties, no controlling contracts were signed under No. §66a part 7 of the Commercial code (No. 513/90 Coll.) in its present and legal form.

### 2. RELATED PARTIES:

The company belongs to the MVV group; its structure is presented on page 10 of this report.

#### 2.1. Controlling parties

MVV Energie AG (head office: Mannheimu, Luisenring 49, Germany) owns a 100 % holding in the company MVV Energie CZ s. r. o. (Ltd.)

#### 2.2. Other controlled parties:

ovládajícíControlling party osoba	Parties controlled by it	ID. No.
MVV Energie CZ s. r. o.	Zásobování teplem Vsetín a. s.	451,92,588
MVV Energie CZ s. r. o.	CTZ s. r. o.	634,72,163
MVV Energie CZ s. r. o.	TERMO Děčín a. s.	640,50,882
MVV Energie CZ s. r. o.	Městské inženýrské sítě Studénka a. s.	651,38,155
MVV Energie CZ s. r. o.	MVV enservis s. r. o.	631,49,907
MVV Energie CZ s. r. o.	Jablonecká teplárenská a realitní, a. s.	615,39,881
MVV Energie CZ s. r. o.	OPATHERM a. s.	253 85,771
MVV Energie CZ s. r. o.	Teplárny Brno, a. s.	463,475,34
MVV Energie CZ s. r. o.	BFE-CZ, Institut pro energii a ekologii, spol. s r. o.	258,31,526

#### 2.3. Parties controlled by the company

The company does not control any further parties.

### 3. AGREEMENTS

During the time period between October 1, 2001 and September 30, 2002, the following contracts were signed:

#### Loan contracts

The object of the contracts are loans for the purpose of financing the acquisitions of the company.

Type of contract	The other contract partner	Value	Counter value	Damages	Payment of damages
Loan contract No. 50054 at CZK 630 mln.	MVV Energie AG	Financial value	Common interest of banks in this currency	No	

Type of contract	Value	Counter value	Damages	Payment of damages
Renewal of the loan contract	Renewal of the loan agreement by one year	Common interest of banks in this currency	No	

#### 4. OTHER MEASURES

The statutory body of the company decided that the company would undergo a merger on October 1, 2002 – under §220 of the Commercial code, the company would merge with those subsidiaries, where it holds a majority share, namely OPATHERM a. s., Teplárny Brno a. s. and Městské inženýrské sítě Studénka a. s.

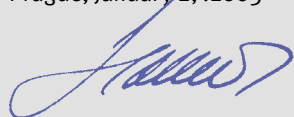
On Dec. 14, 2001, the Supervisory board of MVV Energie s. r. o. (Ltd.) took up its activity with the following members:

Position	Name	Date of memberships	Date when membership ceded
Chairman	Roland Hartung	14.12.2001	
Vice-Chairman	Dr. Werner Dub	14.12.2001	
Member	Einar Westre	14.12.2001	
Member	Michael J. Kirsch	14.12.2001	
Member	Ing. Helfried Krobe	14.12.2001	
Member	Dr. Ing. Thomas Wenzel	14.12.2001	11.4.2002
Member	Karsten Günter Nowak	11.4.2002	

#### 5. CONCLUSION

The CEO of MVV Energie CZ s. r. o. declares, that the company, as the controlling party, has not incurred any losses from any contracts.

Prague, January 2, .2003



Ing. Ivo Slavotínek

Chief executive of MVV Energie CZ s. r. o.

## The consolidated results of the MVV Energie CZ Group

The consolidated results of the MVV Energie CZ Group include the results of all subsidiaries, incl. the newly acquired Teplárny Brno a. s., except Dvorská energetická společnost a. s. The consolidated audited results conform to IAS, which in turn conforms to Czech accounting legislation (No. 563/2001 Coll.).

In order to be able to make comparisons, the previous periods are also presented with consolidated results that are audited by international standards, which during the previous periods went beyond the legal prescription. It is an advantage, that these periods are always twelve months in length (October-September). This system was introduced upon the shareholder's request, which used this fiscal period for the consolidation of the accounts of the entire MVV Energie AG group.

The consolidated revenues during the fiscal year 2001-2002 were CZK 2 627 mln., which is a yr-yr increase of 234 %, taking into account the acquisition of Teplárny Brno a. s. This company has a 50 % share of the consolidated revenues. However, this result underlines the very dynamic growth of the group.

The total consolidated results after tax and after discounting minority holdings was CZK 85 mln. Another important indicator is EBIT, which was CZK 258 mln. This figure is significantly above plan.

The reason for these very positive results is the fact, that all accounting operations, which create provisions, reserves or write-offs, were created already in previous periods, in order to more correctly present the assets of the MVV Energie CZ Group. For this reason it was not necessary to create these items during this fiscal period.

The final results of the MVV Energie CZ Group significantly influenced the results of the MVV Energie AG Group, which during the fiscal period of 2001/2002 reached the best annual results in its history.



