

Annual Report

2013



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Foreword by the Statutory Representatives

Ladies and Gentlemen,

The year 2013 proved that the long-term strategy of ŠKO-ENERGO is right.

The relationship and long-term contracts with ŠKODA AUTO guarantee stability in all areas of business.

The energy sector is affected by the rapid development of renewable sources. This results in a drop in the price of the commodity with which the Company compares generated electricity. Despite a decrease of electricity prices by the third in the last few years the Company succeeded in responding to the challenge and maintained its competitive advantage. The crucial factor is faultless operation of the facilities and a long-term contract for supplies of domestic coal.

The year 2013 was significant in several respects. The Company invested in measures, which are part of derogation, i.e. in facilities that reduce emissions of CO₂ in the long run. The pellet cogeneration capacity was doubled and the greatest quantity of biomass ever was purchased and burned. A new gas-fired cogeneration unit was brought into operation in the Vrchlabí plant. New customers were connected for heat supplies, in particular new buildings in the Technological Centre of ŠKODA AUTO and storage premises in the industrial zone used by ŠKODA AUTO. In 2013, for the first time since being put into operation, the turbine undertook general repair. ŠKO-ENERGO joined the programme GreenFuture, which is part of the growth strategy of ŠKODA AUTO. This programme concentrates

on responsible use of resources and minimization of the environmental impact.

The operational activities mainly focused on safe operations and guaranteed supplies of electricity for ŠKODA AUTO. Operation of all energy production and distribution facilities was stable throughout the year and consistent with the customers' requirements. The results corroborate the high standard of care for the facilities and systematic personnel training.

Future development of the energy sector is still unclear. Development of renewable resources will probably exert an increasing pressure on the commodity price and, at the same time, the electricity price will be burdened by high renewable sources charge. Therefore, the key objective will be competitiveness of the prices of generated energies, effective purchases of strategic commodities, and smooth operation of facilities. At the same time, ŠKO-ENERGO will continue increasing biomass burning to reduce CO₂ emissions and to purchase green electricity for ŠKODA AUTO.

At last, the Company's management would like to thank the employees who have contributed to the good results. Without their help it will not be possible to achieve the set goals. The company's success is increasingly dependent on employees' competences and their ability to follow the established procedures and being creative. As in the past, the Company will care for their professional development and will create a motivating and innovative working environment.

31 December 2013



Miroslav Žďánský, MBA
Statutory Representative



Vladimír Handlík
Statutory Representative

Company Profile

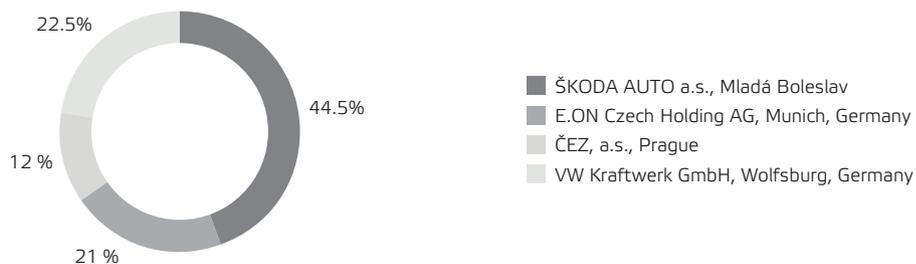
Basic information

ŠKO-ENERGO is an operating company the main task of which is to ensure supplies of energy for the company ŠKODA AUTO a.s. and supplies of heat for the city of Mladá Boleslav. The Company's facilities, particularly the new heating plant, are leased from their owner, ŠKO-ENERGO FIN.

The impetus for establishing ŠKO-ENERGO, s.r.o. (hereinafter referred to as "ŠKO-ENERGO" or the "Company") was a decision of ŠKODA AUTO a.s. (hereinafter referred to as "ŠKODA AUTO") to spin off its energy business and provision of energy supplies with the assistance of a consortium comprising two important German energy

companies, RWE AG and OBAG AG (which in 2002 merged with the holding company E.ON). VW Kraftwerk GmbH and the regional power company Středočeská energetická a.s. (whose shares were transferred to ČEZ, a.s. in 2007) also became partners. In 2010, RWE Power AG sold its shares to ŠKODA AUTO and VW Kraftwerk GmbH.

Shareholders as at 31 December 2013



Shareholders

ŠKODA AUTO a.s.

ŠKODA AUTO is a Czech company with a tradition of manufacturing automobiles dating back more than a century. ŠKODA is one of the world's oldest automobile brands. The company's main business activities represents development, production and sales of automobiles, components, original parts and accessories under the ŠKODA brand and provision of maintenance services. The sole shareholder of ŠKODA AUTO is Volkswagen International Finance N.V. with its registered office in Amsterdam, Netherlands. Volkswagen International Finance N.V. is an indirectly wholly-owned subsidiary of VOLKSWAGEN AG.

E.ON Czech Holding AG

The energy companies operating under the E.ON brand supplies electricity, natural gas and related services to more than 25 million customers. Since the very beginning of liberalisation of energy market, the E.ON group has been active in the Central and Eastern Europe countries, where it uses its extensive experience with privatisation of energy companies throughout the Europe. In addition to electricity, E.ON has significant shares in gas trading companies.

Volkswagen Kraftwerk GmbH

VW KRAFTWERK GmbH is a wholly-owned subsidiary of Volkswagen AG. The company provides services not only to the VW concern, but also to cities, industry and companies in the areas of energy trading and supply, power-plant construction planning and facility management. The company's main task is supply of electricity, heat, cool air, natural gas, compressed air and water to the internationally operating Volkswagen concern.

ČEZ, a.s.

The main subject of the operations of ČEZ, a.s. is generation and sale of electricity and related support of the electricity supply system. At the same time, the company is involved in production, distribution and sale of heat.

ČEZ Group is the largest producer of electricity and heat in the Czech Republic. It operates distribution systems in most areas of the country, and is the strongest entity on the wholesale and retail electricity markets.

Information on the Supervisory and Statutory Bodies

Supervisory Board

Composition of the Supervisory Board as at 31 December 2013

Chairman of the Supervisory Board

Michael Oeljeklaus

Member of the Board of Directors of ŠKODA AUTO, appointed to the position of chairman of the Supervisory Board of ŠKO-ENERGO on 1 January 2011

Vice-Chairman of the Supervisory Board

Gert Wölfel

Advisor, appointed to the position of vice-chairman of the Supervisory Board of ŠKO-ENERGO on 1 January 2011

Members of the Supervisory Board

Karlheinz Emil Hell

Member of the Board of Directors of ŠKODA AUTO, appointed to the position of member of the Supervisory Board of ŠKO-ENERGO on 12 June 2010

Raimund Wunder

Statutory representative of VW Kraftwerk GmbH, appointed to the position of member of the Supervisory Board of ŠKO-ENERGO on 1 January 2003

Petr Kreissl

Director of Teplárna organizational unit of ČEZ, a.s., appointed to the position of member of the Supervisory Board of ŠKO-ENERGO on 1 October 2012

Statutory Representatives of the Company

Statutory Representatives of the Company as at 31 December 2013

Vladimír Handlík

Statutory Representative of the Company for the technical area, appointed to the position on 30 June 1995.

Vladimír Handlík joined the Company in 1995 after leaving his position as chief power engineer at ŠKODA AUTO and fully connected his professional life with power engineering at the Mladá Boleslav-based carmaker. He has participated in the ŠKO-ENERGO project from the very beginning and to a great extent was instrumental in its implementation.

He is a graduate of the Czech Technical University (CTU) in Prague, where he specialised in the field of steam boilers and turbines.

From 1977 to 1980 he substantially enhanced his professional education through post-graduate study in the same field at CTU.

Miroslav Žďánský, MBA

Statutory Representative of the Company for the commercial-economic area, appointed to the position on 1 September 2000.

Miroslav Žďánský came to the Company from the position as director of a Czech-American firm active in the administration and development of privatised firms and real estate, where he served for five years. From 1989 to 1995 he worked in management positions in the financial section at the Mladá Boleslav-based carmaker.

He is a graduate of the Faculty of Chemical Engineering at the Institute of Chemical Technology in Prague.

In 1998 he completed his diploma work at the European Business School (Private Wissenschaftliche Hochschule, Schloss Reichartshausen am Rhein, Germany), where he received the title of Master of International Management.

In 2010 he was awarded the title of Master of Business Administration (MBA) from The Open University Business School, Milton Keynes (UK), and the European Energy Manager certificate from the German Chamber of Commerce in Nuremberg.

Changes in the statutory bodies after the end of the accounting period

As at 31 December 2013, Vladimír Handlík terminated his position at the Company.

Jaromír Vorel was appointed the statutory representative effective 1 January 2014.

Corporate Social Responsibility

Achieving the balance of all shareholders' interests is very important for ŠKO-ENERGO. Honourable dealing, openness, transparent management practices and proper supervision of the management form the foundation of the corporate governance of ŠKO-ENERGO.

Therefore, the Company applies, to the adequate extent corresponding to its legal form and structure, the Code of Corporate Governance based on OECD principles of best practices and processes in management.

Important information on the Company's ownership structure and statutory bodies and a description of their current composition can be found on pages 4, 6, and 7 of this Annual Report.

Observance of shareholders' rights, equal treatment of shareholders

ŠKO-ENERGO takes into account all applicable provisions of the Business Corporations Act and the Company's directives relating to protection of shareholders' rights. In particular, it provides all relevant information regarding the Company without delay, convenes and conducts its general meetings and ensures equal treatment of all shareholders.

Publication and transparency of essential information

The Statutory Representatives regularly inform, both orally and in writing, the Supervisory Board of the Company's business situation and position. Important business matters are communicated immediately. The Statutory Representatives

communicate to the Supervisory Board in namely in the following:

- Submission of the annual budget for the subsequent business year and draft medium-term plan, including.
- Quarterly presentation of basic information on the Company's assets and financial situation.
- The Statutory Representatives prepare annual financial statements in compliance with the applicable Czech legislation in the course of the statutory accounting period, no later than by the end of April of the subsequent accounting period.

Responsibilities of the Statutory Representatives and the Supervisory Board

The Statutory Representatives manage the Company's business affairs in accordance with the applicable laws, Articles of incorporation, decisions of the General Meeting and the Supervisory Board and the rules of procedure. The rules of procedure, issued by the general meeting, stipulate what acts of the Statutory Representatives are subject to prior approval of the General Meeting or the Supervisory Board.

The role of stakeholders in the Company's corporate governance

Stakeholders include primarily employees, members of the local community, local businesses, schools, suppliers, and creditors.

Considerations regarding the impact of its decisions on various stakeholders are part of the decision-making process of the Company's management. The Company's management respects and observes the rights granted to stakeholders by the law.

Relations with employees

The Company considers its employees to be a key part of its business. The Company's success depends on, among other things, continual internal development and creation of positive working conditions for its employees. The Company supports its employees' involvement in the running of the Company and enables them to express their concerns, if any, regarding any potential erroneous process which could lead to a breach of laws and other standards.

Relations with business partners

In its relations with business partners, the Company exerts itself to ensure reliable, safe, and affordable supplies of energy to its key customers, ŠKODA AUTO and the residents of Mladá Boleslav. The Company acts honourably towards all its suppliers—the fundamental aspects of suppliers selection are quality and price. The Company regularly and truthfully informs its creditors of its financial situation.

Relationship to the environment

As an energy firm, the Company is aware of its responsibility to protect the environment. Therefore, it monitors and complies with legislation concerning the environment and restricts its emissions to levels below the required limits.

Relations with members of the local community

Within the local community, the Company wants to be a good corporate citizen and is aware of its corporate social responsibility.

Compliance

In 2013 ŠKO-ENERGO continued in the implementation of the Compliance programme, which is applied based on the Governance, Risk & Compliance policy of Volkswagen and ŠKODA AUTO. The Company communicates both externally and internally that its conduct in business and other relationships are in accordance with all ethics and legal rules of economic competition, financial and tax integrity, environmental regulation, and employee relations including equal opportunities. The principles of conduct of ŠKO-ENERGO have become part of the corporate culture. The Company also introduced other organisational standards aimed to maintaining confidentiality, preventing corruption, conflict of interest, and acceptance/provision of gifts and invitations. At the same time, a system of training was introduced within which employees are familiarised with the relevant topics.

Overview of the Company's activities

ŠKO-ENERGO completely ensures the provision of electricity, heat, industrial, potable and cooling water, compressed air, and natural gas to ŠKODA AUTO. The Company conducts treatment and drainage of wastewater and surface water from the entire ŠKODA AUTO complex and supplies heat to the city of Mladá Boleslav.

We supply heat to the carmaker ŠKODA AUTO

Thanks to the flawless and systematic maintenance of its equipment including the emission measurement control systems, which over the course of many years have not suffered from any serious defects, the impact on environment is minimised. The heating plant was built following the strict environmental regulations of the European Union. It continues to comply with these regulations and will withstand stricter norms which will come into effect in the coming years.

The heat plant's main generating units are two K80 and K90 high-performance fluid boilers with steam output of 2×140 t/hour, which currently burn brown coal from the Bílina mines in North Bohemia, and also biomass in form of pellets in order to reduce atmospheric CO₂. The facilities include two extraction condensation turbines from Siemens. In the event of a breakdown of the fluid boilers, reserve capacity is ensured by a K70 steam boiler with output of 60 t/hour whose basic fuel is natural gas. Three hot-water boilers are used to cover peak demand. The fluid boilers form the basis for economical generation of heat and electricity. The Vrchlábí and the Kvasiny plants are supplied in the same manner.

We supply heat to the city of Mladá Boleslav

In addition to 12,000 homes in Mladá Boleslav, more than 200 business entities and institutions use heat supplied via the CENTROTERM distribution network.

We supply electricity

A 110 kV distribution plant serves for connecting ŠKO-ENERGO to the public grid. This distribution plant is reinforced with separate mains from the system of ČEZ, a.s. because we consider supplying electricity to ŠKODA AUTO to be of key importance. The ŠKO-ENERGO heating plant is connected to the distribution plant at the level of 110 kV. A total of forty-four 22/0.4 kV distribution points on a 22 kV cable system supply all the production facilities of ŠKODA AUTO and some operations of ŠKO-ENERGO. We also deliver electricity to ŠKODA AUTO plants in Kvasiny and Vrchlábí. Where some of the energy consumed is produced on site using gas co-generation units.

