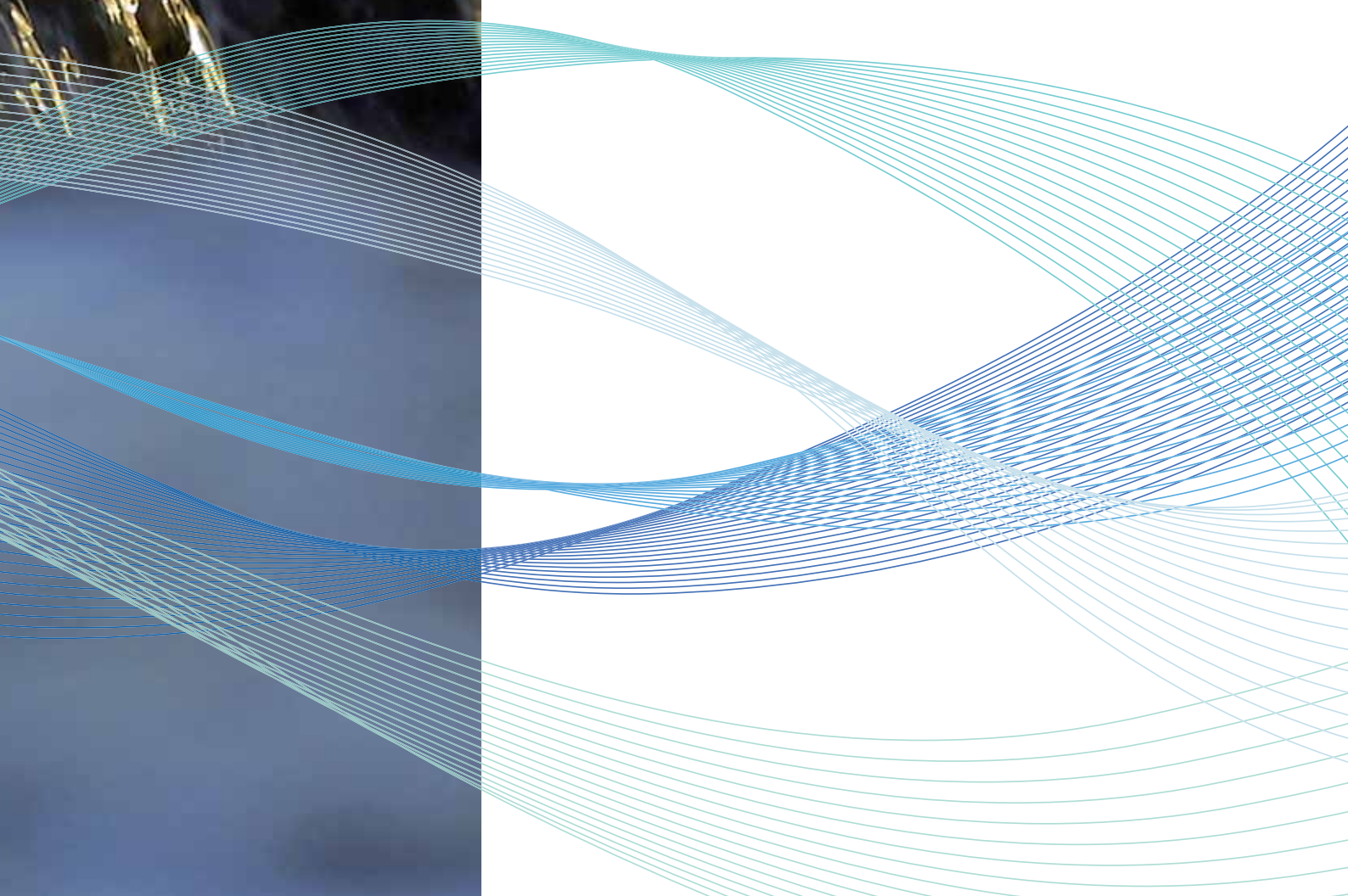




Povodi Odry
státní podnik

2011

annual report



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INTRODUCTION

Dear readers,

You are just opening the Annual Report by the state-owned company Povodí Odry 2011. This report provides information on activities and economic management of the company in 2011 and also some other information, not compulsory for annual reports, but at least partly reflecting the activity spectrum of the company in the course of the year.

The year 2011 was just another successful period for the state-owned company Povodí Odry. The company managed technologically, organisationally and economically given tasks, even despite some obstacles which usually occur during any human activities.

The year 2011 was a quiet year when compared with previous years. There were no floods the handling and the removal of impacts of which would deplete the company capacities and finance. We could pay more attention to regular activities organised by the administrator of water flows, to investment activities, repairs and maintenance. We could also focus on prevention and strategic activities, including our biggest investment activity at the upper flow of the River Opava. However, there was one complication in the year without floods - in contrast to the previous years, we experienced enormously dry autumn. That was something not experienced for a number of years.

The year 2011 was the year during which we have conducted constructional works worth more than CZK 535 million; thereof CZK 42 million was invested from our own resources. The works, organised within prevention programmes, related to the removal of flood consequences caused in the period 2009-2010.

The value of not subsidised repairs and maintenance was worth additional about CZK 230 million. This has significantly improved protection against floods in a number of municipalities and cities in the area of the river basin.

The year 2011 was also the year in which our activities have extended covering also the administration of additional about 1500 Km of smaller flows taken over from the Agricultural Water management Administration. The change, which took place at the 1st of January 2011, including also the taking over related assets, meant the biggest impact on then current company activity structure.

However, we managed even that task successfully.

You will find this and other information in the Annual Report.



Ing. Miroslav Krajiček
General Director



Basic Company data
Information on the company structure
Administered assets
Personnel

Basic Company data

FOUNDER

Ministry of Agriculture of the Czech Republic of the official address
in Těšnov 17, Praha 1, Post Code 117 05
I.D. No. (IČ): 00020478

PERSON AUTHORISED TO ACT ON BEHIND THE FOUNDER AT THE 31ST OF DECEMBER 2011

Ing. Jan Ludvík
General Director of the Administrative Section
in the Ministry of Agriculture of the Czech Republic

NAME: Povodí Odry, státní podnik (River Odra Basin, state-owned company)

OFFICIAL ADDRESS: Varenská 49, Ostrava, Moravská Ostrava, Post Code 701 26

FOUNDING DATE: 1st of January 2001, pursuant to the River Basins Act No. 305/2000 Coll.

ENTRY IN THE COMMERCIAL REGISTER: Regional Court in Ostrava, Part A XIV, File No. 584

ENTRY DATE: 26th of March 2001

LEGAL FORM: state-owned company

I.D. (IČ): 70890021

TAX FILE NO. (DIČ): CZ70890021

STATUTORY BODY

Ing. Miroslav Krajiček, General Director of Povodí Odry, státní podnik

SUPERVISORY BOARD

Miroslav Novák (Moravian-Silesian Region), Chairman

Ing. Aleš Kendík (Ministry of Agriculture)

Prof. Dr. Ing. Miroslav Kyncl (North Moravian Water and Sewerage Systems)

Tomáš Hanzel (City of Karviná)

Mgr. Petr Birklen (Ministry of Environment), till the 16th of August 2011

Ing. Hana Randová (Ministry of Environment), from the 16th of August 2011 to the 6th of December 2011

JUDr. Jindřich Urfus (Ministry of Agriculture)

Ing. Ivana Mojžíšková (Povodí Odry)

Ing. Ivana Musálková (Povodí Odry)

Ing. Jiří Tkáč (Povodí Odry)

EXECUTIVE MANAGEMENT

Ing. Miroslav Krajiček, General Director

Ing. Petr Březina, Technical Director

Ing. Petr Kučera, Economy Director

Ing. Čestmír Vlček, Commercial Director

Mgr. Miroslav Janoviak, LL.M., Investment Director

Ing. Jiří Tkáč, Director of the Plant 1 in Opava

Ing. Jiří Šašek, Director of the Plant 2 in Frýdek-Místek

Company structure

Activities by the state-owned company have been determined by the Founding Document and they are based on legal standards, especially the Waters Act No. 254/2001 Coll. as amended, the River Basins Act No. 305/2000 Coll. and the State-owned Company Act No. 77/1997 Coll. as amended. The activities relate mostly to the management and administration of important water flows, including border flows, water works and smaller water flows, management of which has been assigned to the Company in the area of River Odra basin. Other Company activities include finding about and assessment of surface and underground water situations in the given area, investment activities there, including protective provisions organised against floods, remedy activities during and after water flow-related accidents, and at last, but not least, planning activities pursuant to the relevant legal standards. Other complementary activities are also organised within the main activities like, for example, activities of accredited laboratories, constructions, engineering, projecting and consulting activities related to water management. These activities take place both within the Company needs and for external customers.

ORGANISATION COMPANY STRUCTURE

- Section of General Director
- Section of Commercial Director
- Section of Technical Director
- Section of Economy Director
- Section of Investment Director
- Plant 1 in Opava
- Plant 2 in Frýdek-Místek

SECTION OF GENERAL DIRECTOR

Direct responsibilities of the General Director cover the Department of personnel treating personnel but also social issues, training, and health and safety at work.

SECTION OF COMMERCIAL DIRECTOR

This Section organises services in the area of trading and contract conclusions, legal and assets' issues, technology-related activities and the organisation development of the Company, but also public relations, internal audits and safety pursuant to special regulations.

Section scheme

- Department of technological and organisational development
- Legal department
- Internal audits and safety
- Department of commercial contracts
- Property department

SECTION OF TECHNICAL DIRECTOR

This Section organises professional activities in the main areas of water management system, water flows' management, handling of water works, administration of water management facilities, energy management, and other activities. This Section of Technical Director is also responsible for activities undertaken by the water management Dispatching Office and water

management laboratories. The Section organises coordination of main trends in prognoses, conceptions and consulting. The organisation of planning activities related to water flows has a special place among other activities as established in the Waters Act.

Section scheme

- Department of operations
- Water management Dispatching Office
- Department of water management-related conceptions and information
- Water management laboratories

SECTION OF ECONOMY DIRECTOR

This Section organises implementation of plans focussed on the achievement of effective economy management, especially in the areas of planning, funding, price creation, subsidies, accounting, statistics, analytical activities, and work economy. It organises also the support of information systems and the management administration.

Section scheme

- Department of finance
- Department of economic information
- Department of labour economy
- Department of informatics
- Department of management administration

SECTION OF INVESTMENT DIRECTOR

This Section organises activities related to preparations of investment implementations and engineering activities, especially the projecting and geodetic activities. It coordinates main directions of engineering services and participates in preparations of investment planning and repairs, including machinery and facilities having the technological character.

