TRANSFINANCE a.s.

2011 Annual Report

In 2011 the Czech economy grew by 1.7 percent in constant prices compared to 2010 – as measured by the development in GDP, but quarterly increases were only observed in the first half of the year, which although undoubtedly a positive signal. Unfortunately, in the second half of the year the economy started to gradually lose traction and a downward trend began to dominate the growth rate.

Although the biggest driver of the Czech economy was foreign demand, its positive contribution is gradually decreasing. The deteriorating external environment continues to have a negative impact on the performance of the domestic economy. GDP continues to be adversely affected by expenditure on final household consumption. This is due to the fact that Czech consumers are still controlling their expenditures and creating savings.

As has become traditional, the automotive and processing industry represented a very important sector in 2011, but even here the annual increments were lower. Consistently above-average results were also reported for the transport and warehousing sector, whereas the economic performance of the construction sector declined significantly.

Base interest rates remained at very low levels throughout 2011. Nevertheless, the willingness of banks to lend to the business sector did not change significantly. Despite the generally positive expectations of the business sector, there was a slowdown in GDP growth in the second half of 2011, after a promising first half of the year. The impacts of the economic crisis are still coming to bear, which is, for example, evident from the high number of insolvency proceedings.

Factoring worldwide

After 2010, when the world's international factoring sector again returned to strong growth, 2011 also witnessed further growth.

In 2011, members of the Factors Chain International (FCI), the world's largest factoring association, of which Transfinance is a long-standing member, reported, on the basis of preliminary results, a year-on-year growth in international factoring of 20%.

The largest percentage increases in export factoring within the framework of the FCI was experienced by European countries (+ 32%), followed by South America (+ 27%) and Africa (+ 21%). However, in nominal terms the strong Asian market is leading, as has become traditional.

European countries were once again the leaders in absolute terms in import factoring (9,098 million). In percentage terms, the largest increases were reported by South America (+ 94%), the Middle Eastern countries (+ 61%), followed by the European countries (+25%).

(Source: FCI Horizons Magazine, March 2012)

Factoring in the Czech Republic

After the adverse impacts of the global economic crisis in recent years, the market stabilized in 2010 and showed a further upward trend in 2011. If we compare factoring in the Czech Republic to the developments in this sector in the rest of the world, then it is still maintaining a higher level of growth, especially in international trade.

The factoring market in the Czech Republic captures the development in the turnover of members of the Association of Factoring Companies. The total turnover realized by those members in 2011 grew by 14% compared to 2010, thus being a sign of market recovery. In the first half of 2011, the factoring market grew by more than 23% compared to the first half of 2010 (TRANSFINANCE a.s. by nearly 33%). Decline in growth in the second half - 6.2% growth in the factoring market in the Czech Republic (TRANSFINANCE a.s. by 7.1%) was very marked and practically copied the development in the growth (decline) in Czech GDP for individual quarters of 2011. The volume of assigned receivables, expressed in nominal terms, exceeded CZK 131 billion. Domestic factoring is maintaining an almost three-fourths share of the total volume. Thanks to the 28% year-on-year increase, export factoring reported an almost one-quarter share (55% for TRANSFINANCE a.s.).

In 2011, two companies (NLB factoring a.s. and COFACE spol. s r.o.) announced that they were winding up their business operations. No significant player on the market announced its entry into this business segment. There were no significant changes in the market shares of individual companies on the Czech factoring market, only a consolidation in the leading position of ČS factoring a.s. TRANSFINANCE a.s. continues to maintain its third position on the Czech market, which the company's management considers a great success.

Company profile

TRANSFINANCE a.s. is one of the three largest factoring companies in the Czech Republic and holds a dominant position in international factoring, where it reported significant increases in 2011.

The share capital amounts to CZK 112 million. At the end of July 2011 there was a change in the company's ownership structure, and now the company has a single owner, the Polish BRE Bank SA. The strategic shareholder of BRE Bank SA, with a shareholding of more than 70%, is Commerzbank AG, Germany.

Since its founding in 1991, the joint stock company TRANSFINANCE a.s. is a member of the world‘s largest association of factoring companies - Factors Chain International, and is also a founding member of the Czech Association of Factoring Companies.

Company results

The positive trends that commenced in the second half of 2010 also appeared in 2011, which is also confirmed by the growth in semi-annual values by as much as 33% on 2010 and a total annual turnover almost 19% higher than the previous year. This represents an increase that was 5 pp higher than the growth of the factoring market as a whole.

The company achieved a total turnover of almost CZK 8.8 billion in domestic factoring, which represented a year-on-year decrease of 11%. Domestic factoring accounted for 48% of the company's total annual turnover. Regression factoring is traditionally the predominant form. Across-the-board distribution of the company's client portfolio across the business sectors managed to safely compensate for turnover fluctuations in the individual segments of the economy.

In 2011, the company experienced significant growth in export factoring. The result was an increase of more than 55% in volume to more than CZK 7 billion. The company‘s long-standing focus is on international trade and it endeavours to help its clients in this area not only by providing funding but also by sharing its experience in the area of commercial terms and conditions, debt collection and/or enforcement. It continues to cooperate with the Czech Export Bank to support the export efforts of small and medium enterprises. Uncertainty still prevails as far as the identification of a reliable partner offering hedging of credit risk and the distribution of risk in this area.

The largest increase was recorded in import factoring, where there was actually a year-on-year increase in turnover of 152% to almost CZK 2.5 billion. Thanks to the stable contacts with its foreign partners as part of the FCI and its long-term experience, the company has managed to secure a market share of more than 59% in this sector and become the absolute market leader.

In 2011, Transfinance a.s. purchased receivables amounting to CZK 18,314 bn.

The situation on the money market was affected by capital adequacy requirements from European as well as national regulatory authorities. This was reflected both by pressure on the profitability of loaned funds and by limited access to liquidity in the case of some banks. This situation helped the company as it made the use of factoring to resolve working capital problems not only a stabilizing element for many businesses, but also a way in which to generate the funds needed to attain growth once more. This fact meant that the company managed to also win over clients operating in business sectors where the use of faktoring was not typical in the past (the automotive and chemical industries).

Last year the company took steps to separate its information system from the system previously used by the group. This separation proceeded without any problems, with the clients not noticing this change. Separation of the company‘s system will allow for the implementation of an upgraded version of the system and also enhance the standard enjoyed by clients in accessing information and detailed reports on movements on their accounts.