We supply compressed air

ŠKODA AUTO uses compressed air in all production plants. The biggest consumers are the body shops and mechanical assembly facilities. Compressed air is produced in the Mladá Boleslav plant by two compressor stations with an output of 32,000 Nm³/hour, 4×16,000 Nm³/hour and 10,000 Nm³/hour. We operate similar compressor stations with a lower output in the ŠKODA AUTO plants in Kvasiny and Vrchlábí. Welding shops of Mladá Boleslav and Kvasiny use compressed air from screw compressors pressured at 1.2 MPa for robotic welding.

We supply operational water

Two million cubic metres of operational water per year travel via gravity feed from the Bradlec operational water source on the Jizera River to the operation facilities of ŠKODA AUTO and the ŠKO-ENERGO heating plant. Every drop thus travels six kilometres before it reaches the plant and then undergoes purification and subsequent filtration.

We supply cooling water

Demineralised water is produced by means of chemical treatment of water, which is collected in storage tanks and pumped to the heating plant and paint shop. For the needs of the production operations of ŠKODA AUTO, especially the welding shop and paint shop, cooling water in the Z24 cooling-water station is sufficient. Though the E14A and E14B cooling-water stations have significantly lower parameters, they are fully sufficient for the needs of cooling the robots. Kvasiny and Vrchlabi plants operate the same facilities for production of cooling water.

We treat wastewater from the body paint shop

The Z17A neutralisation station treats wastewater from the body paint shop by means of ferrous-salts coagulation and alkaline metal agglutination.

We treat oily wastewater and emulsions

Such contaminated wastewater derives from the mechanical processing of metals. The Z25 station with vacuum-based evaporation and multistage mechanical pre-treatment is used for treating wastewater from mechanical metal processing.

We purify water from the rainwater drainage system of the new part of the ŠKODA AUTO complex

The Z29 station has two reservoirs with a total volume of 19,000 m³ in which biological purification of discharged water is achieved through intensive airing.

Distribution, measurement and invoicing

The Company operates and maintains all networks serving for the distribution of energy at the ŠKODA AUTO complex. The gas-distribution system includes an E13 regulation station, which regulates gas from the external DN300, 4.0 MPa high-pressure distribution system at the required operating values. In addition to gas distribution pipelines, our company operates high-voltage power lines, hot water pipelines, compressed air pipelines, and distribution systems for all other energy media.

Management Report 2013

Although the business environment is being stabilized, the energy sector is going through a period of big changes. As the Company to respond to changes, it concentrates on cutting costs in purchases of commodities, uses cogeneration of electricity and heat, optimizes the fuel mix, and reduces carbon dioxide emissions. The Company takes part in the program GreenFuture, which is part of the growth strategy of ŠKODA AUTO.

Economic conditions in the Czech Republic

The year 2013 was characterized by fluctuating development of the economy. An initial deepening of the economic recession was eased and a modest growth was stimulated by interventions of the Czech National Bank in the monetary policy. A negative development was caused by fewer investment activities, sluggish foreign demand, and a constant trend in reducing the expenditure of end consumers.

According to a preliminary estimate of the Czech Statistical Office, the gross domestic product decreased again by 1.1% compared to the previous year. Industrial production increased by 0.5% in 2013. The average rate of inflation in 2013 reached 1.4%. Energy prices had a counter-inflation effect and the same trend is expected in 2014 in the prices of oil and electricity. In 2013, the unemployment rate shot up to the threshold of 8%. The exchange rate of the Czech crown against the main world currencies weakened in 2013 as a result of monetary interventions of the Czech National Bank. The average rate in 2013 was 25.974 CZK/EUR and 19.565 CZK/USD.

Development of commodity prices

Developments of commodity prices on the global and European markets had a direct impact on the commodity prices in the Czech Republic. The prices of oil, oil derivatives and natural gas were not very volatile in 2013. At the end of the year, devaluation of the Czech crown had a negative effect as it

shot up by 10% on average, and this affected all purchases of natural gas in the spot market. There were no fluctuations in the prices of CO₂ emission permits. Their price was on a very low level, which unfortunately does not enable the planned functioning of the pan-European emission trading system. A withdrawal of some permits from the market does not guarantee a significant increase in their prices.

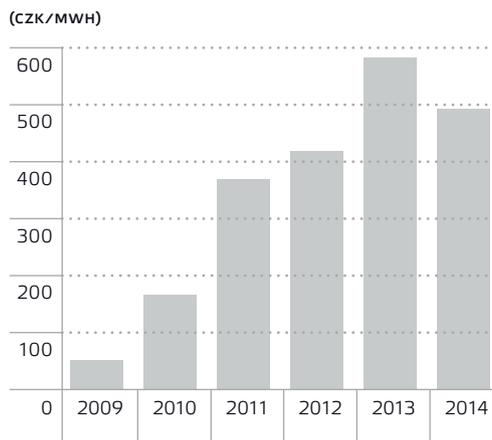
Electricity prices at European exchanges and by extension, on the Prague PXE, are constantly declining. An exception from this trend was the last quarter of the year when the prices rose by roughly 3 EUR/MWh. However, the prices began to fall again from December and this trend has continued until the present day. This fact is caused by an increasing volume of production from renewable sources with low variable costs.

Moreover, the European Union still plays the lead role in an effort to prevent climatic changes and it can be expected that it does not intend to abandon this policy. The latest EU strategy envisages for the following period a more marked reduction in CO₂ with an increasing volume of production from renewable sources.

Average electricity rate (base load)



Fees for renewable sources



Renewable resources charges

Renewable resources charges were reduced from CZK 583/MWh to CZK 495/MWh and this value was specified in the law as the highest possible. At the same time, support for new renewable the sources was discontinued on 1.1.2014.

Situation on the Czech brown coal market and its impact on the heat and power production

Czech heating plants which are historically linked to central heat supplies claim they do not have enough coal. The existence of some of them is under a serious threat and not only because of the lack of coal but also owing to stringent limits for industrial emissions after the year 2015. The government has decided to overstep the limits in the North Bohemia mining area Bílina owned by the company ČEZ. Mining in this area should provide a sufficient quantity of brown coal for the Czech market.

Development of the region

The development of the region is significantly influenced and stabilized by the success of ŠKODA AUTO and its growth strategy. The product offer has grown into seven independent model lines which will support the Company's further growth in the future. ŠKODA AUTO has maintained a strong position in the major European markets as well as the rapidly developing markets of China, India and Russia. Thanks to this growth strategy, model offensive and further globalization of the brand, 920,800 cars were delivered to its customers in 2013. This positive development is reflected in low unemployment figures and relatively strong purchasing power of the inhabitants of the region.

Production and supplies of energies

Supplies of types of energy were smooth in 2013, in line with contracts and the requirements of ŠKODA AUTO, CENTROTHERM, and other customers. Rationalizing measures were adopted by ŠKODA AUTO to save energy as part of the program GreenFuture.

No serious malfunctions or outages occurred in the facilities for generation and supplies of energies. A planned general repair of the TG 90 steam turbine was carried out during the summer downtime period and lasted for 12 weeks.

Production of cars in the three parent companies of ŠKODA AUTO in the Czech Republic declined by 3.4% on a year-on-year basis. The reason for this was the introduction of a new Octavia model together with a decline in demand for the production of disassembled cars. A slight increase in the consumption of electricity by 2.2% was related to a change of the production depth and increased productivity of labour in the parent plants (higher production of engines and gearboxes, energy-intensive automation of production). Apart from

this, the year 2013 was on average 0.2 °C colder, which contributed to a year-on-year increase in sales of heat by 3.2%.

Own production of electricity amounting to 451.5 GWh declined by 5.9%, mainly due to the general repair of the TG 90 turbine lasting 12 weeks, increased sales of heat as part of combined production, and increased regulation of electricity at weekends. The decrease in the electricity production was partly compensated by a new cogeneration source being put into operation in the Kvasiny plant.

No laws or regulations were violated in the area of environmental protection. The Company considers protection of the environment very important and its conduct is consistent in this respect. The Company succeeded in increasing the quantity of biomass in the fuel mix to 50,000 tonnes.

Year-on-year changes in the consumption of all the supplied energies are summarized in the following table.

Volumes of supplies

	UNITS	2013	2012	2013/2012 [%]
Electricity	000's MWh	573	574	(0.2)
– including ŠKODA AUTO	000's MWh	549	537	2.2
– including supplies to network	000's MWh	24	37	(35.1)
Heat	000's MWh	490	475	3.2
– including ŠKODA AUTO	000's MWh	306	299	2.3
– including CENTROTHERM	000's MWh	172	167	3.0
– including other	000's MWh	12	9	33.3
Compressed air	000's m³	295,737	321,524	(8.0)
Natural gas	GWh	275	317	(13.3)
DEMI water	000's m³	200	175	14.3
Drinking water	000's m³	384	428	(10.3)
Industrial water	000's m³	557	360	54.7
Waste water	000's m³	1,234	1,238	(0.3)

Economic results

Income from operations

The Company made a profit of CZK 2.2 million, which is the same as the preceding year. On the year-on-year basis a proportional increase in earnings and costs was reported.

An increase in consumption of materials and energies by CZK 195.8 million corresponds to a considerable extent with an increased need to purchase energy commodities to meet the increased demand for the principal energies at ŠKODA AUTO. Costs of raw materials and energies grow in line with the market evolution and the Company handles their growth using standard instruments. The Company endeavours to eliminate rising prices of energy inputs by continuing optimization of the fuel mix.

In the area of costs of purchased energies a year-on-year drop occurred by CZK 20.7 million, which is largely related to a decline in the purchased electricity and natural gas for the Kvasiny plant. On the other hand, purchases of electricity increased for the Vrchlábí plant, where facilities for the production of gearboxes were brought into full operation.

Other operating costs rose by CZK 19.5 from CZK 708.9 million to CZK 728.4 million, i.e. by 2.7%. Taking over of new activities was reflected

in the other costs in 2013. The most important activity was taking over of the energy management of ŠKODA AUTO, which organized supplies in the production halls and in the Vrchlábí and Kvasiny plants. The Company has no control over the annual rent which accounts for 22.1% of all the expenditure.

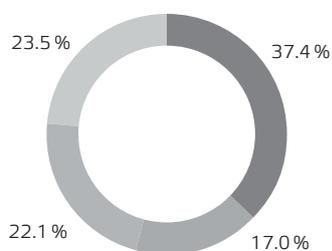
Total operating costs in the amount of CZK 3,096.5 million increased by CZK 172.4 million, compared to year 2012, representing 5,9% increase. This increase was reflected in the revenues on a pro rata basis.

Operating revenues amounted to CZK 3,097.0 million, which is CZK 167.5 million more than in 2012, representing an increase by 5.7%. The growth was due to a higher volume of electricity sales to ŠKODA AUTO and a year-on-year increase in sales of heat especially caused by the cold weather. Concerning compressed air and technological natural gas, a decline was reported related to a decrease in the quantity.

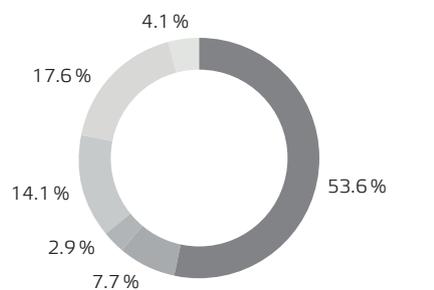
The decrease in the financial result by CZK 1 million was largely caused by lower interest rates in the financial markets.

Income from operations

CZK 000's	2013	2012	DIFFERENCE	%
Revenues				
Operating revenues	3,097,017	2,929,483	167,534	5.7
Financial income	328	491	(163)	(33.2)
Total	3,097,345	2,929,974	167,371	5.7
Expenses				
Operating expenses	3,096,479	2,924,073	172,406	5.9
– of which production material and energy	1,156,933	961,107	195,826	20.4
purchased energies	525,869	546,543	(20,674)	(3.8)
rent	685,283	707,505	(22,222)	(3.1)
other operating expenses	728,394	708,918	19,476	2.7
Financial expenses	2,510	3,630	(1,120)	(30.9)
Total	3,098,989	2,927,703	171,286	5.9
Profit/loss before tax	(1,644)	2,271	(3,915)	(172.4)
Tax (deferred)	3,823	(102)	3,925	(3,848.0)
Profit/loss for the accounting period	2,179	2,169	10	0.5

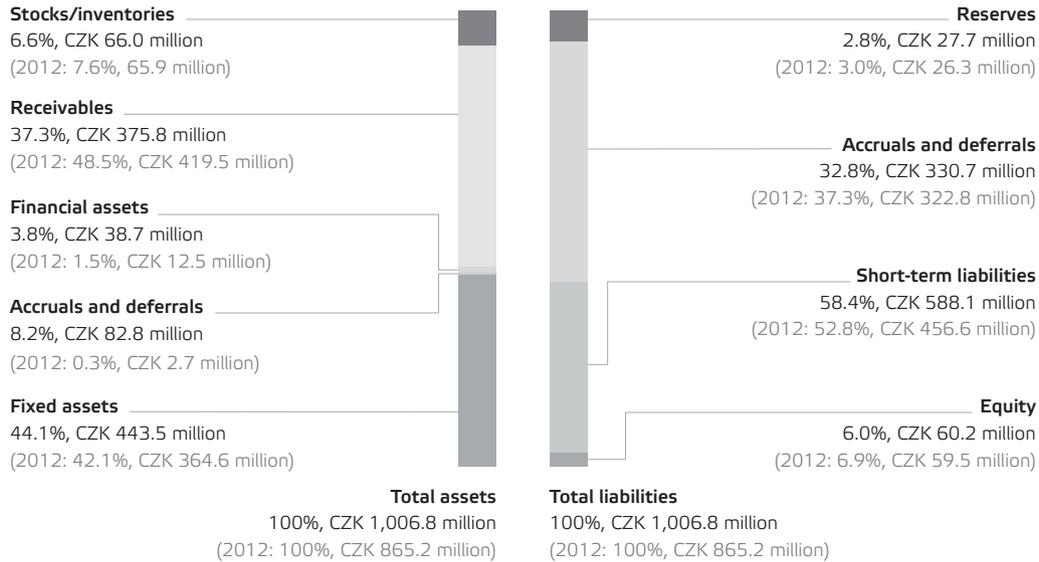
Structure of operating expenses

- Production material and energy
- Purchased energies/power
- Rent
- Other operating expenses

Structure of operating revenues

- Electricity
- Services
- Gas
- Water
- Heat
- Compressed air

Structure of the Balance Sheet as at 31 December 2013



Development of the capital structure and financing

The total assets balance as at 31 December 2013 increased from CZK 865.2 million to CZK 1,006.8 million. The increase was mainly due to an increase in fixed assets.