Section scheme

- Department of investments
- Projecting department

PLANTS

The Plants implement company plans and objectives within the determined areas of management, maintenance, repairs and investment activities taking place at water flows in connection with the main Company activities. The Plants' activities are geographically divided between Plant 1 in Opava and Plant 2 in Frýdek-Místek. The two Plants together cover the entire water basin area managed by the Company. Apart from the activities directly related to the management of water flows and water works, the Plants organise and coordinate operations and economic activities within the determined scope.

Plants' structure

- Section of Plant Director
- Section of operations
- Technology section
- Economy section
- Water management operations

Administered assets

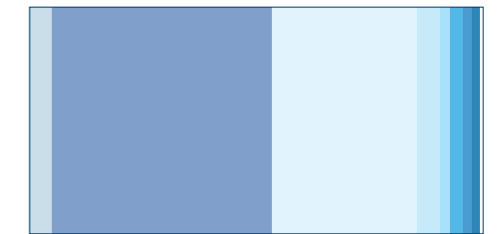
THE COMPOSITION OF LONG-TERM TANGIBLE ASSETS

The value of long-term tangible assets has increased by CZK 799.69 million, when compared with the situation in 2010. On 31 December 2011, the total acquisition value of the long-term tangible assets reached CZK 6 743.01 million.

THE STRUCTURE OF THE LONG-TERM ASSETS

(without land, permanent growths, other long-term tangible assets and long-term tangible assets in progress):

Buildings	333,74 mil. Kč
Reservoirs and ponds	3 295,95 mil. Kč
Water flows' adjustments	2 182,45 mil. Kč
Weirs and steps	340,33 mil. Kč
Other objects	157,36 mil. Kč
Transport and other machinery	183,35 mil. Kč
Energy machines and facilities	127,95 mil. Kč
Instruments, special technological facilities and IT	117,17 mil. Kč
Inventory	4,71 mil. Kč
TOTAL LONG-TERM TANGIBLE ASSETS	6 743,01 mil. Kč



Buildings	4,95 %
Reservoirs and ponds	48,88 %
Water flows' adjustments	32,37 %
Weirs and steps	5,05 %
Other objects	2,33 %
Transport and other machinery	2,72 %
Energy machines and facilities	1,90 %
Instruments, special technological facilities and IT	1,74 %
Other inventory	0,07 %

	Buildings		Reservoirs and ponds		Water flows' adjustments		Weirs and steps		Other objects	
	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%
TOTAL	333,74	100,00	3 295,95	100,0	2 182,45	100,0	340,33	100,0	157,36	100,0
Opava plant	111,60	33,44	2 324,33	70,5	1 157,16	53,0	136,39	40,1	39,41	25,0
F-M plant	105,18	31,52	971,62	29,5	1 025,22	47,0	203,94	59,9	110,27	70,1
Management	116,96	35,05	0,00	0,0	0,07	0,0	0,00	0,0	7,68	4,9
	Transport and work machines		Energy machines and facilities		Instruments and special technological facilities		Inventory		TOTAL LONG-TERM TANGIBLE ASSETS	
	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%	in CZK million	%
TOTAL	183,35	100,00	127,95	100,0	117,17	100,0	4,71	100,0	6 743,01	100,00
Opava plant	86,51	47,18	78,28	61,2	9,46	8,1	1,19	25,3	3 944,33	58,50
F-M plant	81,33	44,36	44,95	35,1	25,18	21,5	2,61	55,4	2 570,30	38,12
Management	15,51	8,46	4,72	3,7	82,53	70,4	0,91	19,3	228,38	3,39



Personnel

There was the total of 465 people employed in the state-owned company at the 31st of December 2011, thereof 308 men and 157 women. The average converted number of employees was 464.29 people in 2011 - 219.08 in blue-collar positions and 245.25 in white-collar professions. The increase in the number of employees, when compared with 2010, took place by taking over workers from the organisational state unit - the Agricultural Water Management Administration. There were 14 employees transferred from that organisational unit on the 1st of January 2011. There were several organisational changes and rationalisation provisions implemented in the course of the year. However, there have been also some new positions created reflecting changed tasks and responsibilities of the Company, connected mostly with the transfer of activities related to small water flows.

The employee training programme focussed mostly on the organisation of group and individual courses, workshops and seminars improving the employees' qualifications and providing for certificates necessary for the successful conduct of their positions. Six employees currently improve their qualifications studying at secondary schools or universities.

The labour safety and health protection management system has been implemented in the Company in accordance with new modern labour safety trends. In 2011, there were only 3 work-related accidents registered. They did not require a hospital or long-term treatment of injured. The causes were, in all cases, the usual work-related risk and momentary lack of attention and care. The Company organised measurements of noise and vibrations occurring with some selected machines in order to decrease risks of occurrence of undesirable workers' health problems.

Number of employees	2009	2010	2011
Number of employees in a converted figure	461,71	457,23	464,29
Number of employees in natural persons	464	463	465
thereof: white collars	237	236	242
blue collars	227	227	223
- State enterprise headquarters	165	166	170
- Plant in Opava	130	130	128
- Plant in Frýdek-Místek	169	167	167

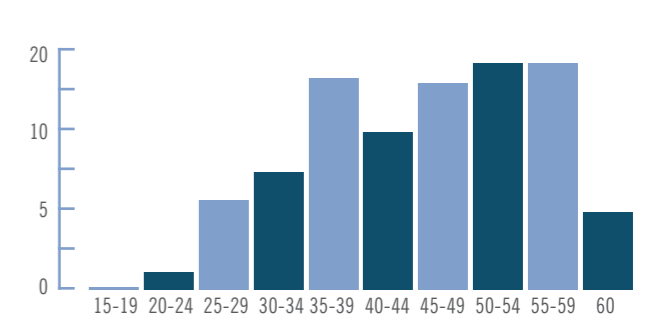
EMPLOYEES BY THEIR WORKPLACE LOCATION

District	2009	2010	2011
Jeseník	13	13	13
Bruntál	36	36	32
Frýdek-Místek	112	114	112
Karviná	26	28	25
Nový Jičín	23	23	27
Opava	67	64	64
Ostrava	187	185	191
Šumperk	0	0	1

COMPARISON BY THE HIGHEST ACHIEVED EDUCATION

The highest achieved education	2009	2010	2011
University	90	97	106
Completed secondary education	170	164	169
Secondary – apprenticeship	171	172	167
Elementary education	33	30	23

AGE STRUCTURE AT THE 31ST OF DECEMBER 2011



OSTRAVA!!!



The year 2011 was just another year in which the state-owned company Povodí Odry cooperated with the Statutory City of Ostrava when increasing protection of built up areas against floods in the area of the city. The year was the final year of preparations of the constructions "Left-bank levee at the relieving river branch in Ščučí" and "Adjustment of the relieving river branch Ščučí" for which the City of Ostrava provided the investment subsidy of CZK 6 million determined for the settlement of entitlements related to the land affected by the constructions. The utilisation of this - already the third - purpose-oriented subsidy finalised the full settlement of the entitlements related to the land lots necessary for both constructions. The first construction has been finalised in the mean time.

The state-owned company Povodí Odry started preparations of the investment event "Increased protection of the built-up area of the suburb Polanka nad Odrou against floods" after that and some other projects. Threats and repeated flooding of the city municipality have been caused by the water flow Polančice and its tributaries. The state-owned company Povodí Odry has taken over it, into its administration, from the original administrator - the Agricultural Water Management Administration, on the 1st of January 2011.

There has been a "Contract on the provision of a purpose-oriented investment subsidy from the Statutory City of Ostrava budget", worth CZK 1 million, concluded for the preparation of the necessary documentation and execution of related works necessary for the start of this plan project preparation. The subsidy covered the "Feasibility study" in 2011 which has determined technological provisions against floods in the relevant area. The study has shown the necessity of the increased capacity of the Polančice water bed and, at the same time, the construction of two dry reservoirs at Polančice and its tributary Rakovec. Both localities are situated above the place where these flows meet the Freeway D 47 (D 1). The prepared study has become the basic material for the next project documentation stages related to the area and for the construction proceedings in the following period. The cooperation of the state-owned company Povodí Odry with the Statutory City of Ostrava has been successfully continuing for several years and it benefits both involved parties. Ostrava benefits from better protection against floods in places considered by the city as priorities, while the state-owned company Povodí Odry can insert preparations and implementations of such constructions into its investment plan as the finance intensity of the constructions becomes significantly lower thanks to the financial participation of the city.



Water deliveries

Electric power production

Water deliveries

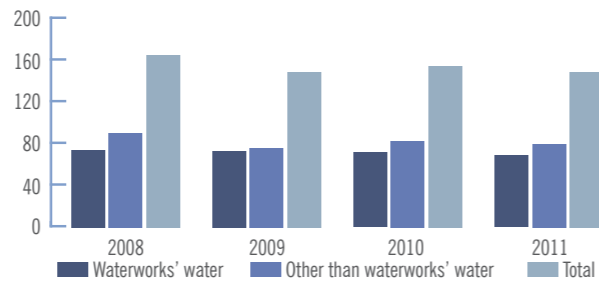
SURFACE WATER CONSUMPTION

The consumption of surface water from sources managed by the state-owned company Povodí Odry decreased again, after the increase in 2010, down to the minimum of 139 million cubic metres, as in 2009. This amount meant the year-on-year delivery decrease by 3.5%. In the case of deliveries to industrial objects, the year-on-year decrease was 3% and, in the case of waterworks' consumption, the decreasing trend of the last six years continued. In comparison with the year 2010, the deliveries decreased by more than 4%, down to the lowest level in history of potable water deliveries.

SURFACE WATER CONSUMPTION (in million m³)

Year	2008	2009	2010	2011
Waterworks' consumption	69,3	68,2	66,9	64,2
Other than waterworks' consumption	84,6	70,8	77,2	74,8
TOTAL	153,9	139,0	144,1	139,0

SURFACE WATER (in million m³)



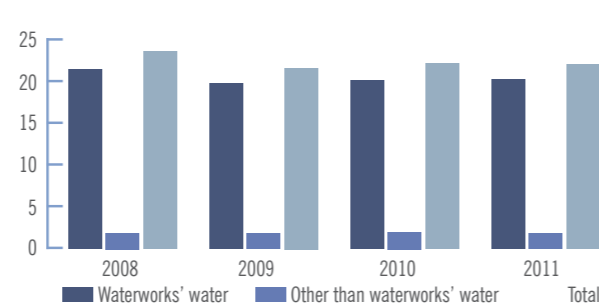
UNDERGROUND WATER CONSUMPTION

In the case of underground water, the consumption stagnated in 2011. There was the total of 20.6 million m3 of water delivered (it was 20.7 million m3 in 2010). There was a slight increase, when compared with the previous year, in deliveries of underground waters for waterworks' purposes making up 90% of the consumed underground water volume. In the case of other than waterworks' purposes, the consumption decreased by almost 10% in the area of the River Odra basin.

