2012 Annual Report

Transfinance

The translation has not been authorized by the auditor. The Czech original audited by PwC is available on www.transfinance.cz.

A Message from the Chairman of the Board of Directors

Last year the Czech economy suffered an unexpected and relatively deep economic decline of 1.2% despite an increase in countries of our major trading partners. We can say the decrease was caused mainly by a slump in domestic demand, specifically household consumption. Household consumption declined more sharply (3.5%) than what would correspond to the development of their disposable incomes. Households were saving more as a reaction to economic development – the economic recession and its uncertain prospects, as well as relatively high unemployment (around 9%). The global economic downturn is also a result of the fact that other GDP factors were not able to balance or counterbalance such a decline – government consumption decreased, investments stagnated and foreign trade itself could no longer compensate for such a decline.

According to the Czech National Bank's forecast, the beginning of 2013 will still bring a certain level of GDP decline. The Czech National Bank expects the economic situation will gradually improve, which should lead to average stagnation of the economy throughout 2013 thanks to growth in the second half of the year.

Banks recorded an adverse development on the side of both supply and demand. According to statistics published by the Czech Banking Association, business loan volume experienced a growth of 2% compared to 5% in 2011. The amount of borrowed funds was considerably impacted by uncertainty regarding future development and the unwillingness of business entities to invest, as well as uncertainty ensuing from politicians' inability to achieve compromise when solving major problems of the Czech economy.

Development of the Czech factoring market did not fully copy development of the economy. Financing in the form of factoring in the amount of CZK 17.33 billion was provided in the first half of 2012 compared to CZK 19.2 billion in the first half of 2011, a decrease of about 10%. Turnover, that is the amount of repurchased receivables, was higher by 1.2% than in the first half of 2011. Of that, domestic factoring recorded a decrease of more than 2.8% in the first half of 2012, while export factoring grew by 8.4% and import factoring by even 41%. The second half of 2012 showed an improvement in the market situation, resulting in a decrease of finance funds acquired from factoring services by 7.3% year-to-year. Turnover grew by almost 2% with the same breakdown as in the first half. Domestic factoring declined by 2.1%, export factoring grew by 12% and import factoring by 18.4%. The total amount of receivables repurchased by the companies in the Association of Factoring Companies amounted to more than CZK 130 billion in 2012. The amount of funds used through factoring made more than CZK 16.6 billion. Development in the second half of 2012 is a positive signal for 2013. However, it is important to note that data reported by the Association are slightly distorted primarily due to two members leaving the Association because of the change in strategy of their foreign owners.

TRANSFINANCE did relatively well in 2012. In the first half, it recorded turnover growth of 8.4% compared to the same period in 2011; at the end of the year, even growth by almost 10%, which was more than the Czech factoring market experienced. The volume of assigned receivables grew most in import factoring (16%) and in export factoring (13%), while there was a lower growth in domestic factoring (5%). On the other hand, funds provided to our clients grew by 6% year-to-year, which was caused mainly by the higher share of automotive industry in clients' portfolios and the traditionally good payment ethics of debtors in this sector.

Net interest income did not reach 2011 levels due to very low interest rates on the Czech market and higher share of larger clients in the Company's portfolio. On the other hand, income from factoring commissions was higher, but it did not compensate for lower total income compared with the plan. The Company reacted to lower income by lowering operating costs to a level virtually the same as in 2011, meaning that the Company recorded higher profits before and after tax than set forth in the plan.

The change of our shareholder also changed the Company's risk assessment and subsequently the creation of adjustments. A conservative approach for covering open risk has been adopted. Therefore, income from recovery of receivables for 2012 was used to create adjustments exceeding the plan. Increased creation served as coverage of risks incurred in the past. The volume of newly incurred problematic trades amounted to approx. 0.45% from open financing.

The key economic indicators of the Company as of 31 December 2012: Total Company assets CZK 3.73 billion (2011: CZK 3.43 billion). Pre-tax profit was CZK 18.337 million (2011: CZK 25.497 million) and the after tax profit was CZK 10.722 million (2011: CZK 16.588 million).

Having been approved by the shareholder and prepared by the Board of Directors, the 2013 plan aims to increase the amount of repurchased receivables by almost 12% while increasing revenues by more than 50% compared to the planned increase of costs.