Fixed assets increased on a year-to-year basis from CZK 364.6 million to CZK 443.5 million. This growth is commented in detail in the chapter 'Investments, technological innovations and care for equipment'. The current assets balance decreased on a year-on-year basis from CZK 497.9 million as at 31 December 2012 to CZK 480.5 million as at 31 December 2013. This decrease was mainly caused by a decrease in the area of short-term receivables. Optimization of bought-in stocks was demonstrated by stabilization of their value. Cash

on the current account and cash in hand in the amount of CZK 38.7 million covers the Company's short-term needs.

The equity capital as at 31 December 2013 totalled CZK 60.2 million. This amount includes the economic result for 2013, the Company's share capital and the statutory reserve fund. The Company also creates a social fund from its profits, a fund for financing future investments and a fund to cover price risks. The Company's financial needs are covered by a short-term loan provided by the related party. The value of these funds contributed to the increase in the balance of short-term liabilities. The Company had not drawn any bank loans as at 31 December 2013.

Cash flow statement

VALUES IN CZK 000'S	2013
Cash and cash equivalents at the beginning of the period	12,460
Net cash flow from operating activities	117,717
Net cash flow related to investment activities	(120,017)
Net cash flow related to financial activities	28,548
Net cash increase	26,248
Cash and cash equivalents at the end of the period	38,708

Investments, Technological Innovation and Facilities Management

In 2013 the Company put into operation investments totalling CZK 62.5 million. This primarily involved expansion of hot-water networks (CZK 24.5 million). A hot-water pipe connection was extended to the industrial zone Kosmonosy for the firm D+D REAL and to the newly built industrial estate of the development department of ŠKODA AUTO – Česana South, and a pipe connection was constructed for the firm ProSeat in the eastern industrial zone. Internal backbone hot-water pipes on the outlet from the Škoda to the town were boosted. Extension of hot-water networks contributes to an overall improvement of the economy of combined generation of heat and electricity.

Another major investment was the second stage of reconstruction of a heating plant in the subsidiary factory of ŠKODA AUTO at Vrchlabí (CZK 17 million). Construction of a new cogeneration unit started there for generation of heat and electricity for the

industrial estate of ŠKODA AUTO, which will be brought into permanent operation in 2014.

The most important investment in the heating plant was an extension and regulation of the route for transporting biomass to the boiler in the amount of CZK 15.5 million. This investment helps to minimize CO₂ emissions and hence protect the environment.

With regard to the infrastructure, control and measuring systems were modernized in some plants in the amount of CZK 2.8 million (for example, in the water treatment plant Bradlec and compressor stations in the ŠKODA industrial estate).

The SAP maintenance system was extended and electronic documentation of technological facilities was introduced (CZK 2.3 million), which will raise the standard of care for the entrusted facilities.

Employees

Development of the structure and number of employees

In 2013 the Company employed an average of 330 employees, including 233 workers, 97 maintenance employees and 5 managers. The share of women in the total number of employees was 9.0%. The average age of all the employees is 44.1 years.

Employee development

In its corporate strategy the Company lays great emphasis on employee development. Each employee is involved in this process. Educational needs of the maintenance employees are catered for through regular appraisal interviews.

A mandatory area of education covers periodical training courses for the employees, who carry out activities in their work which are subject to statutory periodical reviews.

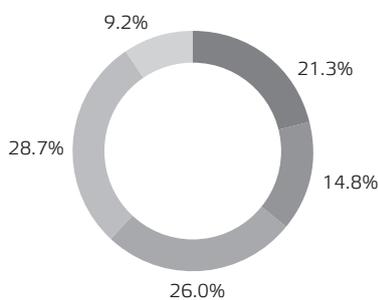
Other areas of employee development include the development of technical know-how and personal

skills, IT skills, and language training. The Company succeeded in obtaining financial aid for employee development in 2013 from the program Education for Growth in the Central Bohemia region from European Social Funds in the Czech Republic for professional training of its employees.

Wage and social policy

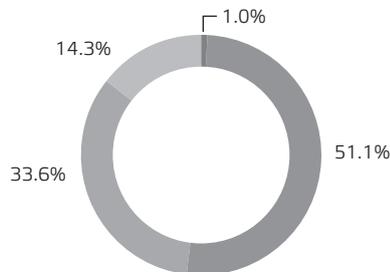
Remuneration of the employees is governed by a collective agreement. The employees receive a number of benefits and their working conditions are beyond the framework of the law, guaranteed by the collective agreement. The Company supports in the long term the employees' cultural, educational, health-related and sporting activities and contributes financially to supplementary pension insurance. In its social policy it provides housing loans, contributes to catering, organizes transport to work, and supports the employees and their families. This area includes bonuses on working anniversaries, retirement benefits, maternity grants, and child care leave with wage compensation.

Age structure of employees



- age from 18 to 30
- age from 31 to 40
- age from 41 to 50
- age from 51 to 60
- age over 60

Employees by education



- primary education / technical school
- qualified worker with matura exam
- qualified worker / complete secondary education / higher technical education
- university education

Involvement of employees in management and cooperation with trade unions

The Company welcomes initiatives by its employees who take part in the innovation movement and the program 'Collect Watts', through which they make proposals for simplification, acceleration and improvement of the conditions in the Company.

A trade union organization is active in the Company, representing 62% of the total number of employees in the year 2013. This organization is part of the trade union KOVO MB, which represents the employees during collective negotiations. The Company proceeds in relation to the trade unions in conformity with the applicable regulations and personnel policy. The result of the agreement between the Company and the trade unions is a concluded collective agreement.

Internal communication

The employees are regularly informed about the Company's goals, tasks and current events through communication with their superiors, the intranet and the magazine. All employee categories take part in the communication.

Occupational health and safety

The Company raises the standard of care for occupational health and safety of all the employees in cooperation with OHS specialists. It uses the application software RISON to analyse and assess risks, keep records of work accidents, maintain a catalogue of protective aids and hazardous chemicals, keep records of statutory examinations and planning of occupational medical care. The employees' accident and sickness rates have been low in the long term.

Relationship to the Environment

The Company's fundamental principles in the area of the environment include using the best available technologies with the objective to improve production processes beyond the legislative requirements pertaining to environment protection.

The Company's ecological conduct as part of its corporate culture

Ecological conduct is an important part of the Company's activities and culture and it is defined within the Company's policies.

The modern facilities of the heating plant, which began their operation in 1998, ensure a substantial decrease of emissions when compared with the original facilities, and current emissions are safely within the legal limit. The Company's motto has become "Clean energy warms you", which is now an important element in the Company's logo. The Company thus emphasises its strategy of burning biomass and the gradual increase of its consumption in the production of electricity and heat. Ecological conduct is an important element of communication with customers and residents in the region.

Since 2008, the Company had in place a certified management system pursuant to the ČSN EN ISO 14001 standard, which is the best evidence of reliable, safe and environmentally friendly provision of services within the treatment of wastewater.

ŠKO-ENERGO has also focused its environmental policy on educating the upcoming generation of young people, who possess important potential for environment protection. The Company closely cooperates with the engineering vocational school of ŠKODA AUTO. It also organises ecological excursions to the heating-plant and infrastructure facilities for students within the context of their studies. Thanks to this, students are familiarised

with the generation of heat and electricity using state-of-the-art combustion technology, which is both efficient and environmentally friendly.

Protection of air quality

The Company's main goals in the protection of air quality include maintaining a high standard in the area of minimising gas and solid emissions released into the air as a result of generating heat and electricity. We achieve long-term low values of generated emissions through the proper maintenance of equipment which, due to its parameters, is categorised as BAT technologies. The Company is currently intensively preparing to comply with stricter emissions limits, which will come into force in 2016. This primarily involves intensification of desulphurisation and implementation of denitrification measures (DeNO_x).

Climate protection

The new Act No. 165/2012, on Support for Generation of Electricity from Renewable Sources, was approved in 2012. The purpose of this act is to contribute to protecting the climate and environment by supporting the generation of electricity from renewable sources. Combustion of biomass is one of the possibilities for reducing emissions of greenhouse gases from fossil fuels. Biomass used for power-generation purposes is either purposefully obtained as a result of production activities or involves the use of waste from agricultural, timber and industrial production. Thanks to the type of boilers installed in the ŠKO-ENERGO plant—i. e. atmospheric fluid-bed boilers with circulating fluidised bed and steam output of 2×140 t/h—it is

possible to burn biomass in them. These boilers are currently used to burn brown coal with biomass. Coal is fed by separate lines into the boilers separately from two bunkers, or from both bunkers in the case of burning only brown coal. Given the fuel basis of the boilers, space demands and requirements for the availability and output of the boilers, separate lines have been built for feeding pellets directly into the combustion chamber. In order to achieve the future objectives in reducing greenhouse-gas emissions, the capacity of the conveyor lines feeding pellets to the boilers was doubled in 2013. Up to 80,000 tonnes of biomass per year is forecasted.

Pellets are pure compressed biomass characterised by a calorific capacity of approximately 15 MJ/kg and a low volume of ash. This facilitates the burning of brown coal when the boilers are in full operation. ŠKO-ENERGO purchases pellets from producers in the Mladá Boleslav region and from other domestic producers.

Waste Management

Within the area of waste management, the Company strives to maximally use by-products from energy generation, particularly ash from the coal-fired boilers. Thanks to cooperation with specialist firms ash from the ŠKO-ENERGO heating plant was certified as a construction material, thereby substantially reducing the production of waste within the Company. This product is thus subject to new European Community legislation in the area of chemical substances pursuant to Commission Regulation EC No. 1907/2006 under the acronym REACH. In accordance with this legislation, the Company completed registration within the ASVEP consortium in November 2010. Changes in the harmonised standards for using ash in construction materials are currently being rendered and methods are being sought out for using the materials in such a way that the burden on the environment is minimised.

In 2007, the Company began sorting produced mixed waste, which comprises 14% of all waste within the "other" category generated within the Company. Since 2008, we have participated in a programme for recycling electronic waste (mainly computer technology and related devices) within the "Green Company" project implemented by the company REMA. Thanks to this project, the

Company's employees can also return electronic devices for recycling.

In the process of treating oily wastewater from ŠKODA AUTO's operations, the Company separates the oils, which are further processed into technical fuel usable in one of the fluid boilers. In this case, roughly 1,000 tonnes of "ŠKO-ENERGO oil emulsion" are used annually.

In cooperation with ŠKODA AUTO, a project has been prepared for the further use of waste with energy content from the operations of both ŠKODA AUTO and ŠKO-ENERGO. A contract on cooperation has been signed with the firm COMPAG MLADÁ BOLESLAV s.r.o. involving cooperation in the use of solid alternative fuel produced from sorted community waste.

Water management

In the area of water management, the Company's goal is to provide services for ŠKODA AUTO in accordance with strict limits stipulated by the environmental legislation. After 15 years of the wastewater treatment plant's operation, it is important to conduct preventive maintenance of the equipment, which still fulfils the requirements of the best available technologies. For example, at the Z29 rainwater and wastewater treatment station, maintenance of the aeration system and replacements of the sand-gravel filters are regularly carried out.

The systems of the most heavily loaded cooling circuits of the heating plant and E14 compressor station are equipped with a TRASAR 3D automated chemical-dosing system, which ensures optimum control of their chemical regimes, thus providing maximum economy both in terms of savings in the purchase of chemical preparations and in extending the lifespan of the equipment and minimising sedimentation. Both units are equipped with remote transmission for immediate inspection of the set parameters. The wastewater load is thus concurrently reduced.

Principles of ŠKO-ENERGO's environmental conduct

ŠKO-ENERGO understands environmental protection as a common task in which every employee must participate according to his or her duties, knowledge and abilities. Within the framework of the environmental policy, ŠKO-ENERGO has undertaken to perform the following tasks:

- 1.** To engage in environmental protection on the basis of its own sense of responsibility and its own initiative.
- 2.** To reduce ecological burdens caused by the Company's activities through the use of new processes and ecological conduct.
- 3.** During the construction and operation of all facilities, to use modern technologies and standards if such technologies are technically feasible and economically acceptable.
- 4.** To reduce the amount of emissions released into the air and to use natural resources economically.
- 5.** To perform all routine planned activities pursuant to ecological regulations and other requirements of environmental protection.
- 6.** To ensure occupational safety and the safety of ŠKO-ENERGO facilities at the achieved high level and continual improvement thereof.
- 7.** Prior to the introduction of new processes and installation of new equipment, to evaluate their impact on the environment in order to limit environmental risks and safety hazards.
- 8.** To promote, through training and dissemination of information, the responsibility of the Company's employees for the environment.
- 9.** To regularly verify compliance with policies and goals in the area of the environment and the effectiveness of the Company's environmental management.
- 10.** To carry on an open dialogue with interest groups and to provide information serving for the understanding of adopted goals and results of environmental programmes.

The Risk Management System

The Company considers risk management indispensable in view of the economic development and changes and uncertainties in the energy sector. The standard instruments for risk management at ŠKO-ENERGO are insurance, long-term customer-supplier contracts with pricing models, diversification of risk by gradual purchasing, and financial derivatives. The risk management system also covers data and information systems security.

The organization of risk management

The risk management system is conceived comprehensively in order to uphold the interests of both ŠKO-ENERGO and ŠKODA AUTO, which is one of the shareholders and at the same time, the biggest customer.