By being thorough in monitoring risk and selecting potential clients, the company did not suffer a significant loss in 2011 and the increased creation of adjustments compared to the plan, simply confirmed the company‘s conservative approach to risk assessment, which was adopted back in 2010.

By implementing the above-mentioned processes in 2011, the company fulfilled the planned volume of assigned receivables and the profit before adjustments, with no major item being added to the list of problematic cases.

Liquidity risk was hedged thanks to efficient cash flow management and the harmonisation of the maturity periods for the company‘s payables and receivables. Currency risk continues to be eliminated by the thorough management and aligning of currency positions to protect against any fluctuations in exchange rates. This tactic has worked in light of the experience thus far with fluctuating exchange rates in recent years. Due to the short-term nature of monetary assets and liabilities of the company, the resulting construction of the interest rate on the cost as well as revenue side is based on the base interest rates for the given currency and term. This eliminated the potential impact on the company's operations due to changes in base rates.

The main economic indicators of the company as at 31 December 2011: the company's total assets stabilised at CZK 3.43 billion (2010: 3.34 CZK billion). Profit before tax amounted to CZK 25.497 million (2010: loss of CZK 63 million) and profit after tax of CZK 16.588 million (2010: loss of CZK 40.3 million). Accounting profit for 2011 will be included in retained earnings of previous years.

Looking ahead

In 2012, the company expects further trading growth compared to the previous period. Factoring was employed in 2011 for the purpose of operational financing to stabilize cash flow by companies which had in the past funded their operational needs solely by bank loans (the automotive industry and mechanical engineering, etc.).

In designing the plan for 2012, the Board of Directors set itself two goals - increasing the volume of assigned receivables by 10% compared to 2011 and increasing the return on equity by almost 15%.

The priorities and objectives of the company's management are as follows:

- Company growth whilst maintaining acceptable risk costs.
- Maintaining the existing client portfolio, which has proven its worth in terms of trading volume, revenues as well as a lower risk level.
- Improving the services rendered to clients, mainly consisting of employing all the possibilities provided by the existing information system - information on the state of receivables collected.
- Putting together and stabilising the risk management team, rigorous risk management, active monitoring of the risks and timely handling of problematic cases, and protection from fraud.
- Further development in cooperation with banks who do not own a factoring company.
- Training of company employees, improving language skills, participation in the education system as part of the FCI.
- Maintaining a leading position in international factoring, especially in the case of imports, more active co-operation with partners as part of the FCI in both the export and import of goods or services.

The Board of Directors of the company would like to take this opportunity to expresses its thanks to its business partners, members of the Supervisory Board, representatives of shareholders and to the company‘s employees. They have all contributed greatly to the positive results achieved by the company in 2011.

Finally, I want to express my admiration to all those who, despite the difficulties and challenging times prevailing in the business environment at present, are able to compete on the Czech as well as foreign markets with honour. I would like to wish everyone good health and all the best in their personal as well as professional lives.

Prague, 2 April 2012

Jana Němečková
Chairperson of the Board of Directors

Independent auditor's report

to the shareholder of TRANSFINANCE a.s.

Report on the Financial Statements

We have audited the accompanying financial statements of TRANSFINANCE a.s., identification number 15272028, with registered office at Křižíkova 237-36a, Praha 8 ("the Company"), which comprise the balance sheet as at 31 December 2011, the income statement, statement of changes in equity and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the financial statements").

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal controls as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report on the Financial Statements (continued)

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2011, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Report on Other Legal Requirements

<u>Report on the Annual Report</u>

In addition we have verified that the other information included in the annual report of the Company for the year ended 31 December 2011 is consistent with the financial statements which are included in this annual report on pages 8-26. The Statutory Body is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

Auditor's Responsibility

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

Report on Other Legal Requirements (continued)

Opinion

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2011 is consistent, in all material respects, with the financial statements.

Report on review of the Report on Relations

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2011 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Statutory Body of the Company. Our responsibility is to express our opinion on the Report based on performed review.

Scope of Review

We conducted our review in accordance with Audit standard 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the Report is free of material factual misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 66a of the Commercial Code.

2 April 2012

PricewaterhouseCoopers Audit, s.r.o.
represented by

Paul Inman	Irena Zelená
Director	Statutory Auditor, Licence No. 2073

TRANSFINANCE a.s.

Independent Auditor's Report and Financial Statement

31 December 2011

Balance sheet
as at 31 December 2011

					2011	2010
(CZK'000)			Gross amount	Provision	Net amount	Net amount
ASSETS						
B.		**Fixed assets**	**68,239**	**(37,258)**	**30,981**	**29,872**
B. I.		**Intangible fixed assets**	**56,111**	**(27,490)**	**28,621**	**27,256**
	3.	Software	47,798	(27,490)	20,308	23,493
	7.	Intangible fixed assets in the course of construction	8,313	-	8,313	3,763
B. II.		**Tangible fixed assets**	**12,128**	**(9,768)**	**2,360**	**2,616**
	2.	Constructions	2,172	(2,138)	34	323
	3.	Equipment	9,311	(7,630)	1,681	1,648
	6.	Other tangible fixed assets	645	-	645	645
C.		**Current assets**	**3,764,456**	**(365,549)**	**3,398,907**	**3 307,199**
C. II.		**Long-term receivables**	**23,987**	**-**	**23,987**	**26,573**
	8.	Deferred tax asset	23,987	-	23,987	26,573
C. III.		**Short-term receivables**	**3,730,251**	**(365,549)**	**3,364,702**	**3,276,741**
	1.	Trade receivables	3,708,701	(365,549)	3,343,152	3,265,678
	6.	Taxes receivable	-	-	-	10,532
	7.	Short-term advances paid	477	-	477	531
	8.	Estimated receivables	1	-	1	-
	9.	Other receivables	21,072	-	21,072	-
C. IV.		**Financial assets**	**10,218**	**-**	**10,218**	**3 885**
.	1.	Cash in hand	261	-	261	226
	2.	Cash at bank	9,957	-	9,957	3,659
D. I.		**Prepayments and accrued income**	**1,336**	**-**	**1,336**	**1,182**
	1.	Prepaid expenses	1,336	-	1,336	1,182
TOTAL ASSETS			**3,834,031**	**(402,807)**	**3,431,224**	**3,338,253**