UNDERGROUND WATER CONSUMPTION (in million m³)

Year	2008	2009	2010	2011
Waterworks' consumption	20,0	18,5	18,8	18,9
Other than waterworks' consumption	1,8	1,7	1,9	1,7
TOTAL	22,0	20,2	20,7	20,6

UNDERGROUND WATER (in million m³)

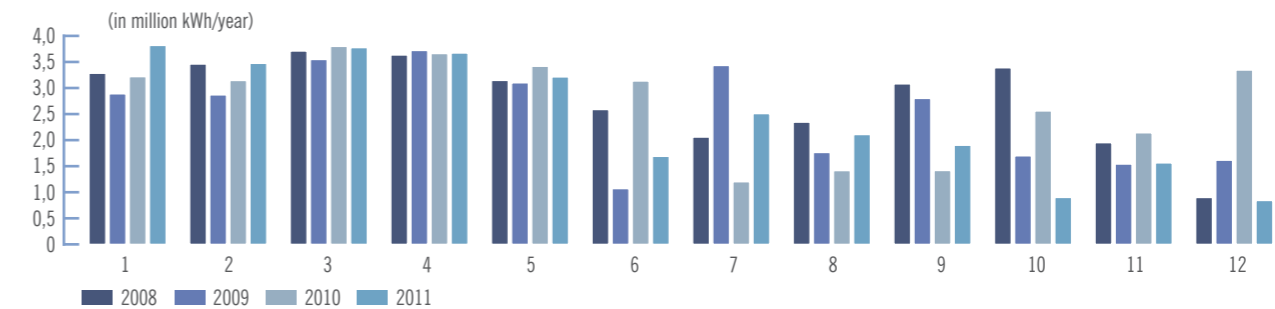
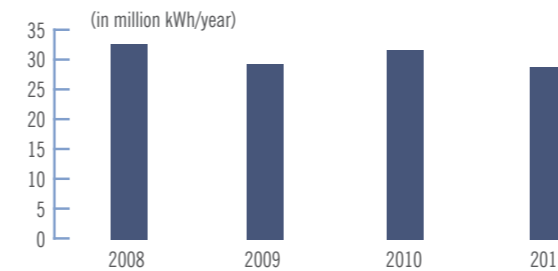


Electric power production

In 2011, facilities of the state-owned company Povodí Odry produced an average amount of electric power thanks to the unfavourable hydrological situation in the second half of the year. The above-average monthly values were achieved mostly in the first quarter when the reservoirs were full filled thanks to snow thaw. Then, the reservoir levels lowered and the electric power production was limited because of the hydrological drought. The minimum power was produced in October. In the total, the 9 SWP stations of the state-owned company Povodí Odry produced 29.2 million kWh of electric power. That is the year-on-year decrease by almost 10%, when compared with 2010.

ELECTRIC POWER PRODUCTION BY FACILITIES OF THE STATE-OWNED COMPANY POVODÍ ODRY (in million kWh)

Year	2008	2009	2010	2011
Reservoir Šance	5 265 937	5 032 637	7 123 388	5 496 782
Reservoir Kružberk	2 731 271	2 659 344	2 934 062	2 401 070
Reservoir Silesian Harta	20 371 179	17 101 119	16 376 706	16 334 051
Reservoir Žermanice	453 250	617 536	833 671	659 332
Weir in Studénka	137 161	118 607	136 229	134 843
Reservoir Morávka	939 762	923 468	1 031 387	899 401
Weir in Podhradí	720 772	643 851	765 678	504 869
Reservoir Těrlicko	323 009	317 612	309 091	305 004
Weir in Lhotka	2 190 423	2 384 777	2 622 632	2 458 695
TOTAL	33 132 764	29 798 951	32 132 844	29 194 047



The total amount of electric power produced by small water plants in the River Odra basin was about 29 194 MWh/year in 2011. When compared with the previous year, the year 2011 could be considered as average in precipitations. In contrast to 2010, the production was lower by 2 939 MWh/year, but we still can say that the production was slightly above the usual average. The annual electric power production plan was exceeded by 5 000 MWh. All sales of the produced power took place through a power dealer. Revenue from the produced power reached CZK 65 682 599 in the year. As the result, the revenue increased by CZK 5 million. The following aspects participated in the increased revenue related to the produced power:

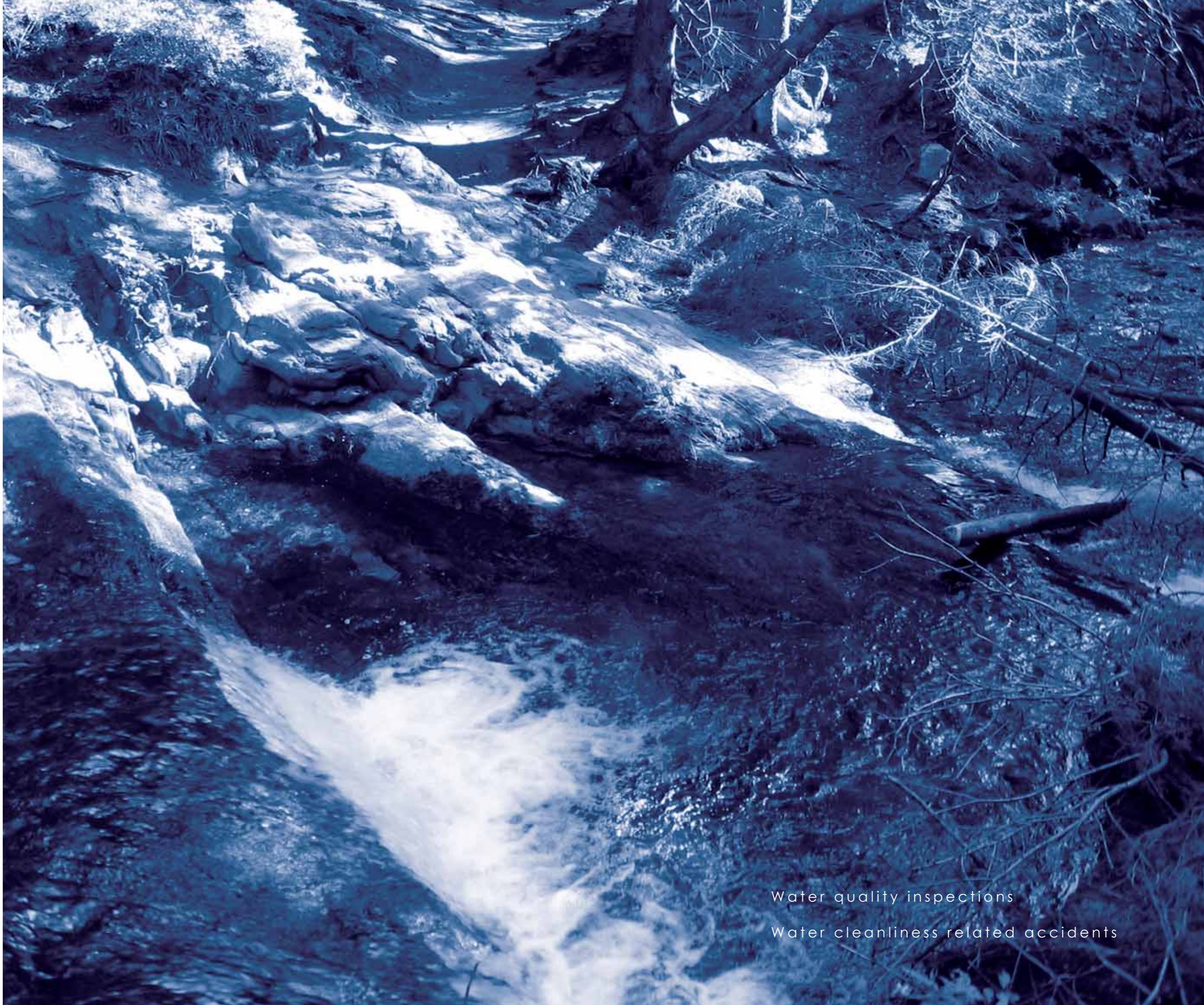
- Favourable prices on the energy exchange in Prague
- Impact by the reconstruction of operations in the reservoir Silesian Harta.

There was no larger repair or reconstruction conducted in the course of 2011. There was regular annual service and usual repairs organised at all power stations in the period which has been known for less abundant precipitations.

The year 2011 has shown the good operational reliability of all power stations.