The risk management system comprises the basic parameters of the risk management strategy, a map, and a structured risk catalogue, plus tools for managing key risks. Since most risks are being managed today, the total annual exposure in the amount of CZK 1.5 billion is reduced to CZK 110 million.

In order to ensure high-quality risk management, individual risk owners are designated. These are people who monitor the seriousness of risks and seek out and apply appropriate tools to manage them. A risk committee consists of these risk owners. A designated risk manager manages and coordinates the risk committee and reports significant risks to the Company's management. In the area of data and information systems security the Company has appointed a CISO (Chief Information Security Officer), who implements within the Company the standards of the VW Group.

Description of risks and risk management

Market risks, the most significant of the current risks, can be partially managed by the Company. These risks include volatility of gas and electricity prices and uncertain developments of the prices of CO₂ emissions permits. There are also significant operating and process risks entailed in production outages or breakdowns of distribution systems.

Prices of coal

Since there is a shortage of brown coal in the Czech Republic its prices are increasing. ŠKO-ENERGO has secured supplies and prices of brown coal by a long-term contract. Its supplier is Severočeské doly Bílina, which has a virtual monopoly in supplies of sorted coal.

Volatility of gas and electricity prices and CO₂ emission permits

The volatility of gas prices has stabilized in the last few years. Liberalization has been completed but a connection to the price of petrol endures. The price of gas is not significantly affected by imports of LNG from abroad.

PXE prices are connected to the EEX price which is gradually falling. Falls in the prices are increasingly caused by the influence of facilities using renewable sources and stagnation of industrial production. As a result of a market glut, CO₂ emission permits have stabilized at a low price. A growth in the generation of electricity from renewable sources may cause a significant change in the electricity trading system.

To limit market risks due to volatility of commodities the Company may use business models allowing gradual purchases of electricity and gas in individual tranches based on the exchange price. CO₂ emission permits may be bought in the forward market.

Operating and process risks

The most significant operating risks are breakdowns of the heating plant caused by an operational error and possible damage caused to a third party. Operating and process risks are reduced by regular maintenance of production facilities and equipment, as well as systematic training of personnel and their professional development.

Insurance is an important mean for managing the Company's operating risks. The Company has concluded insurance contracts on assets and against operational breakdowns. All of the Company's assets are insured against natural disasters. In the case of operational breakdowns resulting from damaged equipment, the insurance companies pay additional costs arising from purchases of energy.

Reduction of operating risks is ensured by the Company's management in conformity with the ISO 9000 (QMS) and 14000 (EMS) standards and with certification of the integrated management system (IMS) pursuant to these standards.

For mitigation of other operating risks, the Company employs the RISCO system for occupational safety management; EISORNET for monitoring, management and reporting in the environmental area, and PALSTAT for management of metrology within the Company.

Risks in the area of information technologies (IT)

In the area of information technologies, the Company has adopted measures against risks involving the availability, confidentiality, and integrity of data. The Company uses information systems and technologies not only for administrative work, but also for managing the production facilities, in whose operation the maximum possible level of security is assured. Security of the systems is regularly inspected and improved in line with the development of technologies. The Company uses central administration of applications and antivirus protection.

Technical measures for securing the data network are shared with ŠKODA AUTO, which uses the best available technologies. The Company is progressively applying all of ŠKODA AUTO's security standards. Despite the Company's intense focus on IT security, these risks cannot be completely eliminated, given the rapid development of information technologies and the rising global trend of computer crime. The Company's objective is to minimize the consequences of these factors through the active use of the available technologies and improvement of corporate processes.

The most significant unmanageable risks

Risks over which the Company has no control and cannot guard itself against, are related to the government's tax policy, the amount of fees for renewable sources, and subsidies to support energy generation from renewable sources. No tools are used against the effects of the weather which causes slumps in the sales of heat.

The Company's strategy and goals for the coming period

The main pillars and objectives of this strategy are low energy costs for customers, safety and reliability of supplies and environmental responsibility. The Company bears in mind the employee's interests and is conscious of its responsibility towards the region.

Expected development of the business environment

Long-term contracts with ŠKODA AUTO guarantee a stable economic environment for the Company. It must constantly strive, however, for competitive prices.

The price of electricity with which the Company's price is compared is the price on the Czech PXE. The price of electricity is completely dependent on the development of the commodity on European exchanges. It reflects the global development of fuel prices, CO₂ emission permits, economic growth, and last but not least, the policy of the European Union in support of electricity from renewable sources. The price is materially affected by the developments on the German exchange. The current glut of green energy results in closures of nuclear power stations and the low price of electricity prevents its production from gas. Further price reductions are expected and capacity payments are to be introduced (payments for readiness to produce electricity if the need arises). This may significantly affect the competitiveness of ŠKO-ENERGO.

The price of heat is still regulated in the Czech Republic. The conditions of regulation allow the inclusion of tax-deductible costs and reasonable profit in the price. This principle is unlikely to change.

Since 2013 it has been compulsory to purchase some of the necessary CO₂ emission permits for generation of heat and electricity. The share of the purchased permits will increase every year.

The Czech Republic is continuing its implementation of European legislation. The Act on Supported Energy Sources, which came into force on 1 January 2013, is the implementation of Directive 2009/28/EC on Supporting the Use of Energy from Renewable Sources ("RSE"). The reason for adopting this law is the Czech Republic's commitment to have a 13% share of energy from renewable sources by 2020 (determined from gross domestic energy consumption).

It will be important for the Company whether the legislation will further reduce the fees for renewable sources from own production. The current level is excessive and liquidating for sectors consuming much energy. The provisions of importance for ŠKO-ENERGO are those according to which cogeneration of biomass will not be limited in high-effect cogeneration whose conditions the Company meets.

From 2016 the European Union will lower the limits of industrial emissions and if those limits are exceeded, penalties will be imposed for emissions of sulphur dioxide (SO₂) and nitrogen oxides (NO_x). These limits, which will be in force since 2016, are fortunately achievable for the Company thanks to a strategic investment in modern technologies with a low investment outlay.

The Company's goals

The Company's goals reflect the commodity market developments (slump in electricity prices) and legislative changes.

Financial goals

The Company's goal is to achieve adequate profit while supplying its customers with energy at competitive prices. The basis of economical production will consist in ongoing and thorough inspection, cost management, and optimum use of the capacity of the heating plant facilities.

Customer satisfaction

The Company will respond to current developments and supply ŠKODA AUTO with energies under the most favourable conditions possible. One of the crucial goals is to provide consistent and uninterrupted supplies of energy. The Company will strive to maintain the satisfaction of existing customers and to acquire new ones in the town of Mladá Boleslav. The basis of the communication strategy for customers consists in emphasising the competitive advantages provided by low energy costs, ecological production, the Company's conduct and its beneficence for the Mladá Boleslav region.

Strategic purchasing of raw materials and energy

The Company plans to increase the volume of biomass to 80,000 tonnes in 2015. In the light of the situation on the biomass market in the Czech Republic, this goal is the greatest challenge facing the Company. The task will be to ensure access to alternative solid fuels produced from sorted municipal waste from ŠKODA AUTO and the town of Mladá Boleslav.

The Company will use the competitive environment for ensuring price-advantageous purchasing of raw materials and energies both for its own

production as well as for purchasing commodities for ŠKODA AUTO. This primarily concerns electricity, gas, and CO₂ permits, in the case of which the Company, together with its shareholders, will seek out the most favourable means of purchasing.

Human resource development

The basis for achieving the Company's objectives in all areas is management of the employees' productivity, development and education of personnel and their creative and motivated approach to their work. Therefore, strong emphasis will continue to be placed on development of the education system and effective use of invested financial resources. Employees will be offered courses in the areas of professional preparation, language instruction, communication and presentation skills, and computer technology.

Development of information systems

In all activities, the Company will increasingly exploit the possibilities of modern information technologies as the means of improving processes in all management, production, and supporting processes. The foundation for development of this area will be a concept based on the SAP system. Based on a requirement of the Volkswagen concern, the Company will implement measures for ensuring data and information security.

Responsibility towards the region

The Company will continue to support cultural, sporting and leisure activities of children and young people. All these activities are being coordinated with ŠKODA AUTO.

Corporate Strategy

Mission

ŠKO-ENERGO provides comprehensive care for its biggest customer, ŠKODA AUTO, in meeting its energy needs. The Company concurrently ensures heat supplies and thus comfort for the residents, businesses, and institutions in the city of Mladá Boleslav, thereby ensuring good conditions for their work and private lives.

Vision

ŠKO-ENERGO is a competitive, coveted and reliable energy supplier which responds in a timely manner to the needs of the market, invests appropriately, earns reasonable profits, and minimises harmful impacts on the environment. The Company cares for its employees and is good citizen of the region and partner of the city of Mladá Boleslav.

Goals for owners and banking institutions

- Ensure the required profit, return on investments, and repayment of loans;

Goals for customers

- Provide ŠKODA AUTO with favourably priced supplies of energy and services;
- Provide all customers with safe and reliable supplies of energy;
- Gain new customers in Mladá Boleslav and increase sales of heat;
- Offer residents and businesses in Mladá Boleslav supplies of heat at prices below the level of prices of heat from gas;
- Enable connection to remote heating in new areas of Mladá Boleslav;
- Enhance the Company's positive image among customers

Goals for employees and the surrounding community

- Qualification, motivation, and satisfaction of employees;
- Corporate culture supporting innovation and teamwork;
- The Company as a good and desirable employer;
- Good relations with institutions, and authorities in the region;
- Targeted application of the principles of Corporate Social Responsibility

Environmental goals

- Protect the environment on the basis of the Company's own sense of responsibility and initiative;
- Minimise harm to the environment through the use of new processes and ecological behaviour. Use of modern technologies and standards in the construction and operation of all facilities if technically feasible and economically acceptable;
- Maintain a high standard in minimising airborne-emissions;
- Conduct an open dialogue with interest groups and provide them with information serving for the understanding of adopted goals and results of environmental programmes

	Goals of management processes
Company management	<ul style="list-style-type: none"> → Coordinate company processes, optimise the use of resources and control mechanisms; → Use process management and continually improve processes; → Proceed in accordance with the owners' policy;
Financial management	<ul style="list-style-type: none"> → Ensure return on investments and comply with the stipulated financial goals through effective cost management; → Manage the effective use of facilities for production of electricity and heat and coordinate production with purchasing; → Manage the Company's pricing policy in accordance with the regulator's directives; → Effectively use financial resources within the framework of the VW concern
Quality control and environmental management	<ul style="list-style-type: none"> → Improve processes ensuring the quality of energy supplies and services agreed with customers; → Assess the environmental impact of existing and new processes and facilities and adopt such measures that limit ecological and safety risks; → Support employees' responsibility for quality and the environment through training and provision of information; → Regularly inspect compliance with policies and goals in the areas of quality and the environment and the functionality of the Company's integrated system of management
Human resources management	<ul style="list-style-type: none"> → Ensure that all positions are occupied by qualified and motivated employees; → Increase the qualifications and development of employees for the purpose of long-term enhancement of their abilities and gaining new knowledge and skills; → Improve communication, involve employees in management and increase their awareness with the aim of sharing the Company's vision and goals; → Support a creative and positive approach to new ideas and use appropriate motivational tools for this purpose
Assets management	<ul style="list-style-type: none"> → Take care of entrusted facilities and maintain them in operable condition in order to ensure safe and uninterrupted operation; → Invest in areas which ensure reduction of CO₂ emissions, reduction of costs, certainty of operation and increased sales of heat
Risk management	<ul style="list-style-type: none"> → Qualify and quantify risks and have them continually updated and assessed by the responsible persons; → Effectively use financial instruments to reduce exchange-rate risks and for sales and purchasing of CO₂ emission allowances; → Secure prices of purchased electricity and gas through appropriate derivatives on commodity markets and reduce the risks of price volatility through diversification of risks by gradual purchasing; → Cover operating risks with appropriate insurance
Innovation	<ul style="list-style-type: none"> → Monitor media and changes in technologies, regulatory measures and development of the market and in a timely manner provide information for decision-making pertaining to possibilities for reducing CO₂ emissions and improving production of energy; → Assess possible innovations of processes and facilities, select the most suitable solutions and resources for implementation; → Plan and implement innovations at the right time
<hr/>	
	Goals of main processes
Sales and marketing	<ul style="list-style-type: none"> → Actively seek out new connections in the city of Mladá Boleslav and increase sales of heat; → Support selected activities in the city of Mladá Boleslav; → Favourably sell electricity not consumed by ŠKODA AUTO for its production
Strategic purchasing	<ul style="list-style-type: none"> → Secure the certainty of supplies and prices of brown coal through long-term contracts; → Increase the amount of purchased biomass from existing and new suppliers; → Use the Company's ownership structure for effective purchasing of electricity and gas
Production, services and distribution	<ul style="list-style-type: none"> → Optimally use the facilities' capacity and reduce the number of unplanned interruptions of energy supplies; → Reduce the share of expensive fuels and increase the share of biomass in the fuel mix; → Ensure ecological operation
<hr/>	
	Goals of supporting processes
Informatics	<ul style="list-style-type: none"> → Use modern information technologies and systems; → Implement the concept based on SAP and Energis systems supplemented with a suitable superstructure; → To ensure data and information security

Independent Auditor's
Report and the Financial
Statements

2013



Independent auditor's report **to the shareholders of ŠKO-ENERGO, s.r.o.**

Report on the Financial Statements

We have audited the accompanying financial statements of ŠKO-ENERGO, s.r.o., identification number 61675938, with registered office at Tř. Václava Klementa 869, Mladá Boleslav 1 ("the Company"), which comprise the balance sheet as at 31 December 2013, 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 and other explanatory information ("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 2013, 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 2013 is consistent with the financial statements which are included in this annual report on page 31.

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.

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Shareholders of ŠKO-ENERGO, s.r.o.
Independent auditor's report

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 2013 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 2013 (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 conclusion 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 82 of the Corporations Act.