# Konsolidovaná rozvaha IAS

## AKTIVA

	10/1999–9/2000	10/2000–9/2001	10/2001–9/2002
	thous.,CZK	thous.,CZK	thous.,CZK
Assets			
Founding costs	0	11	2
Receivables on equity	25,910	0	0
Long-term assets	929,064	1,886,867	4,611,136
Long-term intangible assets	4,945	160,738	–206,519
SW	4,000	11,593	33,538
Goodwill	324	145,582	–240,183
Other long-term intangible assets	0	0	0
Advance payments on long-term intangible assets	621	3,563	126
Long-term tangible assets	924,009	1,683,260	4,787,246
Property, property rights, buildings	436,676	993,956	2,017,069
Inventory	402,046	539,568	2,253,879
Other long-term tangible assets	1,594	5,201	10,071
Advance payments on long-term tangible assets	83,693	144,535	506,227
Long-term financial assets	110	42,868	30,407
Participating interest in consolidated holdings	0	0	10
Participating interest in consolidated holdings (equivalent stakes)	0	29,585	30,309
Other participating interests	110	0	0
Minority holdings	0	0	88
Consolidated holdings loans	0	0	0
Other loans	0	13,233	0
Other long-term financial assets	0	50	0
Current assets	629,278	455,236	1,588,500
Supplies	30,644	89,750	169,929
Materials	9,556	75,699	132,194
Unfinished production	13,987	7,244	6,236
Products	0	0	0
Advance payments on supplies	7,101	6,807	31,499
Receivables from business activity	234,637	132,657	133,407
Other assets	190,414	33,777	38,467
Other receivables	190,722	33,777	38,462
Other receivables from Group companies	–308	0	5
Financial assets	173,583	199,052	1,246,696
Short-term financial assets	0	0	1,038,096
Bank accounts	173,583	199,052	208,600
Deferred tax	0	31,959	55,762
Temporary asset accounts	1,855	60,441	9,738
<b>TOTAL ASSETS</b>	<b>1,586,108</b>	<b>2,434,516</b>	<b>6,265,140</b>

## PASIVA

	10/1999-9/2000	10/2000-9/2001	10/2001-9/2002
Liabilities	thous.,CZK	thous.,CZK	thous.,CZK
Equity	410,668	341,905	714,558
Basic capital	420,000	420,000	720,000
Capital accounts	1	114	5,435
Profit funds	0	1	-7,819
Undistributed profits / accumulated loss from previous periods	4,077	-14,135	-88,080
Profit	-13,410	-64,075	85,022
Minority holdings on equity	244,315	387,389	639,092
Reserves	2,678	4,484	9,270
Reserve for income tax	0	1,958	895
Other reserves	2,678	2,526	8,375
Debt	883,758	1,584,652	4,599,805
Long-term liabilities	530,861	1,349,688	4,271,566
Bank loans	253,861	447,267	744,766
Liabilities from financial leasing	0	13,306	2,930
Other long-term liabilities	0	4,283	1,980,079
Liabilities towards MVV GmbH	277,000	884,832	1,543,791
Liabilities from business activity	26,617	60,065	137,941
Liabilities towards suppliers	26,617	60,065	137,814
Liabilities from business activity with MVV GmbH	0	0	127
Advance payments received	242,796	96,817	130,804
Other liabilities	83,485	78,081	59,493
Other liabilities	83,485	78,081	58,812
Other liabilities towards MVV GmbH	0	0	681
Temporary liabilities accounts	44,688	68,954	181,488
Deferred tax	0	47,130	120,925
<b>TOTAL LIABILITIES</b>	<b>1,586,108</b>	<b>2,434,516</b>	<b>6,265,140</b>

## Consolidated profit and loss report IAS

	10/1999-9/2000	10/2000-9/2001	10/2001-9/2002
	thous.,CZK	thous.,CZK	thous.,CZK
Revenues	149,355	786,564	2,627,467
Revenues from sale of own goods and services	144,091	751,802	2,573,719
Other operational revenues	16,679	33,215	40,258
Changes in supplies	-14,167	-6,743	-958
Capitalization of own worth	2,752	8,290	14,448
Operational costs	170,541	678,735	2,025,020
Costs of material/services	97,160	447,088	1,675,290
Personnel expenses	38,527	109,595	239,585
Other operational costs	34,854	122,052	110,145
Gross profit before provisions (EBITDA)	-21,185	107,829	602,447
Ammortization	-5,742	160,950	343,853
Gross profit (EBIT)	-15,443	-53,121	258,593
Net interest costs	12,529	53,094	168,823
Interest costs	14,973	64,372	195,703
Interest revenues	2,444	11,278	37,014
Write-offs of financial assets	0	0	10,133
Special costs/revenues	0	-934	364
Gross profit (EBT)	-27,972	-105,281	89,406
Income tax	1,824	1,982	5,054
Deferred tax receivable	0	30,536	37,548
Deferred tax payable	0	2,050	8,151
Net profit	-29,796	-78,777	113,748
Part of net profit in equivalence	0	0	-724
Total net profit	-29,796	-78,777	114,472
Minority holdings profit	-16,386	-14,703	29,450
Total profit after tax and less minority holdings	-13,410	-64,074	85,022