To meet these ambitious 2013 goals, the Company's management has outlined the following priorities:

- Currently, the Company is financed by seven banks, and the task of the Company's management for 2013 is to maintain these finance funds to bring stability, flexibility and effectivity in management of the financial flows.
- The Company intends to maintain its proven current portfolio of clients in terms of trade volume and preferred lower risk, however at the expense of lower income.
- An essential requirement is to maintain service quality through increased usage of the existing information system and newly implemented features and modules, as well as other means.
- To further co-operate with Commerzbank Prague and other banks in finding new clients or providing full services and addressing clients in target groups.
- To accomplish stabilization of the risk management team and to improve risk monitoring and management while using group expertise and the so-far unused risk module in the information system.
- To continue in staff training, expecially in languages, and to prepare a training system for new employees.
- And finally, more of a wish than a task - to maintain third place on the Czech factoring market.

On behalf of the Board I would like to conclude by expressing appreciation and thanks to the shareholder's representatives for their support and help with the Company's integration into the BRE Bank and Commerzbank group. Big thanks also to our business partners with whom we seek to maintain long-term, stable and fair relations. And last but not least, the Company's employees deserve recognition for striving to maintain the good name and reputation of TRANSFINANCE a.s. even during difficult times.

And finally, on behalf of the management I would like to wish one and all good health, patience, persistence and success in both your personal and professional lives.

Prague, 20 March 2013

JUDr. Ing. Jana Němečková
Chairman of the Board of Directors

TRANSFINANCE a.s.

Independent Auditor's Report
and Financial Statements

31 December 2012

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 152 72 028, with registered office at Křižíkova ulice 237/36a, Praha 8 ("the Company"), which comprise the balance sheet as at 31 December 2012, 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 control 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.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 2012, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Report on Other Legal Requirements

Report on the Annual Report

In addition we have verified that the other information included in the annual report of the Company for the year ended 31 December 2012 is consistent with the financial statements which are included in this annual report on pages . 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.

Report on Other Legal Requirements (continued)

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.

Opinion

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2012 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 2012 (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.

20 March 2013

PricewaterhouseCoopers Audit, s.r.o.
represented by partner

Petr Kříž
Statutory Auditor, Licence No. 1140

TRANSFINANCE a.s.
Registered office: Křižíkova 237/36a, Prague 8
Identification number: 15272028
Legal form: joint stock company
Scope of business activities: factoring
Date of financial statements: 31 December 2012
Date of issuing financial statements: 20 March 2013

Balance Sheet
as at 31 December 2012

(TCZK)			Notes	Gross amount	Provision	2012 Net amount	2011 Net amount
ASSETS							
B.		**Fixed assets**		**68 542**	**- 40 863**	**27 679**	**30 981**
B. I.		**Intangible fixed assets**	**3**	**56 490**	**- 30 975**	**25 515**	**28 621**
B.I.	3.	Software		47 930	- 30 975	16 955	20 308
	7.	Intangible fixed assets in the course of construction		8 560	0	8 560	8 313
B. II.		**Tangible fixed assets**	**4**	**12 052**	**- 9 888**	**2 164**	**2 360**
B.II.	2.	Constructions		2 172	- 2 172	0	34
	3.	Equipment		9 068	- 7 716	1 352	1 681
	6.	Other tangible fixed assets		645	0	645	645
	7.	Tangible fixed assets in the course of construction		167	0	167	0
C.		**Current assets**		**4 060 317**	**- 360 281**	**3 700 036**	**3 398 907**
C. II.		**Long-term receivables**	**5, 10**	**23 622**	**0**	**23 622**	**23 789**
C.II.	8.	Deferred tax asset		23 622	0	23 622	23 789
C. III.		**Short-term receivables**	**5**	**4 033 768**	**- 360 281**	**3 673 487**	**3 364 900**
C. III.	1.	Trade receivables		4 029 374	- 360 281	3 669 093	3 343 351
	7.	Short-term advances paid		149	0	149	477
	9.	Other receivables		4 245	0	4 245	21 072
C. IV.		**Financial assets**	**21**	**2 927**	**0**	**2 927**	**10 218**
C. IV.	1.	Cash in hand		193	0	193	261
	2.	Cash at bank		2 734	0	2 734	9 957
D.		**Prepayments and accrued income**		**4 353**	**0**	**4 353**	**1 336**
D. I.	1.	Prepaid expenses		2 207	0	2 207	1 336
	3.	Accrued income		2 146	0	2 146	0
TOTAL ASSETS				**4 133 212**	**- 401 144**	**3 732 068**	**3 431 224**