			2011	2010
(CZK'000)			Net amount	Net amount
LIABILITIES AND EQUITY				
A.		**Equity**	**272,479**	**255,891**
A. I.		**Share capital**	**112,000**	**112,000**
	1.	Share capital	112,000	112,000
A. III.		**Reserve fund and other reserves**	**18,060**	**18,060**
	1.	Legal reserve fund	18,060	18,060
A. IV.		**Retained earnings / Accumulated losses**	**125,831**	**166,110**
	1.	Retained earnings	125,831	166,110
A. V.		**Profit / (loss) for the current period**	**16,588**	**(40,279)**
B.		**Liabilities**	**3,158,572**	**3,082,194**
B. I.		**Provisions**	**780**	**-**
	4.	Other provisions	780	-
B. III.		**Short-term liabilities**	**1,520,091**	**1,408,569**
	1.	Trade payables	1,509,559	1,400,416
	5.	Liabilities to employees	520	516
	6.	Liabilities for social security and health insurance	427	427
	7.	Taxes and state subsidies payable	1,862	1,952
	10.	Estimated payables	7,223	5,241
	11.	Other payables	500	17
B. IV.		**Bank loans & overdrafts**	**1,637,701**	**1,673,625**
	2.	Short-term bank loans and overdrafts	1,637,701	1,673,625
C. I.		**Accruals and deferred income**	**173**	**168**
	1.	Accruals	173	168
TOTAL LIABILITIES AND EQUITY			**3,431,224**	**3,338,253**

Income statement
for the year ended 31 December 2011

CZK'000			**2011**	**2010**
II.		Sales of production	81,570	73,921
II.	1.	Sales of own products and services	81,570	73,921
B.		Cost of sales	27,035	24,784
B.	1.	Raw materials and consumables	1,498	1,530
	2.	Services	25,537	23,254
+		**Added value**	**54,535**	**49,137**
C.		Staff costs	17,851	17,628
C.	1.	Wages and salaries	12,792	12,556
	2.	Emoluments of board members	360	360
	3.	Social security and health insurance costs	4,273	4,169
	4.	Other social costs	426	543
D.		Taxes and charges	2,587	2,015
E.		Depreciation of fixed assets	4,622	4,265
III.		Sale of fixed assets and raw materials	343	-
III.	1.	Sale of fixed assets	343	-
F.		Net book value of fixed assets and raw materials sold	83	-
F.	1.	Net book value of fixed assets sold	83	-
G.		Increase / (decrease) in operating provisions	21,289	88,065
IV.		Other operating income	6,646	4,886
H.		Other operating charges	28,692	38,922
*		**Operating result**	**(13,600)**	**(96,872)**
IX.		Gain on revaluation of securities and derivatives	7	-
L.		Loss on revaluation of securities and derivatives	507	-
X.		Interest income	75,334	62,054
N.		Interest expense	32,460	26,911
XI.		Other financial income	107,810	150,351
O.		Other financial expense	111,087	151,626
*		**Financial result**	**39,097**	**33,868**
Q.		Tax on profit or loss on ordinary activities	8,909	(22,725)
Q.	1.	- current	6,323	4,090
	2.	- deferred	2,586	(26,815)
***		**Net profit / (loss) for the financial period**	**16,588**	**(40,279)**
****		**Net profit / (loss) before taxation**	**25,497**	**(63,004)**

Statement of changes in equity
For the year ended 31 December 2011

(TCZK)	Note	Share Capital	Legal reserve fund	Retained earnings	Total
Balance as at 1 January 2010		**112 000**	**17 850**	**166 320**	**296 170**
Transfer to the reserve fund	6	0	210	- 210	0
Profit (loss) for the accounting period		0	0	- 40 279	- 40 279
Balance as at 31 December 2010		**112 000**	**18 060**	**125 831**	**255 891**
Profit (loss) for the accounting period	6	0	0	16 588	16 588
Balance as at 31 December 2011		**112 000**	**18 060**	**142 419**	**272 479**

Cash flow statement
for the year ended 31 December 2011

(TCZK)		Note	2011	2010
	Cash flows from operating activities			
	Net profit (+) / loss (-) from ordinary activities before tax		**25 497**	**- 63 004**
A.1	***Adjustments for non-cash movements:***		**3 793**	**89 174**
A.1.1	Depreciation of fixed assets, write-offs of receivables	3, 4, 14	24 833	36 252
A.1.2	Change in adjustments and provisions	5	21 594	88 065
A.1.3	Profit (-) from the disposal of fixed assets		-260	0
A.1.5	Net interest income (-)	8, 12	- 42 874	- 35 143
A.1.6	Adjustments for other non-monetary operations	9	500	0
A*	**Net cash flow from operating activities before tax and changes in working capital**		**29 290**	**26 170**
A.2	***Changes in the non-monetary items of working capital:***		**- 29 425**	**- 88 461**
A.2.1	Change in receivables and prepayments	5, 21	- 140 452	91 414
A.2.2	Change in current payables and accruals	7	111 027	- 179 875
A**	**Net cash flow from operating activities before tax**		**- 135**	**- 62 291**
A.3	Interest paid		- 32 460	- 26 239
A.4	Interest received		75 334	62 054
A.5	Income tax paid on ordinary activities		4 989	1 905
A***	**Net cash flow from operating activities**		**47 728**	**- 24 571**
	Cash flows from investment activities			
B.1	Expenses connected with the acquisition of fixed assets	3, 4	- 5 814	- 4 651
B.2	Proceeds from the sale of fixed assets	12	343	0
B***	**Net cash flow from investment activities**		**- 5 471**	**- 4 651**
	Cash flows from financial activities			
C.1	Change in current and non-current payables		13 679	- 118 650
C.2	***Changes in equity:***			
C***	**Net cash flow from financial activities**		**13 679**	**- 118 650**
	Net increase / decrease in cash and cash equivalents		**55 936**	**- 147 872**
	Cash and cash equivalents at the beginning of the year	**21**	**- 153 758**	**- 5 886**
	Cash and cash equivalents at the end of the year	**21**	**- 97 822**	**- 153 758**

1. General information

1.1. Basic information about the Company

TRANSFINANCE a.s. (hereinafter the “Company“) is a legal entity, a joint stock company, which was incorporated by way of a Founder's Deed dated 21 January 1991 and was entered into the Commercial Register on 5 April 1991 and its registered office is Křižíkova 237/36a, 186 00, Prague 8, Czech Republic. The principal business activity of the Company is factoring. The Company has an identification number of 152 72 028.

As at 31 December 2011, the Company is wholly owned by BRE Bank SA, Poland. As at 31 December 2010, the Company was owned by Intermarket Bank AG, Austria (50 %) and BRE Bank SA, Poland (50 %).
On 29 July 2011, a 50% stake in the Company was transfer from Intermarket Bank AG, Austria to BRE Bank SA, Poland on the basis of a shareholders’ agreement on ownership transfer.