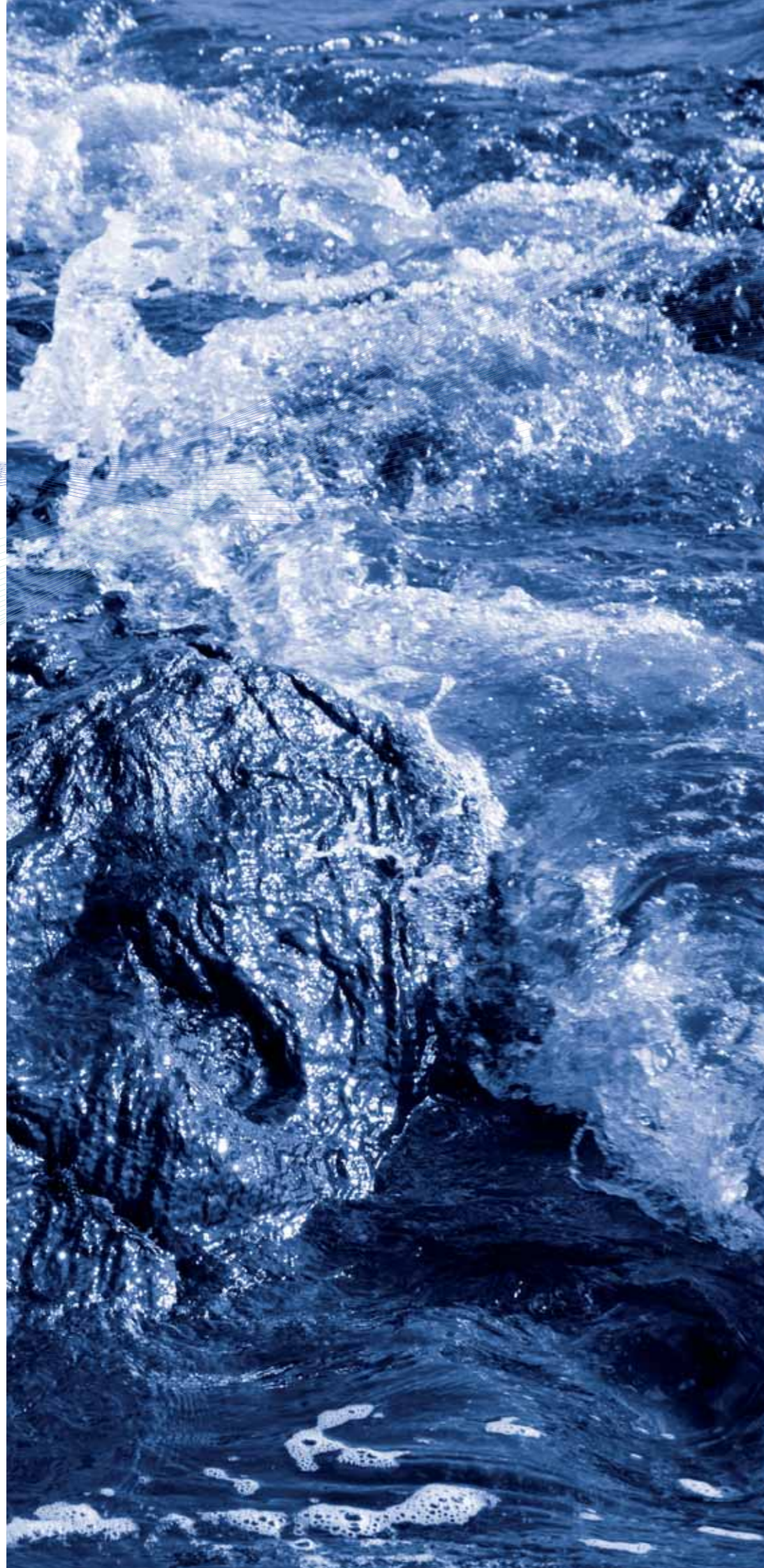
ELECTRIC POWER PRODUCTION - DELIVERIES (in kWh)

Month	2008	2009	2010	2011
January	3 124 579	2 752 145	3 063 095	3 629 099
February	3 291 580	2 732 687	2 993 669	3 304 531
March	3 527 821	3 374 194	3 611 759	3 589 116
April	3 455 558	3 537 788	3 481 896	3 491 534
May	2 994 999	2 951 484	3 251 089	3 058 464
June	2 467 147	1 034 007	2 984 328	1 619 029
July	1 967 790	3 265 749	1 158 462	2 393 475
August	2 238 281	1 688 804	1 360 386	2 013 793
September	2 932 176	2 668 799	1 362 465	1 819 796
October	3 223 975	1 628 507	2 441 718	874 343
November	1 866 343	1 478 849	2 045 744	1 500 450
December	873 369	1 548 832	3 182 365	819 010



Water quality inspections

Water cleanliness related accidents



Water quality inspections

Pursuant to the Waters Act, our state-owned company is responsible for finding out about the surface water quality and that requires long-term systematic activities in the area of waters monitoring. Measured results serve for a number of activities related to water protection against contamination and that becomes more and more important in line with the implementation of European requirements within the Czech legislature.

The objective is the achievement of the so-called good water quality as generally defined in the Framework Instruction. It requires the fulfilment of a number of criteria and conditions within the water environment. The monitoring is not limited only to basic physical-chemical parameters, but it covers many pollutants. The area of specific organic substances includes those which occur as the result of human activities in many manufacturing processes. Big attention is paid also to the monitoring of biological parts as, for example, fish populations, macrozoobenthos, phytoplankton, phytobenthos, and others. The so-called hydro morphological monitoring also makes an inseparable part of flows' assessment as it indicates disturbed development conditions necessary for aquatic organisms mostly by constructional activities or by other anthropogenic interventions in flow beds. Results of the monitoring conducted in this way make the basic material serving for water quality protection and for proposed provisions related to the systematic improvements within the planning process. They present the most important information for activities by the state-owned company, for the presentation of opinions and information on any water handling when the river basin administrators create professional background for water management bodies and assess, case by case, activities by contamination sources, if their waste waters do not exceed the demanding requirements on the targeted water quality situation as given in the legislature. The water basin administrators conduct the activity free of charge and they are responsible for the preparation and provision of their opinions. In 2011, the Department of water quality care issued more than three and a half thousand written opinions. Systematically executed water quality analyses are annually assessed and they serve not only for the state administration purposes, but also as information for both professionals and laics. There is a water management balance sheet prepared on that basis and the information also serves for negotiations within bilateral agreements and for the activity by the International Commission looking after the River Odra protection. The water sampling, laboratory analyses covering chemical, radio chemical, hydro biological, and microbiological analyses

and hydro metrical measurements are organised by water management laboratories.

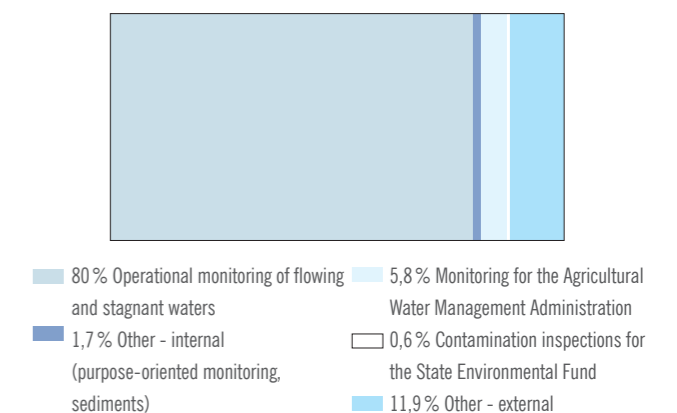
The Department of water management conceptions and information conducts the hydro morphological monitoring and processes and assesses all gained data.

In 2011, the water quality monitoring was organised in accordance with the annual prepared plan, as required by the existing legislature and as needed by the state-owned company. Within the operational monitoring, there were 129 profiles of water flows monitored. The frequencies were 12 samples a year, 1 profile was sampled 24 times in the year, and 4 profiles were sampled 6 times in the course of the year. Scopes of analysed parameters were optimised in such a way that individual profiles were monitored for the relevant substances and groups of those substances as well as for other quality indicators necessary for the assessment of the good situation or the ecological potential in water bodies. There were also requirements of border waters covered. The monitoring of water quality in our dams and recreation reservoirs included also the "zone" sampling along several vertical lines in given reservoirs (3 to 7, usually 5) with the frequency of 6 samples taken during the year. The basic monitoring was conducted also in more important flows and in small water reservoirs, transferred into the administration of our state-owned company from the former Agricultural Water Management Administration, and at some outlets of contamination sources.

The total volume of external and the company internal activities done by the water management laboratories reached in 2011 about CZK 15.674 million.

The percentage share of individual monitoring types in all activities is presented in the following graph:

WORKS BY THE WATER MANAGEMENT LABORATORY IN 2011 (in %)



In 2011, there were 98 accidents in the total confirmed, which worsened or threatened the quality of surface or underground waters.

Generally, they were mostly diesel fuel-related accidents, and thereof 61% belonged to car accidents.

More important accidents:

17 March 2011 There was contaminated water found leaking from the warehouse storing products GEOBAL3 operated by BALTOM s.r.o. in Sedliště. The fuel was removed from the warehouse and the responsible person organised the cleaning.

17 May 2011 Nitrobenzene, mixed with water, leaked from the incinerator of SITA CZ a.s. into a sewer of BorsodChem MCHZ, s.r.o. the outlet of which is situated at the River Odra, below the step Lhotka. The final part of the sewer was closed and the responsible person, in cooperation with BorsodChem MCHZ, s.r.o., organised corrective measures. The state-owned company Povodí Odry organised the laboratory monitoring.

7 September 2011 About 450 litres of diesel fuel escaped into sewerage from the tank after a truck accident in Frýdek-Místek and, consequently, into the flow of Ostravice. The contamination was successfully blocked by installed submerged walls in Paskov.

3 October 2011 About 500 litres of diesel fuel escaped during a truck accident into the Trnávka flow. The primary action was done by firefighters. The consequent liquidation was then organised by Ekoqua ochrana vod spol. s r.o.

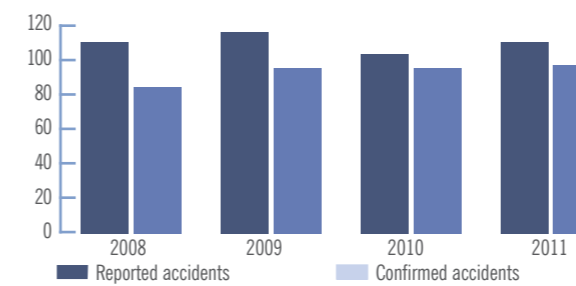
6 December 2011 Hydraulic oil leaked during works done on the Ostravice flow in Ostrava. Firefighters and the responsible company EUROVIA CZ, a.s. caught the contamination with submerged walls installed in Ostravice flow.