(TCZK)			Notes	2012 Net amount	2011 Net amount
LIABILITIES AND EQUITY					
A.		**Equity**	**6**	**283 202**	**272 479**
A. I.	1.	**Share capital**		**112 000**	**112 000**
A. III.	1.	**Reserve fund and other reserves**		**18 889**	**18 060**
A. IV.	1.	**Retained earnings / Accumulated losses**		**141 591**	**125 831**
A. V.		**Profit / (loss) for the current period**		**10 722**	**16 588**
B.		**Liabilities**		**3 448 866**	**3 158 572**
B. III.		**Short-term liabilities**	**7**	**1 783 779**	**1 520 871**
B.III.	1.	Trade payables		1 773 631	1 509 559
	5.	Liabilities to employees		752	520
	6.	Liabilities for social security and health insurance		416	427
	7.	Taxes and state subsidies payable		2 567	2 642
	10.	Estimated payables		6 413	7 223
	11.	Other payables		0	500
B. IV.	2.	**Bank loans & overdrafts**	**8**	**1 665 087**	**1 637 701**
C.I.	1.	**Accruals and deferred income**		**0**	**173**
TOTAL LIABILITIES AND EQUITY				**3 732 068**	**3 431 224**

Income statement
for the year ended 31 December 2012

(TCZK)			Notes	2012	2011
II.	1.	Sales of own products and services	12	81 173	81 570
B.		Cost of sales	13	22 257	27 035
B.	1.	Raw materials and consumables		1 347	1 498
	2.	Services		20 910	25 537
+		**Added value**		**58 916**	**54 535**
C.		Staff costs	15	19 396	17 851
C.	1.	Wages and salaries		12 120	12 792
	2.	Emoluments of board members		2 223	360
	3.	Social security and health insurance costs		4 620	4 273
	4.	Other social costs		433	426
D.		Taxes and charges		3 344	2 587
E.		Depreciation of fixed assets	3, 4	3 974	4 622
III.	1.	Sale of fixed assets and raw materials		0	343
F.	1.	Net book value of fixed assets and raw materials sold		0	83
G.		Increase / (decrease) in operating provisions	5	- 4 996	21 289
IV.		Other operating income	12	5 172	6 646
H.		Other operating charges	14	63 194	28 692
*		**Operating result**		**- 20 824**	**- 13 600**
IX.		Gain on revaluation of securities and derivatives		347	7
L.		Loss on revaluation of securities and derivatives		7	507
X.		Interest income	12	66 429	75 334
N.		Interest expense	8	23 621	32 460
XI.		Other financial income	16	109 348	107 810
O.		Other financial expenses	17	113 335	111 087
*		**Financial result**		**39 161**	**39 097**
Q.		Tax on profit or loss on ordinary activities	10	7 615	8 909
Q.	1.	- current		7 449	6 323
	2.	- deferred		166	2 586
***		**Net profit / (loss) for the financial period**		**10 722**	**16 588**
****		**Net profit / (loss) before taxation**		**18 337**	**25 497**

Statement of changes in equity
for the year ended 31 December 2012

(TCZK)	Notes	Share Capital	Legal reserve fund	Retained earnings	Total
Balance as at 1 January 2011		**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**
Transfer to the reserve fund	6	0	829	- 829	0
Profit (loss) for the accounting period		0	0	10 722	10 722
Balance as at 31 December 2012		**112 000**	**18 889**	**152 312**	**283 201**