The members of the Board of Directors as at 31 December 2011 and 2010 were as follows:

Name	Position	Note
Jana Němečková	Chairperson	Appointed on 14 September 2009
Tomáš Vogl	Member	Appointed on 14 September 2009

On 2 February 2012, Mr Robert Molnar was appointed a member of the Board of Directors of the Company by the Supervisory Board.

The Supervisory Board comprised of the following members as at 31 December 2011:

Name	Position	Note
Henryk Okrzeja	Chairperson	Appointed on 3 August 2011
Dariusz Adam Steć	Member	Appointed on 3 August 2011
Ryszard Rychter	Member	Appointed on 7 October 2008
Maciej Janusz Bieńkowski	Member	Appointed on 22 October 2011

Mr Theoderich S. Hibler and Mr Gerald Gratzer, who were the chairperson and member, respectively, of the Supervisory Board as at 31 December 2010, abdicated from their positions on the Supervisory Board on 3 August 2011.

The company is divided into six departments, the heads of which report directly to the Company’s Board of Directors. The individual departments are as follows:

- Client management department,
- Finance and administration department,
- Debtor service ,
- Risk management department,
- Sales department,
- Data handling department.

2. Accounting procedures

2.1. Basic principles of preparing the financial statements

The financial statements have been prepared in accordance with valid Czech accounting regulations and on the historic cost basis. Derivatives are stated at their fair values.

All data is presented in Czech crowns (CZK). The unit of measurement is thousands of CZK, except when otherwise indicated.

2.2. Intangible fixed assets

Intangible assets having a useful life longer than one year and a purchase price in excess of CZK 60,000 per item are treated as intangible fixed assets.

Intangible fixed assets are valued at cost, which includes the purchase price and purchase-related costs.

Intangible fixed assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Intangible fixed assets	**Estimated useful life**
Software	4 - 8 years

If the net book value of an asset exceeds its estimated recoverable value, its net book value shall be lowered to this value by way of an adjustment.

2.3. Tangible fixed assets

Tangible assets having a useful life longer than one year and a purchase price in excess of CZK 40,000 per item are treated as tangible fixed assets.

Acquired tangible fixed assets are initially reported at their purchase prices, which include the price of their acquisition and acquisition-related costs.

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Tangible fixed assets acquired up to 31 December 2004	**Estimated useful life**
Structures – technical improvements	10 years

Tangible fixed assets acquired after 1 January 2005	**Estimated useful life**
Structures – technical improvements	7 - 10 years
Machines, tools and equipment	3 years
Transport means	4 years
Inventory	6 years
Other	1 year

If the net book value of an asset exceeds its estimated recoverable amount, its net book value is reduced to that amount through an adjustment. The recoverable amount is determined on the basis of expected future cash flows generated by the given asset.

The costs of repairs and maintenance of tangible fixed assets are charged to expenses as incurred. Technical improvements of tangible fixed assets are capitalized.

2.4. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful receivables is created on the basis of the ageing structure of the receivables and an individual assessment of the creditworthiness of borrowers and the riskiness of individual transactions. The company does not create provisions for receivables from related parties.

The purchase of a receivable is recorded simultaneously with the posting of the payable ensuing from the payment of the purchase price.

The pre-financing granted by the Company, which represents partial payment of the price of the acquired receivables, is reported as a reduction of the relevant payable ensuing from the purchase price. Recourse as well as non-recourse factoring is changed identically by the Company.

In order to refine the fair representation and improve the informative ability of the financial statements, the Company applies the balance sheet method in accordance with Section 7(4) of Act No. 563/1991 to account for the assignment of receivables. The balance sheet method of accounting is also applied in the case of an insurance payout, which is considered a payment of the underlying receivable. A quantification of the impact of balance sheet accounting for the assignment of receivables is set out in Note 12.

2.5. Cash and cash equivalents

Cash includes cash at hand, including valuables, and cash at bank, including overdrawing on the current or overdraft account.

Cash equivalents are understood to be short-term liquid financial assets that is easily and readily convertible to an cash amount known in advance, in that these assets are not expected to change significant in value over time.

The company has prepared a cash flow statement using the indirect method.

2.6. Foreign currency translation

Transactions denominated in foreign currencies are translated and recorded at the fixed rate set by the foreign exchange market announced by the Czech National Bank on the first day of the accounting period.

Cash, receivables and liabilities denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on monetary assets, receivables and payables are recorded in the profit and loss statement.

Since much of the receivables is in foreign currencies, exchange gains and losses also arise on adjustments to receivables.

2.7. Financial derivatives

Financial derivatives are initially recognised on the balance sheet at cost and subsequently re-valued at fair value. Fair values are derived from discounted cash flow models. All derivatives are recognised in other receivables or in other payables when their fair value is positive or negative for the company, respectively.

The company does not apply hedge accounting and all derivatives are accounted for as trading derivatives.

Changes in the fair value of derivatives held for trading are recognised as income or expenses from the revaluation of derivatives.

2.8. Provisions

The Company creates provisions if it has a current payable, it is probable that it will need to incur its own funds to settle this payable and there is a reliable estimate of the amount of the payable.

2.9. Income from commissions

Commissions from the purchase of receivables are charged to the profit and loss statement as at the date of the purchase.

2.10. Interest income and expenses

Interest income and expenses in respect of all interest-bearing instruments are recognised on an accrual principle. Interest expenses associated with loans are charged to expenses. The Company's interest income is namely composed of interest on the pre-financing granted.

2.11. Deferred tax

Deferred tax is recognised on all temporary differences between the net book value of an asset or liability as stated in the balance sheet and its tax base. A deferred tax asset is recognised if it is probable that a sufficient taxable profit will be available against which the assets can be utilised.

2.12. Related parties

The Company's related parties are considered to be the following:

- Shareholders who may, directly or indirectly, exercise significant or controlling influence over the Company, and companies in which these shareholders have a controlling influence;
- Members of the Company or parent company's statutory and supervisory bodies and management, and parties close to such members, including enterprises in which these members and persons have a significant or controlling influence.

Significant transactions and balances with related parties are disclosed in Notes 15 and 18.