31 March 2014

Pracovní společnost s.r.o.
represented by
VPRK

Václav Prýmek
Partner

Petra Bočáková
Statutory Auditor, Licence No. 2253

Note:

The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

Balance Sheet

Year ended 31 December 2013

(IN THOUSAND CZECH CROWNS)

REF.		ASSETS	31.12.2013			31.12.2012
			GROSS	PROVISION	NET	NET
A	B		1	2	3	4
		TOTAL ASSETS	1,327,799	(320,998)	1,006,801	865,178
B.		Fixed assets	666,193	(222,705)	443,488	364,612
B. I.		Intangible fixed assets	71,019	(18,472)	52,547	20,883
B. I.	1.	Software	17,796	(15,534)	2,262	1,547
	2.	Other intangible fixed assets	53,223	(2,938)	50,285	19,336
B. II.		Tangible fixed assets	595,174	(204,233)	390,941	343,729
B. II.	1.	Constructions	220,711	(30,442)	190,269	165,466
	2.	Equipment	349,877	(173,791)	176,086	175,605
	3.	Tangible fixed assets in the course of construction	19,879	-	19,879	2,658
	4.	Advances paid for tangible fixed assets	4,707	-	4,707	-
C.		Current assets	578,768	(98,293)	480,475	497,870
C. I.		Inventories	164,266	(98,293)	65,973	65,885
C. I.	1.	Raw materials	164,266	(98,293)	65,973	65,885
C. II.		Long-term receivables	9,926	-	9,926	6,762
C. II.	1.	Other receivables	2,360	-	2,360	3,019
	2.	Deferred tax asset	7,566	-	7,566	3,743
C. III.		Short-term receivables	365,868	-	365,868	412,763
C. III.	1.	Trade receivables	175,985	-	175,985	277,115
	2.	Taxes - receivables from the state	17,854	-	17,854	5,276
	3.	Short-term advances paid	131,394	-	131,394	127,631
	4.	Estimated receivables	38,052	-	38,052	-
	5.	Other receivables	2,583	-	2,583	2,741
C. IV.		Financial assets	38,708	-	38,708	12,460
C. IV.	1.	Cash in hand	50	-	50	75
	2.	Cash at bank	38,658	-	38,658	12,385
D. I.		Prepayments and accrued income	82,838	-	82,838	2,696
D. I.	1.	Prepaid expenses	4,738	-	4,738	2,509
	2.	Accrued income	78,100	-	78,100	187

REF.	LIABILITIES AND EQUITY		31.12.2013	31.12.2012
A	B		6	7
	TOTAL LIABILITIES AND EQUITY		1,006,801	865,178
A.	Equity		60,197	59,470
A. I.	Share capital		10,000	10,000
A. I.	1.	Share capital	10,000	10,000
A. III.	Reserve fund and other reserves		48,018	47,301
A. III.	1.	Legal reserve fund	1,094	1,094
	2.	Statutory and other reserves	46,924	46,207
A. V.	Profit for the current period		2,179	2,169
B.	Liabilities		615,872	482,927
B. I.	Provisions		27,735	26,349
B. I.	1.	Other provisions	27,735	26,349
B. III.	Short-term liabilities		588,137	456,578
B. III.	1.	Trade payables	173,667	106,976
	2.	Liabilities to shareholders and co-ventures	320,000	290,000
	3.	Liabilities to employees	18,649	14,458
	4.	Liabilities for social security and health insurance	5,485	4,589
	5.	Taxes and state subsidies payable	1,655	18,728
	6.	Estimated payables	68,673	21,818
	7.	Other payables	8	9
C. I.	Accruals and deferred income		330,732	322,781
C. I.	1.	Accrued expenses	330,732	322,781

Income Statement

Year ended 31 December 2013

(IN THOUSAND CZECH CROWNS)

REF.	DESCRIPTION	ACCOUNTING PERIOD	
		2013	2012
A	B	1	2
I.	Sales of goods	525,883	546,558
A.	Cost of goods sold	525,869	546,543
+	Gross profit	14	15
II.	Sales of production	2,515,822	2,249,836
II.	1. Sales of own products and services	2,515,822	2,249,836
B.	Cost of sales	2,164,272	1,947,687
B.	1. Raw materials and consumables used	1,156,933	961,107
	2. Services	1,007,339	986,580
+	Added value	351,564	302,164
C.	Staff costs	263,798	221,136
C.	1. Wages and salaries	188,617	159,256
	2. Social security and health insurance costs	67,083	52,516
	3. Other social costs	8,098	9,364
D.	Taxes and charges	2,749	15,177
E.	Depreciation and amortisation expense	38,559	33,803
III.	Sales of fixed assets and raw materials	59	21,234
III.	1. Sales of fixed assets	-	21,224
	2. Sales of raw materials	59	10
G.	Changes in operating provisions and complex prepaid expenses	19,879	17,135
IV.	Other operating income	55,253	111,854
H.	Other operating expenses	81,353	142,591
*	Operating result	538	5,410
IX.	Gain on revaluation of securities and derivatives	-	71
X.	Interest income	115	54
N.	Interest expense	1,729	3,164
XI.	Other financial income	213	366
O.	Other financial expenses	781	466
*	Financial result	(2,182)	(3,139)
Q.	Tax on profit or loss on ordinary activities	(3,823)	102
Q.	1. - deferred	(3,823)	102
**	Profit or loss on ordinary activities after taxation	2,179	2,169
***	Net profit for the financial period	2,179	2,169
****	Net profit / (loss) before taxation	(1,644)	2,271

Statement of Changes in Shareholders' Equity

Year ended 31 December 2013

(IN THOUSAND CZECH CROWNS)

(CZK '000)	SHARE CAPITAL	STATUTORY RESERVE FUND	STATUTORY AND OTHER FUNDS	RETAINED EARNINGS	TOTAL
As at 1 January 2012	10,000	1,094	45,490	2,170	58,754
Contribution to other funds	-	-	717	(717)	-
Profit distribution paid	-	-	-	(1,453)	(1,453)
Net profit for 2012	-	-	-	2,169	2,169
As at 31 December 2012	10,000	1,094	46,207	2,169	59,470
Contribution to other funds	-	-	717	(717)	-
Profit distribution paid	-	-	-	(1,452)	(1,452)
Net profit for 2013	-	-	-	2,179	2,179
As at 31 December 2013	10,000	1,094	46,924	2,179	60,197

Cash Flow Statement

Year ended 31 December 2013

(IN THOUSAND CZECH CROWNS)

	2013	2012
Cash flows from operating activities		
Net profit on ordinary activities before tax	(1,644)	2,271
A.1 Adjustments for non-cash movements:	62,634	47,132
A.1.1 Depreciation and amortisation of fixed assets	38,559	33,803
A.1.2 Change in provisions	19,879	17,135
A.1.3 Profit from disposal of fixed assets	–	(21,234)
A.1.4 Net interest expense	1,614	3,110
A.1.5 Other non-cash movements from CER consumption	2,582	14,438
A* Net cash flow from operating activities before tax, and changes in current assets	60,990	49,403
A.2 Working capital changes:	58,317	197,615
A.2.1 Change in receivables, prepayments and accrued income	(32,612)	(69,178)
A.2.2 Change in short-term payable, accruals and deferred income	109,510	256,229
A.2.3 Change in inventories	(18,581)	10,564
A** Net cash flow from operating activities before tax	119,307	247,018
A.3 Interest paid	(1,729)	(3,164)
A.4 Interest received	115	54
A.5 Received payments under the tax receivable	24	–
A*** Net cash flow from operating activities	117,717	243,098
Cash flows from investing activities		
B.1 Acquisition of fixed assets	(120,017)	(136,317)
B.2 Proceeds from the sale of fixed assets	–	21,234
B*** Net cash flow from investing activities	(120,017)	(115,083)
Cash flows from financing activities		
C.1 Change in long- and short-term liabilities	30,000	(125,000)
C.2 Changes in equity:	(1,452)	(1,453)
C.2.1 Profit distribution paid	(1,452)	(1,453)
C*** Net cash flow from financing activities	28,548	(126,453)
Net increase in cash and cash equivalents	26,248	2,372
Cash and cash equivalents as at the beginning of the year	12,460	10,088
Cash and cash equivalents as at the end of the year	38,708	12,460

Notes to Financial Statements

Year ended 31 December 2013

1. General information

1.1. Introductory information about the Company

ŠKO-ENERGO, s.r.o. ("the Company") was incorporated on 30 June 1995 under the file mark of section C, insert 38550 and has its registered office at Mladá Boleslav 1, Tř. Václava Klementa 869, postal code 293 60. The Company's primary business activities according to the Articles of Incorporation are production and distribution of heat energy, production and sales of electricity, sales of gas, installation, revision and testing of electrical, pressure, gas equipment etc. Identification number of the Company is 616 75 938.

The share capital of CZK 10,000,000 was fully repaid.

Share of individual shareholders on the share capital as at 31 December 2013 and 31 December 2012:

SHAREHOLDER	%
E.ON Czech Holding AG, Munich (Germany)	21.0
ŠKODA AUTO a.s., Mladá Boleslav	44.5
ČEZ, a.s., Praha	12.0
VOLKSWAGEN KRAFTWERK GmbH, Wolfsburg (Germany)	22.5
Total	100.0

The Statutory representatives as at 31 December 2013 and 31 December 2012 were as follows:

NAME
Vladimír Handlík
Miroslav Žďánský

The members of the Supervisory Board as at 31 December 2013 were as follows:

NAME	PERIOD IN CHARGE
Gert Wölfel	from 30 June 1995
Raimund Wunder	from 1 January 2003
Karlheinz Emil Hell	from 12 June 2010
Michael Oeljeklaus	from 1 November 2010
Peter Kreissl	from 1 October 2012

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

NAME	PERIOD IN CHARGE
Gert Wölfel	from 30 June 1995
Raimund Wunder	from 1 January 2003
Jaroslav Kužel	from 1 May 2010 until 30 September 2012
Karlheinz Emil Hell	from 12 June 2010
Michael Oeljeklaus	from 1 November 2010

The Company's management is functionally divided into technical and trade management. The trade management is represented by the business Statutory Representative. Besides the technical Statutory Representative, technical management is also represented by a manager for infrastructure and other energies, the heating plant operations manager and manager for energy management.

2. Accounting policies

2.1. Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention except for derivatives which are shown at fair value.

2.2. Other intangible fixed assets

All intangible assets with a useful life longer than one year and a unit cost more than CZK 60,000 are treated as intangible fixed asset.

Purchased intangible fixed assets are initially recorded at cost, which includes all costs related with its acquisition.

Intangible fixed assets are amortised applying the straight-line method over their estimated useful lives as follows:

INTANGIBLE FIXED ASSET	ESTIMATED USEFUL LIFE
Software	3–4 years
Other intangible fixed assets	5–8 years

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount.

Emission allowances are presented by the Company as other intangible fixed assets. Emission allowances allocated to the Company by the National Allocation Plan are recorded to the account of other intangible fixed assets and to the account taxes and state subsidies payable upon being credited to the Company in the Register of Emission Allowances in the Czech Republic.

Emission allowances allocated to the Company are recorded at replacement cost.

The emission rights liability is released into other operating income in the same period when relating expenses are incurred.

The consumption of emission allowances is recorded to other operating expenses annually as at the balance sheet date on the basis of actual CO₂ emissions produced in the period.

The first-in-first-out method is applied for all disposals of emission allowances. Preferably consumed are emission allowances allocated for the relevant period by the National Allocation Plan.

In case that the formal crediting of the allocated emission rights to the account at the Register of Emission Allowances in Czech Republic took place after the balance sheet date, the consumption of these emission rights is stated in other operating expenses and estimated payables. Also estimated receivables are accounted against other operating income. These emission rights are recorded at replacement cost to the balance sheet date.

Sales of emission rights are recorded as other operating revenue and are stated at the selling price. At the same time, their book value is disposed from assets.

A provision is created for the deficit in emission allowances to cover their consumption in the disclosed period. A provision for diminution in value is created when the carrying value of emission allowances is greater than its estimated recoverable amount.

2.3. Tangible fixed assets

All tangible assets with a useful life longer than one year and a unit cost of more than CZK 40,000 are treated as tangible fixed assets.

Acquired tangible fixed assets are initially recorded at cost, which includes all costs related with its acquisition.

Tangible fixed assets, except for land which is not depreciated, are depreciated applying the straight-line method over their estimated useful lives as follows:

TANGIBLE FIXED ASSET	ESTIMATED USEFUL LIFE
Buildings and constructions	30–45 years
Plant, machinery and equipment	3–30 years
Motor vehicles	5–8 years

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount.

Repairs and maintenance expenditures of tangible fixed assets are expensed as incurred. Technical improvements of fixed assets exceeding CZK 40,000 per item per year are capitalised.

Tangible fixed assets with useful lives longer than one year a unit cost less than CZK 40,000 are treated as inventory and are expensed upon consumption.

2.4. Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

For the purposes of calculation of provision to inventory, inventories of raw material have been divided between the emergency inventory of spare parts held to secure uninterrupted operation of the fixed assets under lease and other inventories.

The provision for the emergency inventory of spare parts is calculated as a percentage from the value of these inventories at the end of each year over the fixed assets finance lease period. The value of the emergency inventory of spare parts will thus decrease on a straight-line basis, and at the end of the finance lease period, the impairment of inventories will be consistent with the decrease in value of the relevant leased assets.

The provision for other inventories is created on the basis of an analysis of slow-moving and obsolete inventories and individual evaluation of inventories.

2.5. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and individual evaluation of the credit worthiness of the customers.

2.6. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded in public markets.

2.7. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the exchange rate of the Czech National Bank stipulated as the exchange rate valid on the day following the date of its announcement by the Czech National Bank.

Cash, receivables and liabilities balances 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 cash, receivables and liabilities balances are recorded in the income statement.

2.8. Revenue recognition

Sales are recognised upon the performance of services and upon the dispatch of goods and the transfer of their ownership to the customer and are stated net of discounts and Value Added Tax.

2.9. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet.

On the basis of the operating lease contracts concluded by the Company, the Company was provided with cars, equipment and premises by ŠKODA AUTO a.s. and on the basis of the finance lease contract, it was provided with all fixed assets of ŠKO-ENERGO FIN, s.r.o. (hereinafter "ŠKO-ENERGO FIN"). The lease contracts and the finance lease contracts do not result, in the case of the Company, in the capitalisation of the leased assets; the relevant lease payments therefore influence the profit / (loss) for the current period. Any assets under finance lease shall be purchased after the termination of the lease contract.