Cash flow statement
for the year ended 31 December 2012

(TCZK)		Notes	2012	2011
	Cash flows from operating activities			
	Net profit (+) / loss (-) from ordinary activities before tax		**18 337**	**25 497**
A.1	***Adjustments for non-cash movements:***		**11 429**	**3 793**
A.1.1	Depreciation of fixed assets, write-offs of receivables	3, 4, 14	59 505	24 833
A.1.2	Change in adjustments and provisions	5	- 5 268	21 594
A.1.3	Profit (-) from the disposal of fixed assets		0	-260
A.1.5	Net interest income (-)	8, 12	- 42 808	- 42 874
A.1.6	Adjustments for other non-monetary operations	9	0	500
A*	**Net cash flow fromoperating activities before tax and changes in working capital**		**29 766**	**29 290**
A.2	***Changes in the non-monetary items of working capital:***		**- 99 694**	**- 29 425**
A.2.1	Change in receivables and prepayments	5, 21	- 361 927	- 140 452
A.2.2	Change in current payables and accruals	7	262 233	111 027
A**	**Net cash flow fromoperating activities before tax**		**- 69 928**	**- 135**
A.3	Interest paid		- 23 684	- 32 460
A.4	Interest received		66 429	75 334
A.5	Income tax paid on ordinary activities		- 6 821	4 989
A***	**Net cash flow from operating activities**		**- 34 004**	**47 728**
	Cash flows from investment activities			
B.1	Expenses connected with the acquisition of fixed assets	3, 4	- 672	- 5 814
B.2	Proceeds from the sale of fixed assets	12	0	343
B***	**Net cash flow from investment activities**		**- 672**	**- 5 471**
	Cash flows from financial activities			
C.1	Change in current and non-current payables		- 45 100	13 679
C***	**Net cash flow fromfinancial activities**		**- 45 100**	**13 679**
	Net increase / decrease in cash and cash equivalents		**- 79 776**	**55 936**
	Cash and cash equivalents at the beginning of the year	**21**	**- 97 822**	**- 153 758**
	Cash and cash equivalents at the end of the year	**21**	**- 177 598**	**- 97 822**

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 of 31 December 2012, the Company is wholly owned by BRE Bank SA, Poland, the final holding company being Commerzbank AG, Germany.

The members of the Board of Directors as of 31 December 2012 were as follows:

Name	Position	Note
JUDr. Ing. Jana Němečková	Chairman	Appointed on 1 September 2012
Ing. Tomáš Vogl	Member	Appointed on 1 September 2012
Róbert Molnár	Member	Appointed on 1 September 2012

The members of the Supervisory Board as at 31 December 2012 were as follows:

Name	Position	Note
Henryk Okrzeja	Chairman	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

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
- 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 indicated otherwise.

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 charged 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 as it does not consider the purchase price of the assigned receivables to be Company's own revenue.

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 are easily and readily convertible to a cash amount known in advance, in that these assets are not expected to significantly change 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 income 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 2012	Additions	31 December 2012
Purchase price			
Software	47 798	132	47 930
Incomplete assets	8 313	247	8 560
Total	**56 111**	**379**	**56 490**
Accumulated depreciation			
Software	27 490	3 485	30 975
Total	**27 490**	**3 485**	**30 975**
Net book value	**28 621**		**25 515**

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

In 2012, the Company wrote off into expenses no low value intangible fixed assets (2011: CZK 11 000).

4. Tangible fixed assets

(TCZK)	1 January 2012	Additions / re-charging	Disposals / transfers	31 December 2012
Purchase price				
Buildings and structures	2 172	0	0	2 172
Machines, tools and equipment	1 189	1 023	-507	1 705
Transport means	3 878	0	-583	3 295
Inventory	3 297	0	-69	3 228
Other tangible fixed assets	947	0	-107	840
Works of art	645	0	0	645
Incomplete assets	0	167	0	167
Total	**12 128**	**1 190**	**-1 266**	**12 052**
Accumulated depreciation				
Buildings and structures	2 138	34	0	2 172
Machines, tools and equipment	1083	212	-262	1 033
Transport means	2 372	243	0	2 615
Inventory	3 228	0	0	3 228
Other tangible fixed assets	947	0	-107	840
Total	**9 768**	**489**	**-369**	**9 888**
Net book value	**2 360**			**2 164**

(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	805	0	1 083
Transport means	3 953	106	-1 687	2 372
Inventory	3 270	0	-42	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**

In 2012, the Company wrote off into expenses low value tangible fixed assets amounting to CZK 138 000 (2011: CZK 163 000).

As at 31 December 2012 and 2011, 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 2012	31 December 2011
Trade receivables	- current	32	1 750
Receivables from factoring activities and from the assignment of receivables	- current	2 986 678	2 016 767
	- overdue	1 042 664	1 690 382
Trade receivables – total		**4 029 374**	**3 708 899**
Other receivables	- current	4 245	21 073
Short-term advances paid		149	477
Other receivables – total		**4 394**	**21 550**
Adjustment for doubtful receivables		- 360 281	-365 549
Net book value of short-termreceivables		**3 673 487**	**3 364 900**
Deferred tax receivable (Note 10)		23 622	23 789
Net book value of long-termreceivables		**23 622**	**23 789**
Net book value of receivables – total		**3 697 109**	**3 388 689**

Adjustments were created in 2012 and 2011 in respect of receivables that are considered doubtful based on an estimate of riskiness of the individual cases.