2.13. Subsequent events

Impact of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

When significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

3. Intangible fixed assets

(TCZK)	1 January 2011	Additions / re-charging	Disposals / transfers	31 December 2011
Purchase price				
Software	47 561	237	0	47 798
Incomplete assets	3 763	4 550	0	8 313
Total	**51 324**	**4 787**	**0**	**56 111**
Accumulated depreciation				
Software	24 068	3 422	0	27 490
Total	**24 068**	**3 422**	**0**	**27 490**
Net book value	**27 256**			**28 621**

(TCZK)	1 January 2010	Additions / re-charging	Disposals/ transfers	31 December 2010
Purchase price				
Software	43 761	3 950	- 150	47 561
Incomplete assets	3 959	3 754	- 3 950	3 763
Total	**47 720**	**7 704**	**- 4 100**	**51 324**
Accumulated depreciation				
Software	21 240	2 828	0	24 068

Total	**21 240**	**2 828**	**0**	**24 068**
Net book value	**26 480**			**27 256**

In 2011, the Company wrote off into expenses low value intangible assets amounting to CZK 11,000. (2010: CZK 9,000).

4. Tangible fixed assets

(TCZK)	1 January 2011	Additions / re-charging	Disposals / transfers	31 December 2011
Purchase price				
Buildings and structures	2 172	0	0	2 172
Machines, tools and equipment	1 189	0	0	1 189
Transport means	4 663	1 019	- 1 804	3 878
Inventory	3 297	0	0	3 297
Other tangible fixed assets	947	0	0	947
Works of art	645	0	0	645
Total	**12 913**	**1 019**	**- 1 804**	**12 128**
Accumulated depreciation				
Buildings and structures	1 849	289	0	2 138
Machines, tools and equipment	278	187	0	465
Transport means	3 953	724	- 1 729	2 948
Inventory	3 270	0	0	3 228
Other tangible fixed assets	947	0	0	947
Total	**10 297**	**1 200**	**- 1 729**	**9 768**
Net book value	**2 616**			**2 360**

(TCZK)	1 January 2010	Additions / re-charging	Disposals/ transfers	31 December 2010
Purchase price				
Buildings and structures	2 172	0	0	2 172
Machines, tools and equipment	292	897	0	1 189
Transport means	4 663	0	0	4 663
Inventory	3 297	0	0	3 297
Other tangible fixed assets	947	0	0	947
Works of art	645	0	0	645
Total	**12 016**	**897**	**0**	**12 913**
Accumulated depreciation				
Buildings and structures	1 449	400	0	1 849
Machines, tools and equipment	230	48	0	278
Transport means	2 964	989	0	3 953
Inventory	3 270	0	0	3 270
Other tangible fixed assets	947	0	0	947
Total	**8 860**	**1 437**	**0**	**10 297**
Net book value	**3 156**			**2 616**

In 2011, the Company wrote off into expenses low value tangible fixed assets amounting to CZK 163,000 (2010: CZK 95,000).

As at 31 December 2011 and 2010, the Company did not report any assets acquired by way of financial leasing nor did it own any assets pledged as collateral.

5. Receivables

(TCZK)		31 December 2011	31 December 2010
Trade receivables	- current	1 750	1 225
Receivables from factoring activities and from the assignment of receivables	- current	2 018 517	1 920 025
	- overdue	1 690 184	1 688 383
Trade receivables – total		**3 708 701**	**3 609 633**
Other receivables	- current	21 072	10 532
Estimated receivables		1	0
Short-term advances paid		477	531
Other receivables – total		**21 550**	**11 063**
Adjustment for doubtful receivables		- 365 549	- 343 955
Net book value of short-term receivables		**3 364 702**	**3 276 741**
Deferred tax receivable (Note 10)		23 789	26 573
Net book value of long-term receivables		**23 789**	**26 573**
Net book value of receivables – total		**3 388 491**	**3 303 314**

Adjustments were created in 2011 and 2010 in respect of receivables that are considered doubtful based on an estimate of riskiness of the individual cases.
As at 31 December 2011, outstanding trade receivables are secured by promissory notes totaling CZK 81,038,000 (31 December 2010: CZK 101,080,000), which are kept off the balance sheet.

As at 31 December 2011, the Company does not record any receivables with a maturity longer than 5 years.

Furthermore, the Company has, on account of irrecoverability, rejection of bankruptcy and settlement proceedings or the non-satisfaction of receivables in bankruptcy proceedings etc., written off into expenses receivables amounting to CZK 20,211,000 in 2011 (2010: CZK 31,987,000). This depreciation is reported in other operating expenses in the profit and loss statement (Note 14).

As at 31 December 2011, other short-term receivables comprise namely of a receivable amounting to CZK 17,046,000 ensuing from a contract on the placement of a deposit into notarial custody (31 December 2010: CZK 0 thousand) and a receivable for property damage to TRANSFINANCE a.s. arising from the unauthorised drawing of CZK 4,026,000 from an account kept with the Prague branch of Commerzbank AG, which is still the subject of legal proceedings (31 December 2010: CZK 0 thousand). Other short-term receivables as at 31 December 2010 comprised namely of a tax receivable against the state arising from income tax of CZK 10,532,000.

Receivables against related parties are disclosed in Note 18.

Change in an adjustment to doubtful receivables:

(TCZK)	Adjustments to receivables – Tax-deductible	Adjustments to receivables – other	Total
Opening balance as at 1 January 2010	**56 892**	**198 998**	**255 890**
Allowance for impairment	12 747	107 305	120 052
Release of allowance for impairment	- 10 314	- 21 673	- 31 987
Closing balance as at 31 December 2010	**59 325**	**284 630**	**343 955**
Allowance for impairment	29 020	42 731	74 251
Release of allowance for impairment	- 13 673	- 36 484	- 50 157
Closing balance as at 31 December 2011	**74 672**	**290 877**	**365 549**

6. Share capital

Approved and issued shares

	31 December 2011		31 December 2010	
	Number (pcs)	***Book value* (TCZK)**	**Number (pcs)**	***Book value* (TCZK)**
Ordinary shares of a nominal value of CZK 56,000, fully paid up	2 000	112 000	2 000	112 000

No dividends or shares of profit to directors were paid in 2011 and 2010.

No decision on profit distribution for 2011 had been made as at the approval of the financial statements, and therefore it is not presented herein by the Company.

The Company is fully owned by BRE BANK SPÓLKA AKCYJNA, registered in Poland.
The legal reserve fund is created from the profit generated by the Company in accordance with the law and may not be distributed among shareholders, but may be used solely to offset losses.

On 12 April 2011, the General Meeting approved the financial statements of the Company for 2010 and decided on settling the loss incurred in 2010 of CZK 40,279,000 (2009: CZK 4,192,000).