2.10. Provisions

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.11. Employment benefits

The Company recognises a provision relating to untaken holidays.

The Company recognises a provision relating to rewards and bonuses of employees. The Company takes into account an expected annual average ratio of payments for social and health insurance and payroll expenses when creating the estimated payable.

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

2.12. Interest costs

Interest costs on borrowings to finance the acquisition of intangible and tangible fixed assets are capitalised during the period of completion and preparation of the asset for its intended use. Other borrowing costs are expensed. Other interest costs are expensed.

2.13. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

2.14. Related parties

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

- parties, of which the Company is a subsidiary or an associate, directly or indirectly, and other subsidiaries of these parties; and/or
- members of the Company's or parent company's statutory and supervisory bodies and management and parties close to such members, including entities in which they have a controlling or significant influence,
- companies, which are associates of either the parties, of which the Company is subsidiary, directly or indirectly; or the companies which are subsidiaries of the parties of which the Company is subsidiary.

Material transactions and outstanding balances with related parties are disclosed in Note 13.

2.15. Cash flow statement

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

2.16. Subsequent events

The effects 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.

Where 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 and tangible fixed assets

(CZK '000)	1 JANUARY 2013	ADDITIONS / TRANSFERS	DISPOSALS	31 DECEMBER 2013
Cost				
Software	15,453	2,343	-	17,796
Other intangible fixed assets	22,915	53,545	(23,237)	53,223
Buildings and constructions	188,457	32,254	-	220,711
Equipment	322,681	29,958	(2,762)	349,877
Tangible fixed assets in the course of construction	2,658	17,221	-	19,879
Advance payments for tangible fixed assets	-	4,707	-	4,707
Total	552,164	140,028	(25,999)	666,193
Accumulated amortisation/ depreciation				
Software	13,906	1,628	-	15,534
Other intangible fixed assets	3,579	4	(645)	2,938
Buildings and constructions	22,991	7,451	-	30,442
Equipment	147,076	29,477	(2,762)	173,791
Total	187,552	38,560	(3,407)	222,705
Net book value	364,612	101,468	(22,592)	443,488

(CZK '000)	1 JANUARY 2012	ADDITIONS / TRANSFERS	DISPOSALS	31 DECEMBER 2012
Cost				
Software	13,520	1,933	–	15,453
Other intangible fixed assets	14,940	156,189	(148,214)	22,915
Intangible fixed assets in the course of construction	2,992	–	(2,992)	–
Buildings and constructions	127,740	60,717	–	188,457
Equipment	272,561	51,705	(1,585)	322,681
Tangible fixed assets in the course of construction	8,944	–	(6,286)	2,658
Advance payments for tangible fixed assets	2,169	–	(2,169)	–
Total	442,866	270,544	(161,246)	552,164
Accumulated amortisation/ depreciation				
Software	11,744	2,162	–	13,906
Other intangible fixed assets	3,539	40	–	3,579
Buildings and constructions	17,978	5,013	–	22,991
Equipment	122,072	26,588	(1,584)	147,076
Total	155,333	33,803	(1,584)	187,552
Net book value	287,533			364,612

As at 31 December 2013 the item Other intangible fixed assets included emission allowances in the amount of CZK 50,285,000 (as at 31 December 2012: CZK 19,332,000).

The Company uses assets under finance lease contracts that are recorded as tangible fixed assets in the financial statements after the expiration of the lease and after the ownership transfer.

The lease instalments relating to existing contracts can be analysed as follows:

(CZK '000)	31 DECEMBER 2013	31 DECEMBER 2012
Amounts paid on existing finance lease contracts	9,859,200	9,188,300
Outstanding amounts payable within one year	611,500	659,800
Amounts payable after more than one year	2,906,300	3,537,600
Amounts paid and payable from existing contracts	13,377,000	13,385,700

As at 31 December 2013 and 2012, no assets acquired upon the expiration of leases were recognised in the balance sheet.

4. Inventories

(CZK '000)	31 DECEMBER 2013	31 DECEMBER 2012
Raw materials	164,266	145,685
Provision	(98,293)	(79,800)
Net book value	65,973	65,885

The change in the provision for inventories can be analysed as follows:

(CZK '000)	2013	2012
Opening balance as at 1 January	79,800	75,585
Charge for the year	18,493	4,215
Closing balance as at 31 December	98,293	79,800

5. Receivables, prepayments and accrued income

(CZK '000)	31 DECEMBER 2013	31 DECEMBER 2012
Trade receivables – current	175,985	277,115
Other receivables – current	252,146	135,648
Net book value of short-term receivables	428,131	412,763
Long-term receivables – current	2,360	3,019
Deferred tax receivable	7,566	3,743
Total long-term receivables	9,926	6,762
Total net book value of receivables	438,057	419,525
Prepaid expenses	4,738	2,509
Accrued income	78,100	187
Total prepayments and accrued income	82,838	2,696

Unsettled receivables have not been secured and none of them are due after more than 5 years.

Other receivables include mainly advance payments in the amount of CZK 131,394,000 (as at 31 December 2012: CZK 127,631,000) and Value Added Tax receivable in the amount of CZK 16,773,000 (as at 31 December 2012: CZK 4,265,000).

Long-term receivables are represented by loans to employees.

Estimated receivables in amount of CZK 38,052,000 represent estimated receivables accounted against other operating income related to accounting consumption of emission rights (Note 2.2. Other intangible fixed assets).

Accrued income represents mainly final invoicing with ŠKODA AUTO a.s. in amount of CZK 62,263,000.

6. Equity

The statutory reserve fund is created from the profit of the Company according to law and may not be distributed to shareholders, but may be used to offset losses only. In compliance with the relevant provisions of the Commercial Code, the Company contributes 5% of its annual net profit to the statutory reserve fund until the balance of this reserve reaches 10% of the share capital. The statutory reserve fund reached 10% of the share capital in 2004.

The general meeting of the shareholders approved the financial statements for 2012 and decided about the allocation of profit earned in 2012 of CZK 2,169,000 on 15 June 2013.

Allocation of the net profit of CZK 2,179,000 for 2013 was not approved by the date of preparation of the financial statements.

7. Provisions

(CZK '000)	OTHER PROVISIONS
Opening balance as at 1 January 2012	13,430
Charge for the year	25,262
Used in the year	(12,343)
Closing balance as at 31 December 2012	26,349
Charge for the year	26,607
Used in the year	(25,222)
Closing balance as at 31 December 2013	27,735

Other provisions include mainly provisions for employees' bonuses and outstanding components of wages and salaries relating to 2013.

Corporate income tax and deferred tax calculation is disclosed in Note 10.

8. Liabilities and accruals

(CZK '000)	31 DECEMBER 2013	31 DECEMBER 2012
Trade payables – current	173,667	106,976
Liabilities to shareholders – current	320,000	290,000
Other payables – current	94,470	59,602
Total other payables	414,470	349,602
Total short-term liabilities	588,137	456,578

Trade payables have not been secured against any assets of the Company and are not due after more than 5 years.

Liabilities to related parties and accruals are disclosed in Note 13.

The Company does not have any overdue payables related to social or health insurance or any other overdue payables to tax authorities or other state institutions.

Estimated payables include mainly the amount of CZK 37,992,000 representing estimated payables accounted against other operating expenses related to accounting of emission rights consumption (Note 2.2. Other intangible fixed assets).

9. Bank loans and other borrowings

Credit line of CZK 20,000,000 has been provided by UniCredit Bank Czech Republic a.s. (as at 31 December 2012: CZK 20,000,000) to the Company to finance current assets. As at 31 December 2013 and 2012, the Company has not drawn the credit line.

The bank consortium consisting of Commerzbank AG, Prague office, as the head of the group, and UniCredit Bank Czech Republic a.s. as a group partner provided to ŠKO-ENERGO FIN a loan agreement amounting to DEM 220,000,000. The purpose of the loan is to finance the construction of heating plant and other infrastructure facilities, held by the Company under finance lease with ŠKO-ENERGO FIN, and to provide operating loans to the Company and to ŠKO-ENERGO FIN.

Besides ŠKO-ENERGO FIN, the loan is also guaranteed by the Company and by the shareholders of ŠKO-ENERGO FIN.

To secure the claims of the bank resulting from the loan agreements, the Company assigns to the banks in compliance with Section 554 of the Civil Code all its current and future receivables and other rights ensuing from the contractual relationships of the Company. For the guarantee purposes, in compliance with Section 553 of the Civil Code, the Company assigns to the bank its ownership to all its existing coal supplies and to the coal supplies to which the Company acquires an ownership right by 30 June 2015 or until the termination of the contractual relationship. Besides the above, the Company pledges to the banks its receivable from UniCredit Bank Czech Republic a.s. relating to the payment of the balances from the operating funds account and from the transfer account, and its requirement from Komerční banka, a.s. to pay balances from the accounts.

Company uses credit line of CZK 550,000,000, provided by the company Volkswagen International Finance NV. Based on the conditions stated in the contract from 1 October 2010, the Company can choose between fixed and variable interest rate. As at 31 December 2013 the Company has drawn the loan amounting to CZK 320,000,000 with interest rate 0.6156% p.a. (as at 31 December 2012 loan amounting to CZK 290,000,000 with interest rate 0.685% p.a.).

10. Income tax

The income tax income/ (expense) can be analysed as follows:

(CZK '000)	2013	2012
Deferred tax income / (expense)	3,823	(102)
Total income tax	3,823	(102)

Current tax can be analysed as follows:

(CZK '000)	2013	2012
Net profit before taxation	(1,644)	2,271
Tax-non deductible expenses	33,636	37,894
Difference between tax and accounting depreciation	(14,195)	(12,978)
Non-taxable income	-	(45)
Utilised investment relief	(17,797)	(27,172)
Tax base	-	-
Corporate income tax at 19%	-	-

The deferred tax was calculated at 19% (the rate enacted for 2013 and subsequent years).

Deferred tax asset can be analysed as follows:

(CZK '000)	31 DECEMBER 2013	31 DECEMBER 2012
Provisions	5,269	5,006
Difference between the accounting and tax net book value of fixed assets	(21,452)	(18,876)
Unrealised 10% investment relief for acquired fixed assets	5,073	2,451
Provision to inventories	18,676	15,162
Net deferred tax asset	7,566	3,743

11. Revenue analysis

Revenue from operating activities can be analysed as follows:

(czk '000)	2013	2012
Electric energy	1,358,475	1,189,110
Heat	529,502	503,765
Compressed air	123,958	129,690
Technical gases and services related to energy supplies	423,874	352,375
Water	75,070	69,962
Other	4,943	4,934
Total sales of own products and services	2,515,822	2,249,836
Electric energy	273,002	277,281
Heat	6,358	4,953
Drinking water	13,876	14,657
Gas	232,647	249,667
Total sales of goods	525,883	546,558
Total revenue from operating activities	3,041,705	2,796,394

All revenues in 2013 and 2012 were realized on domestic market.

12. Employees

	2013	2012
Members of management	5	5
Average number of other staff	325	282
Total number of employees	330	287

The Company's management includes two Statutory Representatives, the Head of Infrastructure and Other Energies, the Head of the Heating Plant Operations and the Head of Energy Services and Management.

(CZK '000)	MANAGEMENT	OTHER STAFF	TOTAL
2013			
Wages and salaries	17,985	170,632	188,617
Social security costs	6,115	60,968	67,083
Other social costs	1,684	6,414	8,098
Total staff costs	25,784	238,014	263,798
2012			
Wages and salaries	12,936	146,320	159,256
Social security costs	4,398	48,118	52,516
Other social costs	2,344	7,020	9,364
Total staff costs	19,678	201,458	221,136

Other transactions with the Company's management are described in Note 13.

13. Related party transactions

The Company was involved in the following related party transactions:

(CZK '000)	2013	2012
Revenues		
ŠKODA AUTO a.s.	2,661,764	2,466,539
ČEZ Prodej, s.r.o.	12,683	23,638
ČEZ Distribuce, a.s.	30,336	124,173
ŠKO-ENERGO FIN, s.r.o.	912	415
Total revenues	2,705,695	2,614,765
Costs		
ŠKO-ENERGO FIN, s.r.o.	669,453	692,668
ŠKODA AUTO a.s.	35,011	13,292
ČEZ Prodej, s.r.o.	596,755	526,950
ČEZ Distribuce, a.s.	266,899	216,185
ČEZ Distribuční služby, s.r.o.	87	16
Volkswagen International Finance NV	1,728	3,162
Total costs	1,569,933	1,452,273

The Company has bought emissions permits from VW Kraftwerk GmbH worth 1,516,000 euros. These transactions were realized under standard market conditions.

The following related party balances were outstanding as at:

(CZK '000)	31 DECEMBER 2013	31 DECEMBER 2012
Receivables		
– trade receivables		
ŠKODA AUTO a.s.	113,471	186,036
ČEZ Prodej, s.r.o.	1,737	1,176
ČEZ Distribuce, a.s.	9,765	34,607
ŠKO-ENERGO FIN, s.r.o.	1,103	495
–prepayments		
ŠKO-ENERGO FIN, s.r.o.	65,125	–
– accrued income and estimated receivables		
ŠKODA AUTO a.s.	62,264	–
Total receivables and accruals	253,465	222,314
Liabilities		
– trade payables		
ŠKODA AUTO a.s.	241	11,678
ČEZ Prodej, s.r.o.	29,809	58,227
ČEZ Distribuce, a.s.	72,649	–
ČEZ Distribuční služby, s.r.o.	6	–
– other liabilities to shareholders		
Volkswagen International Finance NV	320,000	290,000
– accruals, deferred income and estimated payables		
ŠKODA AUTO a.s.	26,163	92,430
ČEZ Prodej, s.r.o.	89,915	35,168
ČEZ Distribuce, a.s.	112,275	16,450
ŠKO-ENERGO FIN, s.r.o.	105,333	114,610
ČEZ Distribuční služby, s.r.o.	65	–
Total liabilities and accruals	756,456	618,563

The loans payable bear interest at market interest rates.