As at 31 December 2012, outstanding trade receivables are secured by promissory notes totaling CZK 75 366 000 (31 December 2011: CZK 81 038 000), which are kept off the balance sheet.

As at 31 December 2012, 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 55 531 000 in 2012 (2011: CZK 20 211 000). This depreciation is reported in other operating expenses in the income statement (Note 14).

As at 31 December 2012, other short-term receivables comprise namely of a receivable for property damage to the Company 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 2011: CZK 4 026 000) and a receivable of CZK 211 000 ensuing from a contract on the placement of a deposit into notarial custody for the event of increase in default interest (31 December 2011: CZK 17 046 000).

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 2011	**59 325**	**284 630**	**343 955**
Allowance for impairment	29 020	42 425	71 445
Release of allowance for impairment	-13 673	-36 484	-50 157
Exchange rate difference	306	0	306
Closing balance as at 31 December 2011	**74 978**	**290 571**	**365 549**
Allowance for impairment	4 925	48 075	53 000
Release of allowance for impairment	-7 547	-50 448	-57 995
Exchange rate difference	-273	0	-273
Closing balance as at 31 December 2012	**72 083**	**288 198**	**360 281**

6. Share capital

Approved and issued shares

	31 December 2012		31 December 2011	
	Count (pcs)	Book value (TCZK)	Count (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 2012 and 2011.

No decision on profit distribution for 2012 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 4 June 2012, the General Meeting approved the financial statements of the Company for 2011 and decided on settling the profit incurred in 2011 in the amount of CZK 16 588 000 (2010: loss CZK 40 279 000). The distribution to the legal reserve fund amounted to CZK 829 000 and the remaining part of the profit from 2011 in the amount of CZK 15 758 000 was transfered into retained earnings.

7. Payables

(TCZK)	31 December 2012	31 December 2011
Trade payables from operating activities	792	6 467
Payables from factoring activities and from the assignment of receivables	1 772 839	1 503 092
Other payables	10 148	11 312
Current and non-current payables – total	**1 783 779**	**1 520 871**

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 Langer than 5 years.

Other short-term payables comprise mainly of estimated payables and a tax payable towards the state. As at 31 December 2012, the estimated payables amount to CZK 6 413 000 (as at 31 December 2011: CZK 7 223 000) and comprise mainly of unpaid bonuses and noninvoiced deliveries and services.

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 financial statements date. Loans are unsecured. Drawings occur mainly 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 23 621 000 for 2012 (2011: CZK 32 460 000).

Bank loans can be analysed as follows:

(TCZK)	Deadlines/ conditions	Loan limit	Amount of drawing on tranche	Amount of drawing on overdraft	31.12.2012 Amount of drawing incl. overdraft	31.12.2011 Amount of drawing incl. overdraft
UniCredit Bank Czech Republic, a.s.	Loan contract for one year, payable on 31.3.2013	50 000	0	17 962	17 962	15 895
Česká exportní banka, a.s.	Loan contract for one year, payable on 31.3.2013	500 000	400 000	0	400 000	400 000
Komerční banka, a.s.	Loan contract for indefinite period	190 550	130 000	49 130	179 130	93 372
COMMERZBANK Aktiengesellschaft, Prague branch (Note 18)	Loan contract for indefinite period	1 180 000	854 760	26 073	880 833	814 635
LBBW Bank CZ a.s.	Loan contract for one year, payable on 31.12.2013	100 000	0	4 454	4 454	96 418
ING Bank N.V.	Loan contract for indefinite period	130 000	0	75 200	75 200	16 560
Československá obchodní banka a.s.	Loan contract for one year, payable on 28.6.2013	110 000	99 801	7 707	107 508	200 821
Total		**2 260 550**	**1 484 561**	**180 526**	**1 665 087**	**1 637 701**

9. Financial derivatives

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

	31 December 2012			31 December 2011		
	Fair value		Nominal	Fair value		Nominal
(TCZK)	Positive	Negative	value	Positive	Negative	value
Currency forwards	0	0	0	0	507	21 523
Currency swap	0	0	0	7	0	59 910
Trading derivatives Total	**0**	**0**	**0**	**7**	**507**	**81 433**

A change in the fair value of trading derivatives is reported in the income statement.