7. Payables

(TCZK)	**31 December 2011**	**31 December 2010**
Trade payables from operating activities	6 467	5 148
Payables from factoring activities and from the assignment of receivables	1 503 092	1 395 268
Other payables	10 532	8 153
Current and non-current payables – total	**1 520 091**	**1 408 569**

Current payables from factoring represent payables from the purchase price of acquired receivables.

The above payables were not secured by any of the Company's assets and do not have a maturity longer than 5 years.

Other short-term payables comprise namely of estimated payables and a tax payable towards the state namely from value added tax. As at 31 December 2011, the estimated payables amounts to CZK 7,223,000 (as at 31 December 2010: CZK 4,273,000) and comprise namely of unpaid bonuses and non-invoiced deliveries and services. The tax payable from value added tax amounts to CZK 1,713,000 as at 31 December 2011 (as at 31 December 2010: CZK 1,824,000).

The Company has no overdue payables related to social or health insurance or any other overdue payables to tax authorities or other state institutions.

Payables towards related parties are disclosed in Note 18.

8. Bank loans

All bank loans are repayable within one year from the balance sheet date. Loans are unsecured. Drawings occur namely via tranches within one month. The company has the option of drawing funds for operations for up to the amount of the credit limit by means of an overdraft.

Interest expenses relating to bank loans amounted to CZK 32,460,000 for 2011 (2010: CZK 26,911,000).

Bank loans can be analysed as follows:

(TCZK)	Deadlines / conditions	Loan limit	Amount of drawing on tranche	Amount of drawing on overdraft	Amount of drawing	Amount of drawing
		as at 31.12.2011	as at 31.12.2011	as at 31.12.2011	as at 31.12.2011 inc. overdraft	as at 31.12.2010 inc. overdraft
UniCredit Bank Czech Republic, a.s.	Loan contract for one year, payable on 31.12.2012	50 000	0	15 895	15 895	15 522
Česká exportní banka, a.s.	Loan contract for one year, payable on 31.3.2012	400 000	400 000	0	400 000	300 000
Komerční banka, a.s.	Loan contract for indefinite period	199 400	70 000	23 372	93 372	215 895
COMMERZBANK Aktiengesellschaft, Prague branch (Note 18)	Loan contract for indefinite period	1 180 000	768 840	45 795	814 635	703 419
LBBW Bank CZ a.s.	Loan contract for one year, payable on 31.12.2012	100 000	90 000	6 418	96 418	93 326
ING Bank N.V.	Loan contract for indefinite period	130 000	0	16 560	16 560	82 333
Československá obchodní banka a.s.	Loan contract for one year, payable on 31.8.2012	200 000	200 821	0	200 821	0
BRE Bank S.A. (Note 18)	Loan contract for one year, payable on 31.8.2011	0	0	0	0	263 130
Total		**2 259 400**	**1 529 661**	**108 040**	**1 637 701**	**1 673 625**

On 29 March 2012, the Company extended its loan contract with with Česká exportní banka, a.s. (Czech Export Bank) until 31 March 2013.

9. Financial derivatives

The fair value of the financial derivatives is reported in the "Other payables" item:

	31 December 2011			31 December 2010		
	Fair value		Nominal	Fair value		Nominal
(TCZK)	**Positive**	**Negative**	**value**	**Positive**	**Negative**	**value**
Currency forwards	0	507	21 523	0	0	0
Currency swap	7	0	59 910	0	0	0
Trading derivatives - Total	**7**	**507**	**81 433**	**0**	**0**	**0**

A change in the fair value of trading derivatives is reported in the profit and loss statement.

The Company has financial derivatives, which are used in accordance with the Company's risk management strategy as an effective hedging instrument, and do not qualify for hedge accounting under Czech accounting regulations because they do not meet the criteria for hedge accounting. These derivatives are therefore presented in the above table as trading derivatives.

10. Income tax

The tax expense can be analysed as follows:

(TCZK)	**2011**	**2010**
Current tax expense	6 003	4 090
Deferred tax (credit) / expense	2 586	- 26 815
Adjustment of the tax expense of the prior year according to the tax return actually filed	320	0
Tax expense - total	**8 909**	**- 22 725**

Current tax expense was calculated as follows:

(TCZK)	**2011**	**2010**
(Loss) / profit before tax	25 497	- 63 004
Differences between accounting and tax depreciation	- 9 886	- 6 692
Non-deductible expenses:		
Creation of adjustments	5 942	78 301
Realisation of a receivable	6 017	11 177
Other (e.g. costs of representation, short-falls and damages)	4 025	1 742
Taxable income	31 595	21 524
Income tax rate	19%	19%
Corporate tax at a rate of 19 %	**6 003**	**4 090**

Deferred tax was calculated using a tax rate of 19 % (tax rate for 2010 and subsequent years).

The deferred tax receivable (+) / payable (-) can be analysed as follows:

(TCZK)	**31 December 2011**	**31 December 2010**
Deferred tax payable ensuing from:		
Difference between the accounting and tax depreciated value of fixed assets	- 3 154	- 568
Deferred tax payable – total	**- 3 154**	**- 568**
Deferred tax receivable ensuing from:		
Difference between the book and tax value of adjustments to receivables	27 141	27 141
Deferred tax receivable – total	**27 141**	**27 141**
Net deferred tax receivable	**23 987**	**26 573**

In 2010, the Company posted a deferred tax receivable due to an amendment to the Income Tax Act, which came into effect as of 1 January 2011. Based on this amendment, the Company concluded that certain adjustments to receivables will be tax deductible in the future.

As at 31 December 2011, a potential deferred tax receivable of CZK 41,838,000 (31 December 2010: CZK 37,735,000.) was not recognized because its application in the future is unlikely. An income tax rate of 19% was used for its calculation as at 31 December 2011 and 2010.

11. Off-balance sheet assets

As at 31 December 2011, the Company reports in its off-balance sheet records guarantees issued in favour of another company in the amount of CZK 21,000,000 (as at December 31, 2010: CZK 21,000,000). The Company issued these guarantees as part of providing regular services to its client in the course of its business.

The Company also reports in its off-balance sheet records promissory notes, which serve as a form of security for unpaid receivables. More detailed information is disclosed in Note 5.