ACCIDENTS IN 2011

TOTAL REPORTED ACCIDENTS	111
Thereof: Confirmed accidents	98
- Confirmed leaking into a flow	51
- Confirmed threats to a flow	47
Thereof: Not confirmed accidents	13

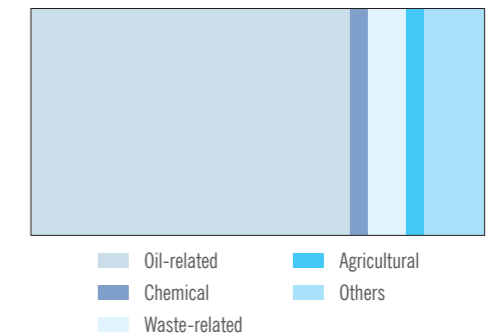
TREND IN THE OCCURRENCE OF REPORTED AND CONFIRMED ACCIDENTS IN THE PERIOD 2008 - 2011

Year	2008	2009	2010	2011
Reported accidents	111	117	104	111
Confirmed accidents	85	96	96	98



DIVISION OF THE CONFIRMED ACCIDENTS BY CONTAMINATION KIND

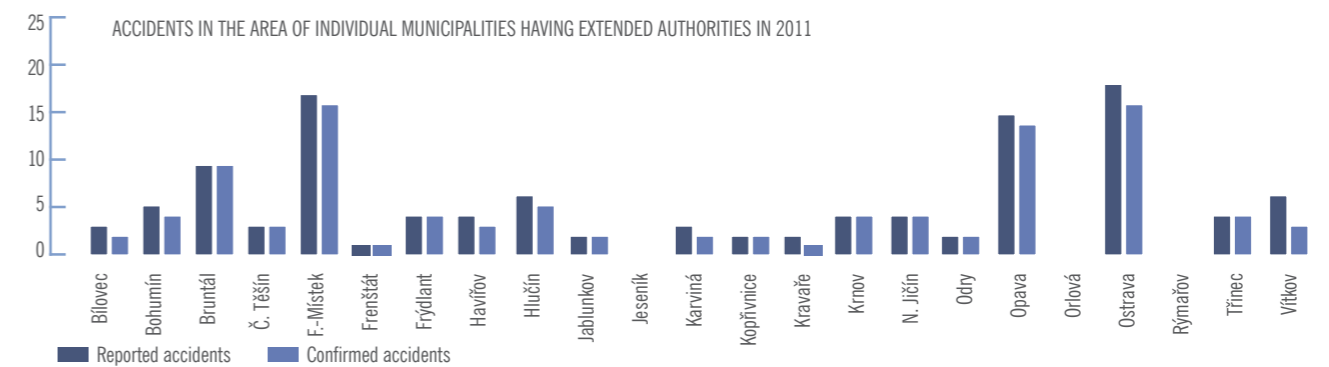
Kind	Number
Oil-related accidents	69
Chemical accidents	4
Waste-related accidents	8
Agricultural accidents	4
Other accidents	13
TOTAL	98



DIVISION OF REPORTED AND CONFIRMED ACCIDENTS BY OCCURRENCE IN INDIVIDUAL MUNICIPALITIES HAVING EXTENDED AUTHORITIES IN 2011

District	Bilovec	Bohumín	Bruntál	Č. Těšín	F.-Místek	Frenštát	Frydlant	Havířov	Hlučín	Jablunkov	Jeseník	Karviná	Kopřivnice	Kravaře	Krnov	N. Jičín	Odry	Opava	Orlová	Ostrava	Rýmařov	Třinec	Vítkov	TOTAL
Reported accidents	3	5	9	3	16	1	4	4	6	2	0	3	2	2	4	4	2	14	0	17	0	4	6	111
Confirmed accidents	2	4	9	3	15	1	4	3	5	2	0	2	2	1	4	4	2	13	0	15	0	4	3	98

ACCIDENTS IN THE AREA OF INDIVIDUAL MUNICIPALITIES HAVING EXTENDED AUTHORITIES IN 2011



The transformation process in the state unit Agricultural Water Management Administration (AWMA) into the state-owned companies Povodí (Water Basins) and Lesy České republiky (Forests of the Czech Republic) resulted from the Water Act amendment of 2010 and the Directive by the Minister of Agriculture No. 27/2010. In connection with these documents, the state-owned company Povodí Odry and the Agricultural Water Management Administration informed the Ministry of Agriculture of the Czech Republic and executed, on the 29th of December 2010, the Agreement on the free of charge transfer of assets' management, rights and liabilities and on the taking over the management rights (hereinafter referred as the Agreement only). The assets taken over from AWMA consisted of the two basic parts. The first group consisted of the water management assets transferred to Povodí Odry at the 1st of January 2011 in correspondence to the Water Act amendment. The paragraph 48 (2) establishes that the determination of small flows' management includes, at the same time, the transfer of management rights related to water works and their related land. Specifics of small water flows, the administration of which transfers to Povodí Odry, has been presented in the relevant Decisions by the Ministry of Agriculture of the Czech Republic on the determination of the administrator.

The taking over and the evaluations of water management constructions were conducted on the basis of extensive physical inspections finalised on the 30th of June 2011. The assets were registered within the accounting in 642 items of the total purchase price of CZK 707 732 106. After the accounting for corrections, according to the Czech Accounting Standards, the correction reflected in remaining prices of the transferred assets by the decrease down to CZK 294 882 062. The correction rates considered also wear established on the basis of the already mentioned physical assets' inspections.

The land, taken over within the water management assets, consists of 2 119 land lots of the total purchase price CZK 50 918 509.78 and the total area of 2 929 211 sq.m.

All water management assets have been registered in the accounting on balance sheet accounts at the 31st of July 2011. The second part of the assets consists of other, the so-called operational, assets. The transfer of operational assets of AWMA took place in the course of the first half of the year, when the assets, cars, operating buildings (a building in Nový Jičín, the training centre in Vernířovice and a garage in Opava) as well as other long-term tangible assets of the total purchase price of CZK 3 272 904.60 and the remaining value of CZK 1 060 396 were progressively transferred and registered within the accounting. Land lots related to operating buildings were taken over as 10 lots of the total purchase value of CZK 145 250 and the total area of 8 548 sq.m. Also, there were 861 inventory items and small user software taken over. They had the total purchase value of CZK 2 404 970.23. In the area of investments in progress, there were 25 items of project and other documentation of the total value of CZK 5 578 860. There were also 258 items of archive documentation taken over.

In connection with the transformation, there have been labour-related obligations transferred on the 1st of January 2011. They meant taking over 15 employees of AWMA, thereof the register presented, on the 31st of December 2011, 7 employees and one employee on the maternity leave.

There were protocols prepared for individual groups of transferred water management and operational assets. The summary protocol, prepared in accordance with the Agreement, was executed on the 29th of September 2011. That has meant the finalisation of the transformation process of AWMA, in the area of the River Odra basin, into the state-owned company Povodí Odry when it considered the taking over assets. In connection with the transfer of assets from AWMA, there was an inspection organised by the founder - the Ministry of Agriculture of the Czech Republic, in the period from the 1st of October to the 31st of December 2011. The final protocol on the result of the public-legal inspection states: "The executed accounting and registration of selected assets controls did not find any shortcomings. The company has observed binding legal and accounting regulations as well as related regulation of the Labour Code."

The AWMA assets' transfer data can be summarised as follows. The state-owned company Povodí Odry had managed, before the transformation of AWMA, 11 water flows of the total length of 1 355 Km, thereof 558 Km of adjusted water flow sections. The transformation of AWMA has increased the number of administered water flows by 628 flows and the length of administered flows by 1 552 Km, the adjusted sections by 623 Km. The company administration now manages, among other, additional 3 weirs and 23 reservoirs, thereof 3 dry ones.

After the taking over the assets, there has been a special care paid to swelling constructions and to small both water and dry reservoirs. There were visual inspections organised and the accessible documentation was studied. We did camera exploration of covered parts, etc. On the basis of this exploration, there has been engineering-geological exploration ordered as well as the assessment of dams and their beds' situations in the case of five reservoirs where some technical problems had been indicated. We could summarise, at the end of 2011, that two reservoirs at the Hlinský Creek in Frýdek-Místek and the dam in Dolní Lutyně, in the region of Karviná, required general reconstructions. The reservoir in Markvartovice, close to Ostrava, required repairs of the piping at the lower outlet. Other, at least five reservoirs, required the organisation of more detailed exploration, setting of measuring devices and monitoring necessary for the technical-safety observation assessing their conditions.

Considering the fact that the removal of flood-related damages had not been finalised in the case of the AWMA assets, our company has taken over the implementation of 12 actions within the programme 129 116 Damage removals after the flood occurring in 2009. In 2011, there were works worth CZK 15 million organised and 21 actions within the programme 129 117 Damage removal after the flood occurring in 2010 were implemented. Works worth further CZK 11 million were conducted in 2011. Outside these programmes, there were further 7 actions removing flood-related damages implemented in 2011. They were worth CZK 2 million. Generally, there were 40 constructions covered. Considering the conditions of the assets taken over from AWMA, we can say that they have presented a relatively big "internal" liability. Putting them into an orderly state will require big investment and operational means and, from the time point of view, the works will ask for a medium-term period.





Economic results
Auditor's report
Final accounts
Attachment to the Final accounts

In 2011, the transfer of administration of small water flows taking place in the result of the transformation of the Agricultural Water Management Administration, as from the 1st of January 2011, has had a significant impact on the economy of the state-owned company. In connection with that, there have been assets of the total purchase value of CZK 770 053 thousand, of the remaining real value of CZK 352 585 thousand, taken over from AWMA. In 2011, there were the total costs incurred, within the administration of small water flows, worth CZK 52 753 thousand, thereof CZK 11 769 thousand worth of depreciation related to the taken over assets and CZK 32 894 thousand were used on their repairs and maintenance.

In spite of this negative factor, we managed to achieve the profit of CZK 12 721 thousand. The total costs were CZK 700 284 thousand. They increased, year-on-year, by CZK 1 151 thousand. The increased costs related to the AWMA transformation were partly compensated by the fact that a significant part of the repairs of flood-related damage paid from our own resources, was covered by flood reserves created in the past years.

The total of CZK 222 251 thousand was used on repairs in 2011, thereof CZK 32 208 thousand was used on the flood-related damages caused in 2009, CZK 85 486 thousand on the removal of the flood-related damages caused in 2010, CZK 87 961 thousand on repairs and maintenance of water flows, and CZK 16 596 thousand on repairs of other assets.

Considering resources, the repairs were covered by subsidies determined for the removal of flood-related damage worth CZK 55 788 thousand and by our own resources at the level of CZK 166 463 thousand, thereof CZK 52 330 thousand was covered by our insurance. Year-on-year, there was the increase by CZK 8 858 thousand and, in the case of repairs covered by our own resources, by CZK 13 836 thousand.

The total revenue was CZK 713 005 thousand in 2011. That presented a slight year-on-year increase by CZK 87 thousand. The revenue was higher, year-on-year, by CZK 20 749 thousand, mainly thanks to the production of electric power and other revenues related to sales of services. In contrast, there was the year-on-year decrease in other operational revenues, when compared with 2010, by CZK 20 670 thousand thanks to the lower volume of received subsidies and lower entitlements related to the insurance of flood-related damages.

In the balance sheet, specifically in the fixed assets, there is the increase in the long-term assets, when compared with 2010, by

CZK 333 455 thousand, especially in the result of the free of charge transfers organised within the AWMA transformation and thanks to assets' acquiring through investment activities.

The value of the total acquiring of long-term assets in 2011 reached the sum of CZK 741 226 thousand, thereof CZK 263 819 thousand related to received subsidies, CZK 111 944 thousand from our own resources, and CZK 365 463 thousand received free of charge, mostly in connection with the AWMA transformation. Investment subsidies were coming from the state budget (the Ministry of Agriculture Chapter) for the removal of flood-related damages in the years 2009 and 2010. They had the total value of CZK 50 549 thousand. The subsidies for the flood prevention were worth CZK 128 556 thousand and the subsidies related to buying up assets with the action Provisions at the River Upper Opava reached the value of CZK 49 995 thousand. There were also subsidies received from the Operating Programme Environment on the modernising of the monitoring system in the water management dispatching office, for the revival of water flows, and for the study of flood-related risks at water flows. They had the total value of CZK 23 279 thousand. The City of Ostrava provided a subsidy for the flood prevention worth CZK 11 440 thousand.