The Company uses 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)	2012	2011
Current tax expense	6 986	6 003
Deferred tax (credit) / expense	166	2 586
Adjustment of the tax expense of the prior year according to the tax return actually filed	463	320
Daňový náklad celkem	**7 615**	**8 909**

Current tax expense was calculated as follows:

(TCZK)	2012	2011
(Loss) / profit before tax	18 337	25 497
Differences between accounting and tax depreciation	-1 764	-9 886
Tax-free income:		
Release of allowance for impairment	-2 374	0
Non-deductible expenses:		
Creation of adjustments	0	5 942
Realisation of a receivable	18 518	6 017
Other (e.g. costs of representation short-falls and damages)	4 051	4 025
Taxable income	36 768	31 595
Income tax rate	19%	19%
Corporate tax at a rate of 19%	**6 986**	**6 003**

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

(TCZK)	31 December 2012	31 December 2011
Deferred tax payable ensuing from:		
Difference between the accounting and tax depreciated value of fixed assets	-2 914	-3 352
Deferred tax payable – total	**-2 914**	**-3 352**
Deferred tax receivable ensuing from:		
Difference between the book and tax value of adjustments to receivables	26 536	27 141
Deferred tax receivable – total	**26 536**	**27 141**
Net deferred tax receivable	**23 622**	**23 789**

As at 31 December 2012, a potential deferred tax receivable of CZK 41 917 000 (31 December 2011: CZK 41 838 000.) incurred from temporary differences between accounting and tax value of the receivables adjustments 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 2012 and 2011.

11. Off-balance sheet assets

As at 31 December 2012, the Company reports in its off-balance sheet records guarantees issued in favour of another company in the amount of CZK 1 000 000 (as at December 31, 2011: CZK 21 000 000). The Company issued these guarantees to secure a receivable ensuing from a lease contract.

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)	2012	2011
Foreign income		
- import factoring	6 069	5 867
Domestic income		
- export factoring	36 694	37 150
- domestic factoring	38 401	38 553
Other	9	0
Sales of own products and services – total	**81 173**	**81 570**
Sale of fixed assets	0	343
Other income	5 172	6 646
Income from operating activities – total	**86 345**	**88 559**
Interest income from factoring activities	66 419	75 328
Interest income from deposits	10	6
Income from operating activities and interest income – total	**152 774**	**163 893**

13. Cost of sales

(TCZK)	2012	2011
Raw materials and consumables	1 347	1 498
Services	20 910	25 537
Cost of sales – total	**22 257**	**27 035**

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

14. Other operating costs

(TCZK)	2012	2011
Write-off of receivable (Note 5)	55 531	20 211
Other costs	7 663	8 481
Other operating costs - total	**63 194**	**28 692**

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

15. Employees

	2012	2011
Number of members of statutory bodies	3	2
Number of Supervisory Board members	4	4
Average number of other employees	24	25
Total	**31**	**31**

(TCZK)	Other members of management	Other employees	Total
2012			
Wages and salaries	4 530	9 813	14 343
Social security costs	1 485	3 135	4 620
Other social costs	133	300	433
Personnel costs – total	**6 148**	**13 248**	**19 396**
2011			
Wages and salaries	3 238	9 914	13 152
Social security costs	978	3 295	4 273
Other social costs	128	298	426
Personnel costs – total	**4 344**	**13 507**	**17 851**

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 2012 or 2011.

In 2012, employees were provided with automobiles for business purposes having a total purchase price of CZK 3 295 000 (2011: CZK 3 295 000).

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

16. Other financial income

(TCZK)	2012	2011
Exchange gains	109 149	107 809
Other	199	1
Total	**109 348**	**107 810**

17. Other financial costs

(TCZK)	2012	2011
Exchange losses	108 960	107 349
Bank fees	4 375	3 738
Total	**113 335**	**111 087**

18. Related party transactions

Overview of related party transactions in 2012 and 2011:

(TCZK)	2012	2011
Interest expenses		
BRE Bank SA	0	4 769
Commerzbank	10 915	13 670
Operating income		
BRE Faktoring S.A. (former Polfactor)	0	12
Operating costs		
BRE Faktoring S.A. (former Polfactor)	0	2
Members of the Board of Directors	3 710	4 661
Receivables		
BRE Faktoring S.A.(former Polfactor)	0	2 917
Loans		
Commerzbank (Note 8)	880 833	814 635

The Company has entered into a long-term co-operation agreement with BRE Factoring. This is a standard agreement 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 among these companies.