12. Breakdown of income by sector

Income from factoring activities was generated as follows:

(TCZK)	2011	2010
Foreign income		
- import factoring	5 867	4 819
Domestic income		
- export factoring	37 150	25 518
- domestic factoring	38 553	43 584
Sales of own products and services – total	**81 570**	**73 921**
Sale of fixed assets	343	0
Other income	6 646	4 886
Income from operating activities – total	**88 559**	**78 807**
Interest income from factoring activities	75 328	62 046
Interest income from deposits	6	8
Income from operating activities – total	**163 893**	**140 861**

In order to refine the fair representation and improve the informative ability of the financial statements, the Company accounts for the assignment of receivables using the balance sheet method (see Note 2.4.). In the case of accounting for the assignment of receivables by way of the profit and loss statement, other operating income for 2011 would be increased by CZK 363,010,000 (2010: CZK 120,021,000). Other operating costs would then also be increased by this same amount.

13. Cost of sales

(TCZK)	2011	2010
Raw materials and consumables	1 498	1 530
Services	25 537	23 254
Cost of sales – total	**27 035**	**24 784**

Services comprise namely of the costs of renting commercial premises, consulting activities, legal, audit services and the costs of administering and maintaining the Company's information technology.

14. Other operating costs

(TCZK)	2011	2010
Write-off of receivable (Note 5)	20 211	31 987
Other costs	8 481	6 935
Other operating costs - total	**28 692**	**38 922**

Other costs comprise namely of the costs of securing receivables, operating insurance provozní and membership in professional associations. Operating costs for related parties are disclosed in Note 18.

15. Employees

	2011	2010
Number of members of statutory bodies	2	2
Number of Supervisory Board members	4	4
Average number of other employees	25	26
Total	**31**	**32**

(TCZK)	Other members of management	Other employees	Total
2011			
Wages and salaries	3 238	9 914	14 052
Social security costs	978	3 295	4 273
Other social costs	128	298	426
Personnel costs – total	**4 344**	**13 507**	**17 851**
2010			
Wages and salaries	2 614	10 302	12 916
Social security costs	766	3 403	4 169
Other social costs	145	398	543
Personnel costs – total	**3 525**	**14 103**	**17 628**

Neither members of the Board of Directors nor of the Supervisory Board are employees of the Company. Costs of and remuneration to the members of the Board of Directors are described in Note 18. Other members of the Company's management include managers who report directly to the Board of Directors of the Company. Members of the Supervisory Board were not paid any emoluments in 2011 or 2010.

In 2011, employees were provided with automobiles for business purposes having a total purchase price of CZK 3,295,000 (2010: CZK 4,663,000).

Other transactions with the management of the Company are described in Note 18 Related party transactions.

16. Other financial income

(TCZK)	2011	2010
Exchange gains	107 809	150 348
Other	1	3
Total	**107 810**	**150 351**

17. Other financial costs

(TCZK)	2011	2010
Exchange losses	107 349	147 853
Bank fees	3 738	3 773
Total	**111 087**	**151 626**

18. Related party transactions

Overview of related party transactions in 2011 and 2010:

(TCZK)	2011	2010
Interest expenses		
BRE Bank SA	4 769	806
Commerzbank	13 670	12 512
Intermarket Bank	0	130
Operating income		
Magyar factor	73	92
Polfactor	12	28
Operating costs		
Intermarket Bank	1 227	1 931
Polfactor	2	5
Magyar factor	12	14
Members of the Board of Directors	4 661	3 320
Receivables		
Polfactor	2 917	0
Magyar factor	0	136
Payables		
Magyar factor	486	5 753
Polfactor	0	1 775
Intermarket Bank	0	0
Loans		
Commerzbank (Note 8)	814 635	703 419
BRE Bank SA (Note 8)	0	263 130

The Company has entered into long-term cooperation agreements with other factoring companies from the BRE Bank SA Group. These are standard agreements pursuant to the rules of the FCI (Factors Chain International), i.e. an international union associating factoring companies, which regulate the mutual relations resulting from the realisation of factoring operations between these companies. The Company has entered into similar agreements under comparable terms and conditions with other members of the FCI.

In 2011 and 2010, members of statutory bodies did not receive any other loans, guarantees, advances, or other benefits and performance besides those mentioned above.

Loans granted and receivable are subject to market interest rates.

19. Fees paid to the auditor

The total fee paid to the auditing company PricewaterhouseCoopers Audit, s.r.o. is as follows:

(TCZK)	2011
The fee for the statutory audit of the financial statements and audit of the consolidation packages	1 548
Fee to the auditing firm – total	**1 548**

20. Contingent liabilities

The management of the Company is not aware of any contingent liabilities of the Company as at 31 December 2011.

21. Cash flow statement

The Company has overdraft accounts at domestic banks (see Note 8). The Company draws on loans for the purpose of financing the needs of its clients both via tranches and also operatively up to a total credit limit via these overdraft accounts, which are reported in the balance sheet as part of bank loans.

Cash and cash equivalents disclosed in the cash flow statement include:

(TCZK)	**31 December 2011**	**31 December 2010**
Cash at hand and in transit	2 161	122
Cash in bank	7 917	3 614
Valuables	140	149
Debit balance of the current account included as part of current bank loans (Note 8)	- 108 040	- 157 643
Cash and cash equivalents – total	**- 97 822**	**- 153 758**

22. Subsequent events

No events that can have an impact on the financial statements as at 31 December 2011 have occured after the balance sheet date.

2 April 2012

Jana Němečková
Chairperson of the Board of Directors

Tomáš Novák
Head of finance and administration department

Tomáš Vogl
Member of the Board of Directors

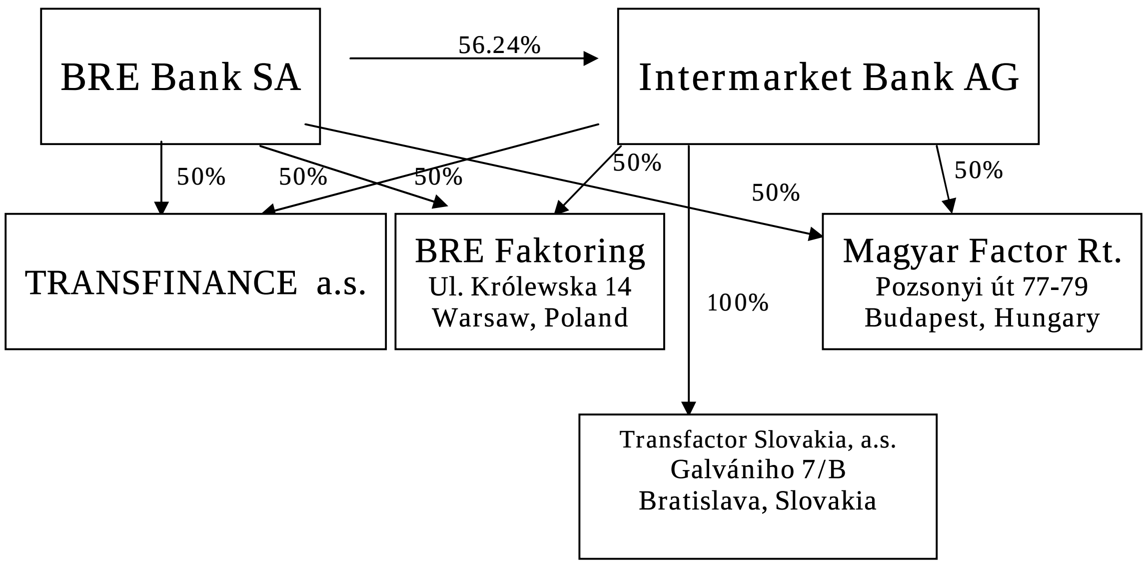
TRANSFINANCE a.s.