In the area of current assets, claims decreased, when compared with the year 2010, by CZK 5 331 thousand mainly thanks to the impact of lower suppositive items related to insurance. The claims from trading after the due date were minimal.

In liabilities, own resources increased, year-on-year, by CZK 366 977 mainly thanks to the increased value of capital funds in the result of taking over the AWMA assets and thanks to the achieved profit. In contrast, foreign resources decreased, year-on-year, by CZK 15 983 thousand thanks to the use of reserves and the lower indebtedness.

In this area, we must positively assess the fact that the last instalments of long-term financial liabilities were paid in 2011. They were the state returnable financial assistance, provided for the construction the Silesian Harta reservoir, and credits utilised for the removal of flood-related damages occurring in 1997.

In the end, we can say that in spite of a significant outflow of resources in connection with the AWMA transformation, which must be considered also in future periods because of the transferred assets' conditions, we managed to achieve good profit in 2011, which, together with the reserves from the past years, make a good starting economic point for the next year.

Economic results

COSTS (in thousand CZK)

Consumed purchases	45 292
Purchased services	264 566
thereof: Repairs and maintenance	222 251
Other services	42 315
Personnel costs	219 061
thereof: Wages	152 352
Health insurance and social security	66 705
Other social costs	4
Taxes and fees	2 317
Other operational costs	10 698
Depreciation, corrections and reserves	141 495
thereof: Depreciation	140 181
Corrections and reserves	1 314
Total operating costs	683 429
Total financial costs	218
thereof: Paid interest	8
Other	210
Deferred tax	16 637
TOTAL COSTS	700 284

REVENUE (in thousand CZK)

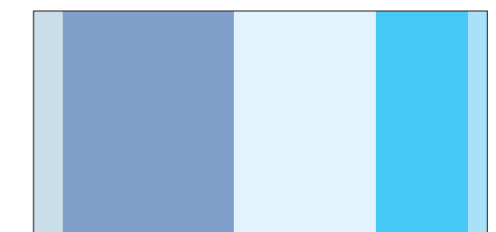
Revenue	588 061
thereof: Surface water	497 413
Electric power	65 682
Fish	14 518
Services and goods	10 448
Change in own produced inventory	-937
Activation	840
Other operating revenue	122 821
Total operating revenue	710 785
Total financial revenue	2 220
thereof: Received interest	2 165
Other	55
TOTAL REVENUE	713 005

ECONOMIC RESULTS (in thousand CZK)

After the deferred tax profit	12 721
Value-added	278 105

COSTS STRUCTURE (in %)

Consumed purchases	6,47 %
Services	37,78 %
Personnel costs	31,28 %
Depreciation, reserves, and corrections	20,21 %
Other costs	4,27 %



■ Consumed purchases
■ Services
■ Personnel costs
■ Depreciation, reserves, and corrections
■ Other costs

REVENUE STRUCTURE (in %)

Surface water revenue	69,76 %
Electric power revenue	9,21 %
Revenue from fish	2,04 %
Revenue from sold services and goods	1,47 %
Other revenues	17,52 %
TOTAL REVENUE	100,00 %



■ Surface water revenue
■ Electric power revenue
■ Revenue from fish
■ Revenue from sold services and goods
■ Other revenues

**REPORT BY AN INDEPENDENT AUDITOR
for the founder of the state-owned company POVODÍ ODRY**

Report on the closing balance

On the basis of an executed audit, we have issued, on the 15th of March, the following Report on the Closing Balance, which makes a part of the Annual Report:

“We have executed an audit of the enclosed Final Accounts by the state-owned company Povodí Odry, which consist of the Balance Sheet prepared at the 31st of December 2011, the Profit/Loss Account of the period from the 1st of January 2011 to the 31st of December 2011, the Review of cash-flow in the period from the 1st of January 2011 to the 31st of December 2011, and the Attachment to the Final Accounts, including the description of important used accounting methods and other explanatory information. The data related to Povodí Odry, state-owned company, are presented on Page 1 to these Final Accounts.

Responsibilities of the Accounting Unit's Statutory Body for the Final Accounts

Pursuant to the Czech accounting regulations, the Statutory Body of the state-owned company Povodí Odry is responsible for the preparation and truthful and honest description of the Final Accounts and for the internal control system, which is considered necessary for the preparation of the Final Account and prevents the occurrence of important (material) mistakes caused by misinterpretation or deceit.

The auditor's responsibility

Our responsibility is to issue a verdict on these Final Accounts on the basis of an executed audit. We did the audit in accordance with the Auditors Act and the International Auditors' Standards and relevant application clauses by the Chamber of Auditors of the Czech Republic. Pursuant to these regulations, we are obliged to maintain ethical standards, a plan, and execution of the audit in such way that we become adequately assured that the Final Accounts do not contain any important (material) inaccuracies.

The audit includes the execution of auditing processes the goal of which is to gain proving information on sums and data presented in the Final Accounts. The selection of auditing processes depends on the auditor's judgments, including the assessment of risks that the Final Accounts contain important (material) inaccuracies caused by a deceit or mistake. When considering these risks, the auditor takes into the account any internal controls which are relevant for the preparation of a truthful description given by these Final Accounts. The objective behind the assessment of internal controls is to suggest suitable auditing processes, but not to present an opinion on the internal controls' effectiveness. The audit also contains the assessment of the suitability of accounting methods, the appropriateness of accounting estimates made by the management and the assessment of the general presentation of the Final Accounts.

We believe that the proving information which we gained has made a satisfactory and suitable base for the presentation of our verdict.

The auditor's verdict

In our opinion, the Final Accounts provide for the truthful and honest presentation of assets and liabilities of the state-owned company Povodí Odry as at the 31st of December 2011 as well as of costs, revenues, economic results, and the cash-flows in the period from the 1st of January 2011 to the 31st of December 2011, according to the Czech accounting regulations. The above-presented paragraph presents the “Verdict without reservations”.

Report on the Annual Report

We have verified the correspondence of the Annual Report with the Final Accounts, which make a part of this Annual Report by the state-owned company Povodí Odry and which was prepared at the 31st of December 2011.

The Statutory Body of the company is responsible for the correctness of the Annual Report. Our task is to issue a verdict on the correspondence of the Annual Report with the Final Accounts on the basis of an executed verification.

We have executed the verification in accordance with the International Auditing Standards and relevant application clauses by the Chamber of Auditors of the Czech Republic. These standards require from auditors the planning and the execution of the audit in such way that he/she becomes appropriate assured that the information presented in the Final Accounts corresponds, in all important facts, with the relevant Final Accounts. We believe that the executed verification provides the appropriate base for the presentation of the auditor's verdict.

In our opinion, the information presented in the Annual Report by the state-owned company Povodí Odry, prepared at the 31st of December 2011, corresponds in all important facts with the above-mentioned Final Accounts.

In Ostrava on the 17th of April 2012

FINECO audit spol. s r.o.
Ke Kamenině 453/18, Ostrava, Hrušov
Certificate KA ČR No. 243

On behalf of the Auditing company:

Ing. Ivo Knopp,
Auditor, Certificate No. 1537
Company Statutory Representative

BALANCE SHEET in full prepared at the 31st of December 2011 (in thousand CZK)

Class a	ASSETS b	Line c	Current Accounting Period			Previous period 4
			Gross 1	Adjustment 2	Net 3	
	TOTAL ASSETS	001	7 682 613	-2 945 163	4 737 450	4 386 472
B.	Long-term Assets	003	7 333 235	-2 927 591	4 405 644	4 072 189
B.I.	Long-term Intangible Assets	004	103 451	-84 331	19 120	22 070
B.I.2.	Intangible Research and Development	006	13 948	-13 948		
B.I.3.	Software	007	38 930	-36 937	1 993	2 197
B.I.6.	Other Intangible Long-term Assets	010	45 339	-33 446	11 893	18 326
B.I.7.	Intangible Long-term Assets in Progress	011	4 603		4 603	1 547
B.I.8.	Provided long-term intangible assets-related deposits	012	631		631	
B.II.	Long-term Tangible Assets	013	7 229 784	-2 843 260	4 386 524	4 050 119
B.II.1.	Land	014	344 160		344 160	275 271
B.II.2.	Building Structures	015	6 309 833	-2 534 888	3 774 945	3 514 638
B.II.3.	Independent Items and Sets of Items	016	433 174	-307 959	125 215	136 656
B.II.4.	Permanent Growths	017	413	-413		
B.II.6.	Other Long-term Tangible Assets	019	314		314	314
B.II.7.	Long-term Tangible Assets in Progress	020	140 014		140 014	123 240
B.II.8.	Provided long-term tangible assets-related deposits	021	1 876		1 876	
C.	Current Assets	031	345 955	-17 572	328 383	310 815
C.I.	Inventory	032	10 493		10 493	10 120
C.I.1.	Materials	033	3 889		3 889	3 464
C.I.4.	Animal Stock	036	6 575		6 575	6 612
C.I.5.	Goods	037	29		29	44
C.II.	Long-term Receivables	039	206		206	837
C.II.5.	Long-term Advance Payments	044	179		179	810
C.II.7.	Other Receivables	046	27		27	27
C.III.	Short-term Receivables	048	195 342	-17 572	177 770	182 469
C.III.1.	Trade Receivables	049	100 644	-952	99 692	91 622
C.III.6.	State - Taxation Receivables	054	29 394		29 394	26 280
C.III.7.	Short-term Prepayments	055	1 541		1 541	2 996
C.III.8.	Estimated Receivables	056	45 741		45 741	61 442
C.III.9.	Other Receivables	057	18 022	-16 620	1 402	129
C.IV.	Short-term Financial Assets	058	139 914		139 914	117 389
C.IV.1.	Cash in Hand	059	392		392	268
C.IV.2.	Cash in Banks	060	139 522		139 522	117 121
D.I.	Accruals	063	3 423		3 423	3 468
D.I.1.	Deferred Expenditures	064	3 368		3 368	3 412
D.I.3.	Deferred Income	066	55		55	56
	Control Number	998	30 727 029	-11 780 652	18 946 377	17 542 420