During 2013 and 2012 the Company paid dividends to its shareholders in the following amount:

(CZK '000)	2013	2012
ŠKODA AUTO a.s.	646	647
Volkswagen Kraftwerk GmbH	327	327
E.ON Czech Holding AG	305	305
ČEZ, a.s.	174	174
Total	1,452	1,453

The Company gives management the possibility to conclude a life insurance to secure themselves in old age.

No remuneration was paid to the members of the Supervisory Board for their activities in 2013 and 2012, nor did they receive any guarantees, loans or other advantages.

14. Commitments

As at 31 December 2013 the Company concluded contracts for capital expenditures in the total amount of CZK 7,691,000 (as at 31 December 2012: CZK 11,117,000). The Company had no material capital commitments other than the above mentioned and future commitments resulting from the finance lease agreement (see Note 3).

15. Contingent liabilities

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2013 and 2012.

16. Fees paid and payable to the audit company

**The total fees paid and payable for services performed by the audit company
PricewaterhouseCoopers Audit, s.r.o.:**

(CZK '000)	2013	2012
Statutory audit of financial statements	1,096	1,096

17. Subsequent events

As at 31 December 2013, Vladimír Handlík left the office as a Statutory Representative and on 1 January 2014, Jaromír Vorel was appointed to take over.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2013.

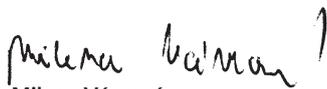
31 March 2014



Miroslav Žďánský, MBA
Statutory Director



Jaromír Vorel
Statutory Director



Milena Vávrová
Chief Accountant

Report on Relations of ŠKO-ENERGO, s.r.o.

pursuant to Section 82 of the Corporations Act for the financial period of calendar year 2013

The statutory representatives of ŠKO-ENERGO, s.r.o., with its registered office at Tř. Václava Klementa 869, Mladá Boleslav 1, Postal Code 293 60, Identification no.: 616 75 938, entered in the Commercial Register administered by the Municipal Court in Prague, Section C, File 38550 (hereinafter referred to in this report as the "Company") have prepared the following report on relationships in the meaning of Section 82 of Act No. 90/2012 Coll., on Corporations Act (hereinafter referred to as the "Corporations Act"), for the financial period of calendar year 2013 (hereinafter referred to as the "Decisive Period").

1. Structure of relationships, the role of the Company and the method and means of control

1.1. According to information available to the statutory representatives of the Company:

1.1.1. Throughout the entire Decisive Period, the Company's shareholders were consistently:

SHAREHOLDER	SHARE IN %	CONTRIBUTION IN CZK '000
ŠKODA AUTO a.s., Mladá Boleslav	44.5	4,450
E.ON Czech Holding AG (Germany)	21	2,100
ČEZ, a.s., Prague	12	1,200
Volkswagen Kraftwerk GmbH (Germany)	22.5	2,250

1.1.2. VOLKSWAGEN AG, with its registered office in Wolfsburg, Germany, can exercise indirect influence on the Company via the shareholders ŠKODA AUTO a.s., with its registered office in Mladá Boleslav, and Volkswagen Kraftwerk GmbH, with its register office in Wolfsburg, Germany. In the case of control via the shareholder ŠKODA AUTO a.s., Global Automotive C.V. and Volkswagen International Finance N.V., both with their registered offices in Amsterdam, the Netherlands, are progressively acting as intermediaries from the perspective of participation in commercial companies. E.ON SE, with its registered office in Munich, Germany, can exercise indirect influence on the Company via the shareholder E.ON Czech Holding AG.

Concerning the structure of the business groupings, the Company's statutory representatives used data supplied to them by partners or published by the partners, as well as data in the Commercial Register.

1.1.3. The Company operates a heating plant in Mladá Boleslav, which it leases from ŠKO-ENERGO FIN, s.r.o., which is controlled by the same controlling entities, and its primary role is to cover energy requirements of ŠKODA AUTO. Electricity is supplied from the distribution system and related services are provided to the Company by ČEZ Distribuce, a.s., ČEZ Prodej, s.r.o., and ČEZ Distribuční služby, s.r.o. controlled by ČEZ, a.s.

- 1.2. According to information available to the statutory representatives, the Company does not have any participation in other commercial companies domestically or abroad.
- 1.3. Control can be exerted via a decision of the general meeting or, as the case may be, a decision of the shareholders outside of the general meeting. One vote is allotted for each CZK 1,000 contribution of a shareholder. A fundamentally limiting factor in the exercise of influence on the part of an individual entity or group of entities is the requirement of unanimity for adoption of a decision. Important legal actions can be subject to the prior consent of the Company's Supervisory Board.

According to the provisions of Section 78(2)(d) of the Corporations Act, shareholders in a limited liability company are considered to be persons acting in concert. If a decision of the general meeting or a decision of the shareholders is adopted, then all the shareholders are controlling entities in view of the requirement of unanimity. In addition to ČEZ, a.s., the controlling entities are VOLKSWAGEN AG via ŠKODA AUTO a.s. and Volkswagen Kraftwerk GmbH and E.ON SE via E.ON Czech Holding AG as the ultimate parent companies.

2. Overview of actions carried out at the behest of or in the interest of the controlling entities or entities controlled thereby if such actions pertain to the Company's assets

PURCHASE OF GOODS

Volkswagen Kraftwerk GmbH
ŠKO-ENERGO FIN, s.r.o.

3. Overview of mutual contracts

- 3.1. Contracts concluded among the Company and the controlling entities during the Decisive Period:

PURCHASE OF GOODS AND SERVICES

ŠKODA AUTO a.s.
Volkswagen Kraftwerk GmbH

SALE OF GOODS AND SERVICES

ŠKODA AUTO a.s.

- 3.2. Contracts concluded among the Company and other entities controlled by the controlling entities during the Decisive Period:

PURCHASE OF GOODS

ŠKO-ENERGO FIN, s.r.o.

- 3.3. In the Decisive Period, the Company carried out transactions on the basis of contracts concluded among the Company and controlling entities and the Company and entities controlled by the controlling entities in the Decisive period or in past periods in the following areas:

PURCHASE OF GOODS AND SERVICES

ŠKODA AUTO a.s.
ČEZ Prodej, s.r.o.
ČEZ Distribuce, a.s.
ČEZ Distribuční služby, s.r.o.
ŠKO-ENERGO FIN, s.r.o.
Volkswagen Kraftwerk GmbH

SALE OF GOODS AND SERVICES

ŠKODA AUTO a.s.

FINANCIAL SERVICES

VW International Finance NV

4. Assessment of damage and compensation for such damage

With respect to the facts set forth in Articles 2 and 3 above, the Company did not incur any damage.

5. Assessment of relationships and risks

In the Company's mutual relationships with the controlling entities and an entity controlled by the controlling entities, the advantages ensuing from the long-term nature of the contracts set forth in Article 3 above and from the solvency of the contractual partners, which renders these relationships stable, are prevalent. No apparent disadvantages or apparent risks ensue from the mutual relationships for the Company.

Mladá Boleslav, 31 March 2014

Statutory representatives:

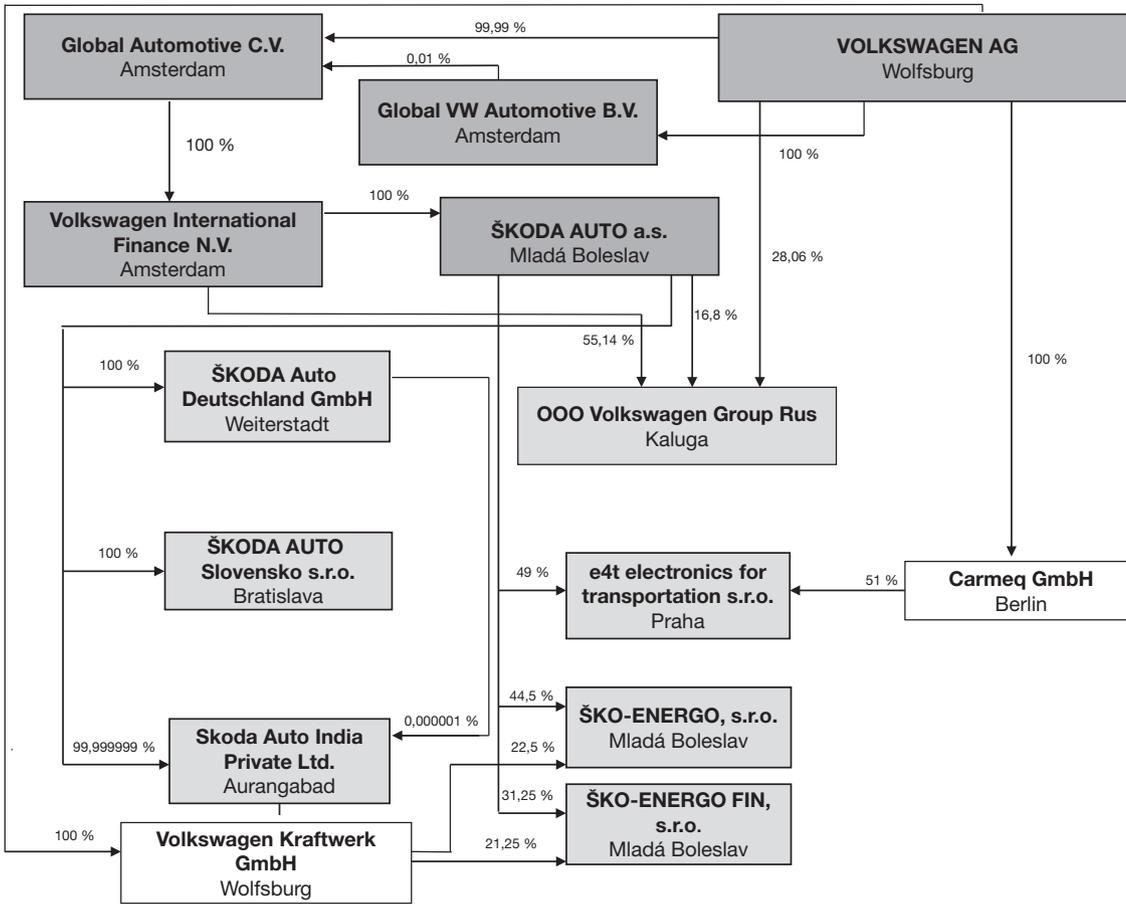


Miroslav Žďánský, MBA

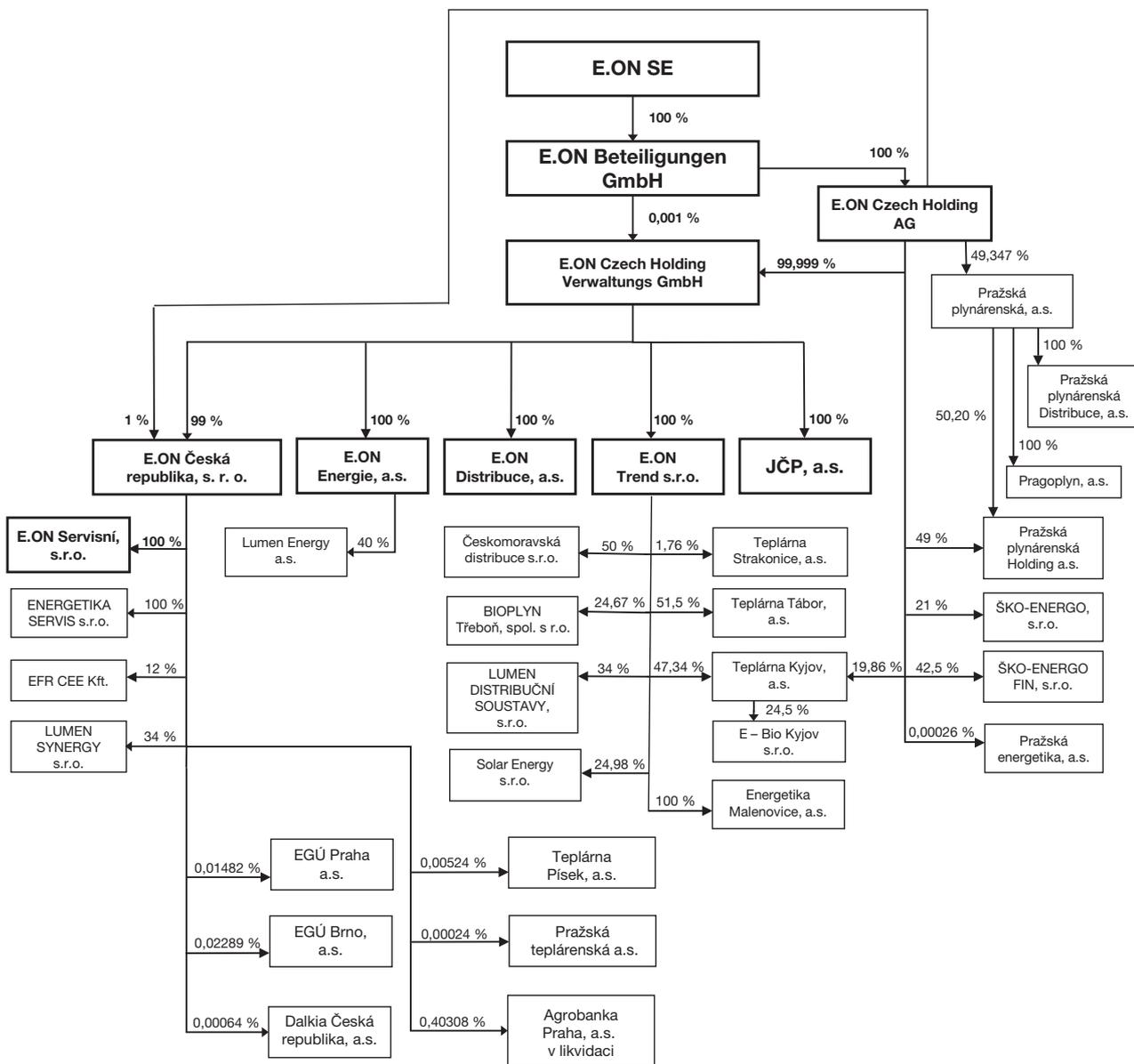


Jaromír Vorel

ŠKODA AUTO a.s. ownership structure



E.ON ownership structure



ČESKÁ REPUBLIKA - MINISTERSTVO FINANČÍ

69,37% ČEZ, a. s.			
100%	Severočeské doly a.s.		
100%	PRODECO, a.s.		
100%	SD - 1.strojírenská, a.s. 1.7.2013 zánik fúzi s PRODECO, a.s.		
100%	Rewitrans, a.s. od 1.12.2013 změna firmy z SD - Autodoprava, a.s.		
100%	SD - Kolejová doprava, a.s.		
100%	SD - Reaktivace, a.s. 1.7.2013 zánik fúzi s SD - Autodoprava, a.s.		
100%	SD - KOMES, a.s. 30.4.2013 nákup akcií		
100%	Energetické centrum s.r.o.		
100%	ČEZ Korporátní služby, s.r.o. změna sídla firmy od 1.1.2013		
100%	Elektrárna Chvaletice a.s. prodej akcií k 2.9.2013, společnost již není ve skupině		
100%	ČEZ ENERGOSEVIS spol. s r.o.		
100%	ČEZ ICT Services, a.s.		
100%	Telico Pro Services, a. s. 11.2013 vznik společně do OR		
100%	SINIT, a.s.		
100%	ČEZ Logistika, s.r.o. zánik k 1.11.2013 fúzi s ČEZ Distribuční služby, s.r.o.		
100%	ČEZ Zákaznické služby, s.r.o.		
100%	ČEZ Měření, s.r.o. zánik k 1.7.2013 fúzi s ČEZ Distribuční služby, s.r.o.		
100%	PPC Úžín, a.s.		
100%	CEZTEJ, a.s.		
51,05%	LOMY MORINA spol. s r.o.		
100%	ČEZ Energetické služby, s.r.o.		
100%	Teplárna Trnava, a.s. 1.10.2013 zánik fúzi s ČEZ, a. s.		
100%	ČEZ Energetické produkty, s.r.o.		
59,94%	in PROJEKT LOUNY ENGINEERING s.r.o.		
100%	ČEZ Teplárenská, a.s.		
100%	Martia a.s. FM service s.r.o. podíl 100%		
55,83%	Teplné hospodářství města Ústí nad Labem s.r.o.		
100%	ENERGIE KRUPKA, s.r.o. 1.11.2013 zánik fúzi s ČEZ Teplárenská, a.s.		
100%	VRCHLABSKÁ TEPLÁRENSKÁ, s.r.o. nákup 1.8.2013		
81,98%	TEPL O KRKONOŠE a.s. nákup 18.9.2013		
100%	Tepl o Klášterec s.r.o. nákup 16.12.2013		
66,67%	OSC, a.s.		
100%	STE - obchodní služby spol. s r.o. v likvidaci (zkratka STE-OS s.r.o.) v likvidaci 13.11.2013 výmaz z OR		
52,46%	UJV Řež, a. s.		
100%	Centrum výzkumu Řež s.r.o.		
100%	Výzkumný a zkušební ústav Pízeň s.r.o.		
40,00%	Nuclear Safety & Technology Centre s.r.o.		
100%	Ústav aplikované mechaniky Brno, s.r.o.		
100%	EGP INVEST, spol. s r.o.		
100%	ČEZ Bohunice a.s.		
49,00%	Jadrová energetická společnost Slovenska, a. s. JESS Invest, s. r. o. podíl 100%		
12,00%	SKO-ENERGO, s.r.o.		
5,00%	SKO-ENERGO FIN, s.r.o.		
100%	ČEZ Obnovitelné zdroje, s.r.o. 12.4.2013 nákup podílu 0,1%		
100%	ČEZ Distribuce, a. s.		
99,60%	ČEZ OZ uzavřený investiční fond a.s. 25.4.2013 zvýšení ZK		
50,10%	ČEZ Energo, s.r.o.		
100%	TI Energo, s.r.o.		
100%	Energotrans, a.s.		
85,00%	Areál Třeboradice, a.s. 28.6.2013 nákup akcií		
100%	ČEZ Distribuční služby, s.r.o.		
100%	ČEZ Prodej, s.r.o.		
100%	SKODA PRAHA a.s.		
100%	EGI, a.s. v likvidaci		
100%	SKODA PRAHA Invest s.r.o.		
100%	ČEZ Bosna i Hercegovina d.o.o. 31.12.2013 společnost vstoupila do likvidace		
100%	ČEZ Bulgaria EAD		
100%	ČEZ Trade Bulgaria EAD		
67,00%	ČEZ Elektro Bulgaria AD		
100%	TEC Varna EAD		
100%	ČEZ Silesia B.V.		
100%	ČEZ Chorzow B.V. Elektrociepłownia Chorzów ELCHO sp. z o.o. podíl 100%		
100%	ČEZ Poland Distribution B.V. 30.9.2013 navýšení ZK		
75,00%	Eco-Wind Construction S.A.		
	Baltic Green I sp. z o.o. podíl 100%, 19.4.2013 změna vlastníka z ČEZ Poland Distribution B.V. na Eco-Wind Construction S.A.		
	Baltic Green II sp. z o.o. podíl 100%, 19.4.2013 změna vlastníka z ČEZ Poland Distribution B.V. na Eco-Wind Construction S.A.		
	Baltic Green III sp. z o.o. podíl 100%, 19.4.2013 změna vlastníka z ČEZ Poland Distribution B.V. na Eco-Wind Construction S.A.		
	A.E. Wind sp. z o.o. podíl 100%		
	Elektrownie Wiatrowe Lubiechowo sp. z o.o. podíl 100%		
	Severočeské mlékárny, a.s. Teplice	40,78%	
	ČEPRO, a.s.	100%	
	Česká exportní banka, a.s. k 31.12.2013 vlastní stát 80% akcií	41,60%	
	ORMIK, a.s.v. likvidaci	46,99%	
	PORCELÁN HOLDING a.s. v likvidaci	50,00%	
	Municipální finanční společnost a.s. zkrácené MUFIS a.s.	49,00%	
	Kongresové centrum Praha, a.s. 3.12.2013 navýšení ZK, zapasáno do OR	69,44%	
	BH CAPITAL, a.s. v likvidaci	71,89%	
	THERMAL-F, a.s.	100%	
	STROJÍRNÝ TATRA PRAHA,a.s.v.likvidaci	100%	
	Výzkumný a zkušební letecký ústav, a.s. 16.12.2013 nabytí 7,84 akcií od ČSOB, a.s.	100%	
	HOLDING KLADNO a.s."v likvidaci"	96,85%	
	MERO ČR, a.s.	100%	
	BOHEMIA CRYSTALEX TRADING a.s. v konkurzu	97,19%	
	GALILEO REAL, k.s. komplementář je IMOB a.s.	100%	
	Hotelinvest a.s.	100%	
	IMOB a.s.	100%	
	JUNIOR centrum, a.s. v likvidaci	100%	
	PRISKO a.s.	100%	
	CENTRUM - F, a.s. 21.8.2013 změna obchodní firmy (dříve PPP Centrum a.s.)	100%	
	STAVOCENTRAL, a.s. "v likvidaci"	100%	
	Explosia a.s.	100%	
	Istrochem Explosives a. s.	100%	
	Explosia SK s. r. o.	100%	
	FOSPOL SK, spol. s r. o. - v likvidácii	100%	
	Letiště Praha, a. s.	100%	
	České aerolinie a.s.	54%	
	B. aircraft, a.s.	100%	
	Czech Airlines Handling, a.s.	100%	
	CSA Services, s.r.o.	100%	
	HOLIDAYS Czech Airlines, a.s.	100%	
	Czech Airlines Technics, a.s.	100%	
	Realitní developerská, a.s.	100%	
	Sky Venture a.s.	100%	
	Whitelines industries a.s.	100%	
	Český Aeroholding, a.s.	100%	
	LEVAS KRŠKO d.o.o.	84,48%	
	EKOPA D.O.O.	100%	
	VIPAP VERTIEBS UND HANDELS GmbH	100%	
	VIPAP VIDEM KRŠKO d.d. sídlo ve Slovinsku	96,50%	
	KUPEG úvěrová pojišťovna, a.s.	34,00%	
	Exportní garanci a pojišťovací společnost,a.s. Česká exportní banka, a. s. vlastní podíl 20%	40,00%	

	Farma Wiatrowa Lesce sp. z o.o. podíl 100%
	Farma Wiatrowa Wilkolaz-Bychawa sp. z o.o. podíl 100%
	Baltic Green IV sp. z o.o. podíl 100%
	11.12.2013 změna jména z F.W. Tokowice sp. z o.o. Mega Energy sp. z o.o. podíl 100%
100%	Elektrownia Skawina S.A. 31.12.2013 navýšení ZK
100%	CEZ Nowa Skawina S.A. 13.6.2013 navýšení ZK 30.9.2013 změna vlastníka na CEZ Poland Distribution B.V. 31.12.2013 vznik fúzí se společností Elektrownia Skawina S.A.
100%	CEZ Polska sp. z o.o. 1.5.2013 změna sídla
100%	CEZ Produkty Energetyczne Polska sp. z o.o.
100%	CEZ Trade Polska sp. z o.o. 14.5.2013 změna sídla
100%	CEZ Towarowy Dom Maklerski sp. z o.o. 14.5.2013 změna sídla, od ledna změna činnosti společnosti pro CNB CZ-nace na Security and commodity contracts brokerage
100%	Shared Services Albania Sh.A. 21.3.2013 změna jména z CEZ Albania Sh.A.
100%	CEZ Trade Albania Sh.P.K. 30.9.2013 vstupila společnost do likvidace, oproti české právní úpravě nedochází explicitně ke změně obchodní firmy v OR, nazvána se název
100%	CEZ Srbija d.o.o.
99,99%	CEZ DISTRIBUTIE SA
99,99%	CEZ Vanzare SA
99,99%	CEZ Romania SA
	100% TMK Hydroenergy Power SRL
100%	CEZ Bulgarian Investments B.V.
	100% Free Energy Project Oreshets EAD
	99,99% Eco Etropol AD 28.1.2013 změna sídla
	100% Bara Group OOD 21.11.2013 vznik nové společnosti
99,99%	CEZ Trade Romania SRL
100%	CEZ Ukraine LLC
51,00%	NERS d.o.o.
100%	CEZ Hungary Ltd.
100%	CEZ MH B.V.
100%	CEZ Slovensko, s.r.o.
76,00%	CEZ Shpërdarje Sh.A. 21.1.2013 Albánský energetický regulační úřad rozhodl o odejmutí licenci CEZ SH na distribuci a prodej elektřiny tarifním zákazníkům a současně, o jmenování tzv. administrátora. CEZ SH Administrátor přebírá správu společnosti, včetně všech rozhodovacích pravomocí a odpovědnosti za chod společnosti. Na administrátora se přenesla práva statutárních orgánů CEZ Shpërdarje Sh.A. Dozavadní majoritní vlastník CEZ, a. s. tím ztrácí i veškerá svá akcionářská práva. Společnost CEZ, a. s. tímto postupem tedy plně přeláza o faktickou kontrolu nad fungováním společnosti.
100%	CEZ Deutschland GmbH
67,00%	CEZ Distribution Bulgaria AD
100%	CEZ International Finance B.V.
37,36%	Akenerji Elektrik Üretim A.Ş. 20.3.2013 navýšení ZK
	100% Aken B.V. od 31.7.2013 v dobrovolné likvidaci
99,28%	Mem Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. 24.10.2013 změna vlastnického podílu
99,43%	Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. 5.3.2013 změna vlastnické struktury, podíl na ZK 100%
90,00%	Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. 12.3.2013 změna vlastnické struktury, Podíl na ZK 100 %
99,99%	Egerner Elektrik Üretim A.Ş. 5.12.2013 navýšení ZK
100%	AK-EL Yalova Elektrik Üretim A.Ş.
90,00%	Akka Elektrik Üretim A.Ş. společnost zlikvidovaná k 25.12.2013
100%	AK-EL KEMAH ELEKTRİK ÜRETİM A.Ş. 5.3.2013 změna vlastnické struktury, ZK 100%
100%	Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş. 21.2.2013 změna vlastnické struktury, podíl na ZK 100%
100%	CEZ Finance Ireland Ltd. 31.10.2013 společnost v likvidaci
	100% CEZ International Finance Ireland Ltd.
50,00%	AKCEZ ENERJİ YATIRIMLARI SANAYİ VE TİCARET A.Ş. 26.4.2013 změna vlastnické struktury, ZK nezmíněn
	100% Sakarya Elektrik Dağıtım A.Ş. 26.6.2013 navýšení ZK
	100% Sakarya Elektrik Perakende Satış A.Ş.
100%	CEZ RUS OOO
50,00%	CM European Power International B.V.
	51,00% CM European Power Slovakia s. r. o. podíl CEZ 24,5 %
	100% MOL-CEZ European Power Hungary Ltd.
	100% CM European Power International s. r. o. 1.6.2013 společnost zanikla fúzí se společností CM European Power Slovakia, s.r.o.
99,99%	Tomis Team SRL
	100% MW Team Invest SRL
	100% Taidana Limited
95,00%	Ovidiu Development SRL
100%	Elektrárna Počerady, a.s.
100%	Elektrárna Tisová, a.s.
100%	Elektrárna Mělník III., a.s.
100%	Elektrárna Dětmorovice, a.s.
100%	CEZ Nová energetika, a.s. vznik 1.9.2013 zápisem do OR
100%	CEZ Servicii SA
100%	New Kosovo Energy L.L.C.

Used abbreviations

ŠKO-ENERGO or the Company	ŠKO-ENERGO, s.r.o.
ŠKO-ENERGO FIN	ŠKO-ENERGO FIN, s.r.o.
ŠKODA AUTO	ŠKODA AUTO a.s.
CENTROTHERM	CENTROTHERM Mladá Boleslav, a.s.
OECD	Organisation for Economic Co-operation and Development
CO ₂	carbon dioxide
SO ₂	sulfur dioxide
NO _x	nitrogen oxides
RSE	Renewable sources of energy
PXE	Power Exchange Central Europe
EEX	European Energy Exchange
DEMI-water	demineralized water
ČEZ	ČEZ, a.s.
EU	European Union
OHS	Occupational health and safety
LNG	Liquefied Natural Gas

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