Report on relations between related parties
for the year ended 31 December 2011 in accordance with
Section 66 a) of the Commercial Code

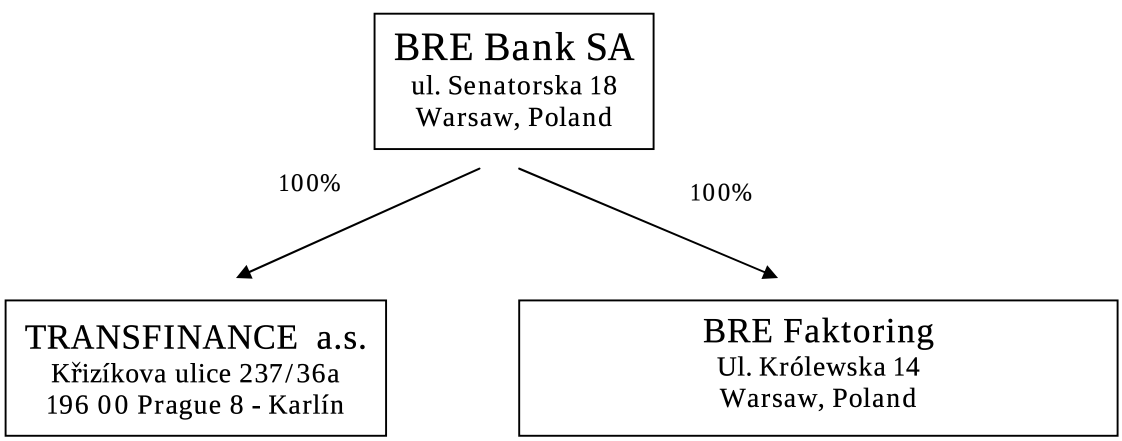
ORGANISATIONAL STRUCTURE OF THE CONCERN:

Controlled party:	TRANSFINANCE a.s. Křižíkova ulice 237/36a, 186 00, Prague 8 - Karlín, Company No.: 15272028
Controlling party:	BRE Bank SA ul. Senatorska 18, PL 00-950, Warsaw, Poland,
Controlling party until 28 July 2011:	Intermarket Bank AG Marokkanergasse 7, 1030 Vienna, Austria

Until 28 July 2011



As of 29 July 2011



The parent company is BRE Bank SA, Warsaw, Poland. The Company is part of its consolidated group. The parent company of BRE Bank SA is Commerzbank AG, Germany, which is the ultimate controlling party of TRANSFINANCE a.s.

Other related parties are other companies from the BRE Bank SA group. TRANSFINANCE a.s. did not realise any performance or counter-performance with these other related parties.

LEGAL RELATIONS BETWEEN THE RELATED PARTIES

- The Company has concluded the following types of agreements with the related parties:

Related party	*Type of agreement and general terms and conditions*
Intermarket Bank AG	*Interfactor Agreement 1.5.1991*
BRE Faktoring	*Interfactor Agreement 1.4.1997*
Magyar Factor Rt.	*Interfactor Agreement 22.2.1996*
Commerzbank AG	*Loan agreement 14.3.2001*
BRE Bank SA	*Loan agreement 31.8.2010 – terminated as at 31.10.2011*

TRANSFINANCE a.s. terminated the loan agreement with BRE Bank SA at the end of October 2011. TRANSFINANCE a.s. has concluded long-term cooperation agreements with other factoring companies from the BRE Bank Group. These are standard agreements pursuant to the rules of the FCI (Factors Chain International), i.e. an international union associating factoring companies, which regulate the mutual relations resulting from the realisation of factoring operations between these companies. The Company has entered into similar agreements under comparable terms and conditions with other members of the FCI.

TRANSFINANCE a.s. has duly entered into loan agreements with banking entities within the group, under which funds are granted for financing the commercial and operational activities of the Company. The Company has also entered into similar agreements under comparable terms and conditions with other banking entities.

TRANSFINANCE a.s. has not suffered any loss under the above-mentioned agreements.

TRANSACTIONS BETWEEN RELATED PARTIES

PERFORMANCE AND COUNTER-PERFORMANCE - SALES

The Company renders services to related parties. The following is an overview of the transactions entered into in 2011.

Related party	*Description of commercial transactions*	*2011 TCZK*
BRE Faktoring	*Fees and commission income*	*12*
Magyar Factor Rt.	*Fees and commission income up to 28.7.2011*	*73*
Total		85

PERFORMANCE AND COUNTER-PERFORMANCE - PURCHASES

The Company takes advantage of the services rendered by related parties as part of its normal course of business. The following is an overview of the transactions entered into in 2011.

Related party	*Description of commercial transactions*	*2011 TCZK*
Intermarket Bank AG	*Fees, commissions and interest expenses up to 28.7.2011*	*1 227*
Commerzbank AG	*Interest expenses*	*13 670*
BRE Faktoring	*Fees and commission expenses*	*2*
Magyar Factor Rt.	*Fees and commission expenses up to 28.7.2011*	*12*
BRE Bank SA	*Interest expenses*	*4 769*
Total		19 680

LEGAL ACTS AND OTHER MEASURES

In 2011, no legal steps were taken that were in the interest of related parties, nor were any measures adopted or taken at the instigation or in the interest of related persons.

CONCLUSION

Management believes that all transactions with related parties were realised under normal business terms.

Prague, 30 March 2012

Jana Němečková
Chairperson of the Board of Directors

Tomáš Vogl
Member the Board of Directors