Class a	LIABILITIES b	Line c	Current Accounting Period 5	Previous Accounting Period 6
A.	Equity	068	4 421 905	4 054 928
A.I.	Registered Capital	069	1 519 186	1 519 186
A.I.1.	Registered Capital	070	1 519 186	1 519 186
A.II.	Capital Funds	073	2 654 477	2 288 277
A.II.2.	Other Capital Funds	075	2 654 477	2 288 277
A.III.	Profit Funds	078	235 521	233 680
A.III.1.	Legal Reserve / Indivisible Fund	079	151 919	151 919
A.III.2.	Statutory and Other Funds	080	83 602	81 761
A.V.	Profit/Loss of the Current Accounting Period	084	12 721	13 785
B.	Foreign Resources	085	315 468	331 451
B.I.	Reserves	086	105 332	120 414
B.I.4.	Other Reserves	090	105 332	120 414
B.II.	Long-term Liabilities	091	160 587	173 578
B.II.9.	Other Liabilities	100	5 365	34 993
B.II.10.	Deferred Tax Payable	101	155 222	138 585
B.III.	Short-term Liabilities	102	49 549	35 629
B.III.1.	Trade Payables	103	19 138	6 197
B.III.5.	Employee Related Liabilities	107	10 640	12 074
B.III.6.	Social Security and Health Insurance Liabilities	108	6 864	6 929
B.III.7.	State - Taxation Liabilities and Subsidies	109	2 013	1 989
B.III.8.	Short-term Accepted Deposits	110	362	128
B.III.10.	Estimated Payables	112	2 185	2 244
B.III.11.	Other Liabilities	113	8 347	6 068
B.IV.	Bank Loans and Borrowings	114		1 830
B.IV.2.	Short-term Bank Loans	116		1 830
C.I.	Accruals	118	77	93
C.I.1.	Accrued Expenses	119	9	6
C.I.2.	Deferred Revenue	120	68	87
	Control Number	999	18 937 002	17 532 010

PROFIT/LOSS ACCOUNT in full in kind structure related to the period from the 1st of January 2011 to the 31st of December 2011 (in thousand CZK)

Class a	Text b	Line No. c	Result in the Accounting Period	
			Current 1	Previous 2
I.	Revenues from Sold Goods	001	3	6
A.	Costs of Sold Goods	002	3	9
+	Gross Margin	003		-3
II.	Production	004	587 961	567 028
II.1.	Revenues from Sales of Own Products and Services	005	588 058	567 306
II.2.	Change in Own Produced Stock	006	-937	-1187
II.3.	Capitalisation	007	840	909
B.	Production Consumption	008	309 855	313 150
B.1.	Materials, Light and Power	009	45 289	46 613
B.2.	Services	010	264 566	266 537
+	Value Added	011	278 106	253 875
C.	Personnel Expenses	012	219 061	208 190
C.1.	Wages	013	152 352	146 495
C.3.	Social Security and Health Insurance Costs	015	53 532	51 187
C.4.	Fringe Benefits	016	13 177	10 508
D.	Fees and Taxes	017	2 317	2 285
E.	Long-term Tangible and Intangible Assets Depreciation	018	140 181	128 722
III.	Revenue from Sales of Long-term Assets and Materials	019	1 239	2 267
III.1.	Revenue from Sales of Long-term Assets	020	1 239	2 206
III.2.	Revenue from Sales of Materials	021		61
F.	Net Book Value of Sold Long-term Assets and Materials	022	55	531
F.1.	Net Book Value of Sold Long-term Assets	023	55	531
G.	Reserves and Deferred Income in Operating Revenue	025	1 314	13 989
IV.	Other Operating Revenues	026	121 582	141 224
H.	Other Operating Expenses	027	10 643	13 934
*	Operating Profit/Loss	030	27 356	29 715
X.	Interest Received	042	2 165	2 338
N.	Interest Paid	043	8	85
XI.	Other Financial Revenue	044	55	54
O.	Other Financial Expenses	045	210	224
*	Profit/Loss from Financial Operations	048	2 002	2 083
Q.	Income Tax on Ordinary Activities	049	16 637	18 013
Q.2.	- Deferred Tax	051	16 637	18 013
**	Profit/Loss from Ordinary Activities	052	12 721	13 785
***	Profit/Loss of the Accounting Period	060	12 721	13 785
****	Profit/Loss before Tax	061	29 358	31 798
	Control Number	999	2 910 361	2 866 266

GENERAL DATA

Commercial name: Povodí Odry, státní podnik (state-owned company River Odra Basin)

Official address: Varenská 49, Ostrava, Moravská Ostrava, Post Code 701 26

Legal form: state-owned company

Identification number: 70890021

Main business activities: River basin administration meaning the management of important water flows, activities related to the finding about and assessment of the situation of surface and underground waters in the area of River Odra basin and other activities executed by river basin administrators in accordance with the Water Act No. 254/2001 Coll. and changes in some other laws (Waters Act) as amended and the Water Basins

Act No. 305/2000 Coll. and related legal regulations, including the management of lesser water flows in the given area of the water basin the management of which has been assigned to the company, and other activities registered in the Commercial Register.

Legal founding: River Basin Act No. 305/2000 Coll.

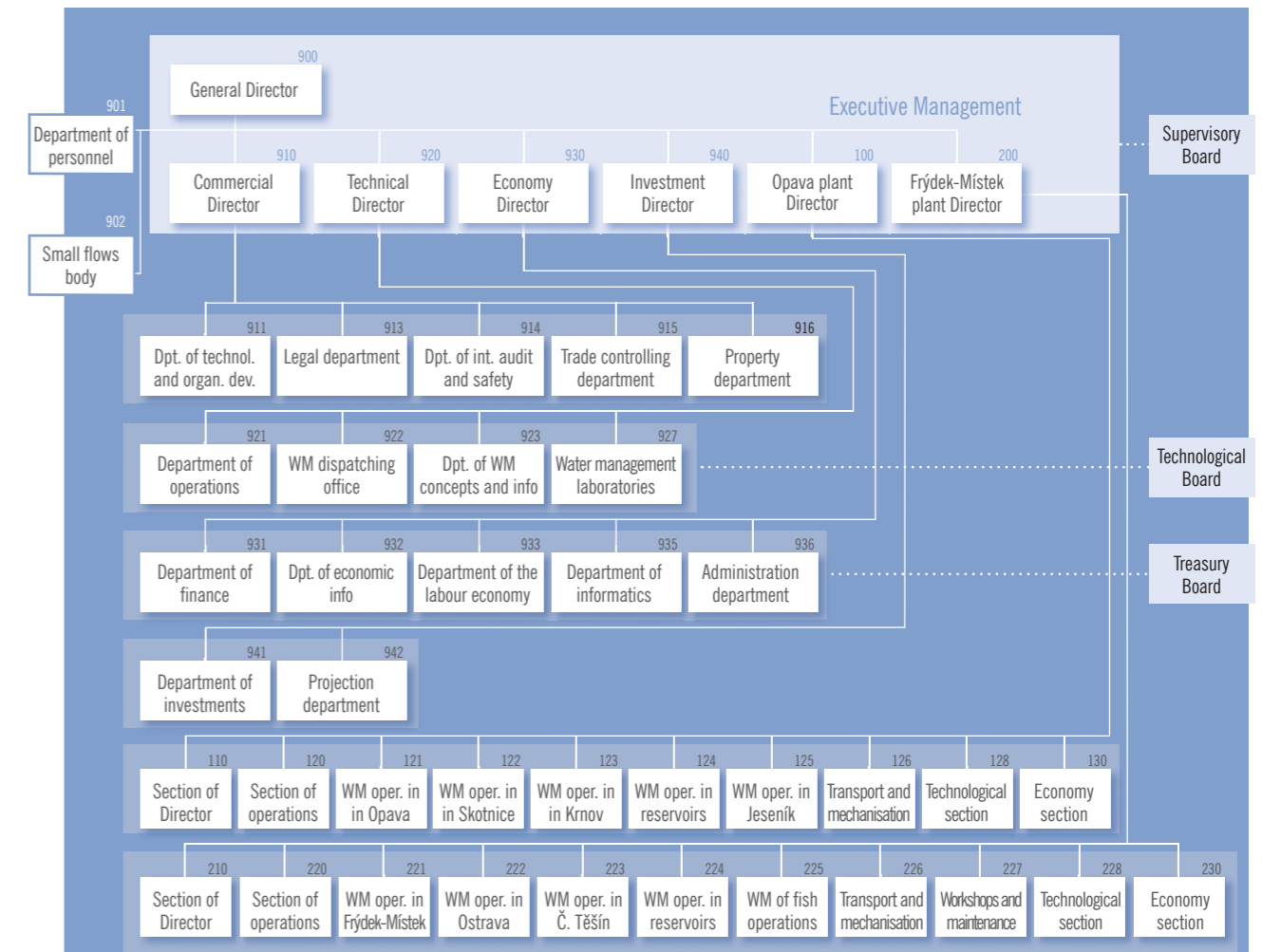
Date of founding (the date when the Act No. 305/2000 Coll. became effective): 1st of January 2001

Founder: Ministry of Agriculture of the Czech Republic

Predecessors of the state-owned company: Povodí Odry, joint stock company

Balance Sheet Date: 31st of December 2011

Date of the Balance Sheet Preparation: 7th of March 2012

ORGANISATION CHART

CHANGES AND ADDITIONS EXECUTED IN THE COMMERCIAL REGISTER DURING THE ACCOUNTING PERIOD

The Regional Court in Ostrava, Commercial register department, has entered the following changes in 2011:

- **21st of February 2011**- There has been a Resolution issued which related to a more precise definition of the main activity subject and the determined assets in connection to the Founding Document of the state-owned company (the legality of the Resolution occurred on the 28th of February 2011).
- **20th of December 2011** - There has been a Resolution issued which related to the change in the statutory body – the General Director, the change of address of the 2nd deputy of the statutory body, the change in the member of the Supervisory Board, and the updating of the value of the determined assets – that all in connection to the Founding Document of the state-owned company (the legality of the Resolution occurred on the 29th of December 2011).