In 2012 and 2011, members of statutory bodies did not receive any other loans, guarantees, advances, or other benefits and performance besides those mentioned above.

Loans granted and received 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)	2012
The fee for the statutory audit of the financial statements and audit of the consolidation packages	1 561
Fee to the auditing company – total	**1 561**

20. Contingent liabilities

The management of the Company is not aware of any contingent liabilities of the Company as at 31 December 2012.

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 as a part of bank loans in the balance.

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

(TCZK)	31 December 2012	31 December 2011
Cash at hand and in transit	2 088	2 161
Cash in bank	669	7 917
Valuables	170	140
Debit balance of the current account included in current bank loans (Note 8)	-180 526	-108 040
Cash and cash equivalents – total	**-177 599**	**-97 822**

22. Subsequent events

No events that can have an impact on the financial statements as at 31 December 2012 have occured after the balance sheet date.

20 March 2013

JUDr. Ing. Jana Němečková
Chairman of the Board of Directors

Pavlíčková
Ing. Olga Pavlíčková
Chief Finance Officer

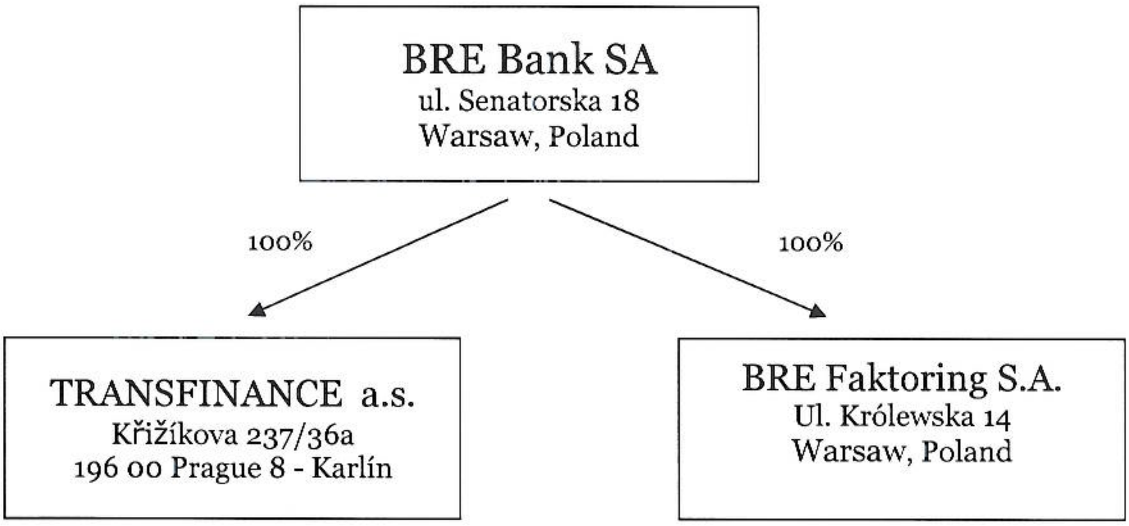
Ing. Tomáš Vogl
Member of the Board of Directors

TRANSFINANCE a.s.

Report on relations between related parties
for the year ended 31 December 2012 in accordance with
Section 66 a) of the Commercial Code

ORGANISATIONAL STRUCTURE OF THE CONCERN:

Controlled party:	TRANSFINANCE a.s. 186 00 Prague 8 - Karlín, Křižíkova 237/36a Identification no.: 15272028
Controlling party:	BRE Bank SA Poland, PL 00-950, Warsaw, ul. Senatorska 18



The parent company is BRE Bank SA, Warsaw, Poland. The Company is a 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*
BRE Faktoring S.A.	*Interfactor Agreement 1.4.1997*
Commerzbank AG	*Loan agreement 14.3.2001*

The Company has entered into a long-term cooperation agreement with the BRE Factoring S.A. This is a standard agreement 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 among these companies.

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 did not render services to related parties in 2012.

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 2012.

Related party	*Description of commercial transactions*	*2012 TCZK*
Commerzbank AG	*Interest expenses*	*10 915*

LEGAL ACTS AND OTHER MEASURES

In 2012, 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, 20 March 2013

JUDr. Ing. Jana Němečková
Chairman of the Board of Directors

Ing. Tomáš Vogl
Member the Board of Directors