STATUTORY BODY OF THE STATE-OWNED COMPANY (as at the Balance Sheet date)

Ing. Miroslav Krajiček, General Director

Representatives of the Statutory Body of the state-owned company – the General Director:

- First Deputy: Ing. Petr Březina, Technical Director
- Second Deputy: Ing. Petr Kučera, Economy Director
- Third Deputy: Ing. Čestmír Vlček, Commercial Director

SUPERVISORY BOARD (as at the Balance Sheet date)

Miroslav Novák

JUDr. Jindřich Urfus

Tomáš Hanzel

Ing. Aleš Kendík

Prof. Dr. Ing. Miroslav Kyncl

Ing. Ivana Mojžíšková

Ing. Ivana Musálková

Ing. Jiří Tkáč

CHANGES IN THE ORGANISATION STRUCTURE DURING THE ACCOUNTING PERIOD

Pursuant to the Directive No. 27/2010 by the Minister of Agriculture of the Czech Republic, activities by the state organisational unit called Agricultural Water Management Administration have been transferred, as from the 1st of January 2011, including assets, to the state-owned companies Povodí (Water Basins) and Lesy ČR (Forests of the Czech Republic) (hereinafter referred to as the "AWMA transformation" only). In this connection, activities by the administration of determined small water flows have been included into the organisational structure of the state-owned company Povodí Odry.

EMPLOYEES AND PERSONNEL COSTS

	At 31.12.2010	At 31.12.2011
Average number of employees	457	464
Wage costs, including Other personnel costs (in thousand CZK)	146 495	152 352
Costs of the social security and health insurance (in thousand CZK)	51 185	53 531

OTHER PAYMENTS TO PEOPLE WHO MAKE UP THE STATUTORY BODY OR WHO MEMBERS OF THE SUPERVISORY BOARD:

- **Statutory Body:** Free use of cars (there has been the sum at the level of 1% of the purchase price of the car added to the taxable income for each month of the use pursuant to § 6 (6) in the Income Tax Act)
- **Members of the Supervisory Board, who are the employees of the state-owned company Povodí Odry:** The contribution to the additional pension insurance policy and life insurance and the free use of a car - Director of the Plant in Opava (there has been the sum at the level of 1% of the purchase price of the car added to the taxable income for each month of the use pursuant to § 6 (6) in the Income Tax Act)

VALUATION WAYS AND THE USED ACCOUNTING METHODS**THE VALUATION WAY**

- Purchased inventory - purchase prices
- Own created inventory (including fish gains) - own costs
- Lost inventory (with the exception of fish) – the FIFO method
- Loss of fish – the method of the weighted arithmetical average
- Long-term tangible and intangible assets created within own activities (activation) – own costs
- Purchased long-term tangible and intangible assets – purchase prices
- Long-term tangible and intangible assets gained free of charge – reproduction purchase prices
- Long-term tangible and intangible assets gained free of charge from state-owned companies – accounted prices
- Money, valuables, and receivables when occurring – nominal values

DEPRECIATION PLANS - THE SET UP WAY AND THE USED DEPRECIATION METHODS

The depreciation way has been determined in a depreciation plan. Long-term tangible assets are depreciated by the annual depreciation rates determined for individual asset groups. The depreciation rates correspond with the wear under usual operations existing within Povodí Odry Co. Intangible investment assets are depreciated by the annual depreciation rate of 25%. Accounting depreciation of both long-term tangible and intangible assets takes place at the level of one twelfth of the total annual depreciation when books are closed monthly. That happens also in the month when assets are registered as the company assets.

THE WAY OF TRANSFERRING DATA IN FOREIGN CURRENCIES INTO THE CZECH CURRENCY

Foreign currencies are transferred with daily exchange rates valid on the foreign-exchange market announced by the Czech National Bank on the day of specific accounting events.

CORRECTIONS

There are corrections related to receivables created by the accounting unit. They are legal corrections created in accordance with the Income Tax Act and the Reserve Act. There are also accounting corrections related to receivables, which are 6 months after the due date, created at the level of 50%, or at the total level of 100% in the case of receivables more than one year after the due date.

ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE PROFIT/LOSS ACCOUNT**LONG-TERM ASSETS****LIST OF CONSTRUCTIONS - Account 021 (in thousand CZK)**

Class	At 31.12.2010		At 31.12.2011	
	Entry price	Corrections	Entry price	Corrections
Buildings, halls and structures	327 451	84 189	333 738	94 489
Other constructions	5 193 588	1 922 212	5 976 095	2 443 399
TOTAL	5 521 039	2 006 401	6 309 833	2 534 888

LIST OF INDEPENDENT TANGIBLE ASSETS AND SETS OF TANGIBLE ASSETS - Account 022 (in thousand CZK)

Class	At 31.12.2010		At 31.12.2011	
	Entry price	Corrections	Entry price	Corrections
Energy-related and driving machinery	127 474	65 873	127 953	76 319
Work machines and facilities	77 818	46 078	79 669	50 489
Instruments and technological facilities	117 833	93 472	117 167	95 197
Transport equipment	94 449	77 044	103 679	82 508
Inventory	4 709	3 160	4 706	3 446
TOTAL	422 283	285 627	433 174	307 959

IMPORTANT ADDITIONS OF ASSETS

Within the AWMA transformation, the following transactions took place in the course of the year:

- Free of charge transfers of assets related to water flows to the state-owned company Povodí Odry, together with the administration of the determined small water flows (pursuant to §48 (2) in the Waters Act). The management rights transfer became effective on the 1st of January 2011
- Free of charge transfers of other operational assets with the management rights transfer effective on the first calendar day of the month following the protocol execution on the assets' transfer, or at the date of filing the proposal of the change in the Property Register

Structure of the assets taken over from AWMA	Purchase price (in thousand CZK)	Remaining price at the date of the assets' transfer (in thousand CZK)
Land	51 064	51 064
- thereof of the land related to water flows	50 919	50 919
Other long-term tangible assets	711 005	295 942
- thereof constructions at water flows	707 732	294 882
Investments in progress	5 579	5 579
Small tangible assets registered on sub balance sheet accounts	2 405	-
TOTAL	770 053	352 585

The remaining assets' prices were determined after depreciation deductions related to the assets' use within AWMA and considering the real physical conditions of the taken over assets.

ANIMALS REPORTED AS LONG-TERM ASSETS OR THE INVENTORY (in thousand CZK)

Animals	At 31.12.2010	At 31.12.2011
Reported as long-term assets	-	-
Reported as inventory	6 612	6 575

RECEIVABLES (in thousand CZK)

Receivables (both long and short-term)	At 31.12.2010	At 31.12.2011
Receivables with due dates longer than 5 years	-	-
Receivables after the due date (without receivables related to the court costs compensation)	3 005	3 345

CORRECTIONS RELATED TO RECEIVABLES - ACCOUNT 391 (in thousand CZK)

	Situation on 1.1.2011, Account 391 - opening balance - credit	Accounting in 2010 Turnover - debit	Creation in 2011 Turnover - credit	Situation on 31.12.2011, Account 391 - closing balance - credit
Legal	862	862	669	669
Accounting	314	314	16 903	16 903
TOTAL	1 176	1 176	17 572	17 572

LIABILITIES (in thousand CZK)

Short-term liabilities	At 31.12.2010	At 31.12.2011
Liabilities after due dates	1 689	1 678

The liabilities after the due date occurred in relation to collection of fees for contamination of surface waters and the consumption of underground waters. Povodí Odry has managed this agenda by law till 2001 and sent the collected payments to the final receiver, i.e. the State Environmental Fund (SFŽP) of the Czech Republic. The reported value of these liabilities towards SFŽP exists, at the same level, in claims by Povodí Odry against individual contaminating parties and customers, who did not pay the prescribed payments and who are still parties to unfinished bankruptcies and insolvency procedures.

Long-term liabilities	At 31.12.2010	At 31.12.2011
Liabilities with the due date longer than 5 years	-	-
Liabilities after due dates	-	-

LEVEL OF THE DUE SOCIAL SECURITY PAYMENTS AND THE STATE EMPLOYMENT POLICY CONTRIBUTIONS (in thousand CZK)

Account 336	At 31.12.2010	At 31.12.2011
Social Security	4 844	4 804

LEVEL OF THE DUE HEALTH INSURANCE-RELATED LIABILITIES (in thousand CZK)

Account 336	At 31.12.2010	At 31.12.2011
Health insurance	2 085	2 060

The due liabilities were paid in January in the following accounting period.

LIST OF LONG-TERM LIABILITIES - Account 479 (in thousand CZK)

Contents	At 31.12.2010	At 31.12.2011
Returnable financial assistance from the Slovak Republic	24 354	-
Long-term deposits received	10 639	5 365
Long-term trade-related liabilities	-	-
TOTAL	34 993	5 365

Returnable financial assistance from the Slovak Republic

Purpose: Completion of the reservoir Silesian Harta

Total sum of the provided returnable financial assistance: CZK 219 200 thousand

Receiving year: 1997

Last instalment payment: December 2011

LONG-TERM BANK LOANS - Account 461 (in thousand CZK)

Contents	Balance at 31.12.2010	Balance at 31.12.2011
TOTAL	1 830	-
thereof: - Short-term balance on the Balance Sheet day	1 830	-
- Long-term balance on the Balance Sheet day	-	-

BANK LOAN SPECIFICS

Bank	Komerční banka a.s.
Loan purpose	Removal of flood damages caused in 1997
Loan provision year	2002 *)
Loan maturity year	2011
Interest rate	3M PRIBOR + 0,70%
Loan security	-
Last instalment payment	May 2011

*) Loan transfer from the Union Bank, provision in 1997

RESERVES

OTHER (ACCOUNTING) RESERVES – Account 459 (in thousand CZK)

PURPOSE	Situation at 1.1.2011, Account 459	Creation	Utilisation (Accounting)	Situation at 31.12.2011, Account 459
Reserve on not depreciated assets purchased with investment subsidies	74 514	2 748	2 930	74 332
Flood reserve	44 500	31 000	44 500	31 000
Other reserves	1 400	-	1 400	-
TOTAL	120 414	33 748	48 830	105 332

DEFERRED TAX - ACCOUNT 481 (in thousand CZK)

Item	stav k 31.12.2011
Accounting balance price DM (ÚZH)	3 622 864
TAXATION BALANCE PRICE DM (DZH)	2 805 924
Accounting and taxation price difference (ÚZH – DZH)	816 940
19%	155 219
Not paid interest on delay	16
19%	3
Total deferred tax liability	155 222
Deferred tax liability - Account 481 balance at 31.12.2010	138 585
- Account 481 balance at 31.12.2011	155 222
Difference – Account 592 Credit	16 637

The deferred tax has not been accounted for because of the carefulness principle.

INVESTMENT SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2010	At 31.12.2011
Removal of 2007 flood damage/state budget	21 800	-
Removal of 2009 flood damage/state budget	856	46 633
Removal of 2010 flood damage/state budget	5 554	3 916
Flood prevention/state budget	191 901	128 556
Flood prevention/regional budgets	7 814	11 440
Pond reconstructions/state budget	2 746	-
Provisions in the upper river Opava – acquisitions/state budget	49 994	49 995
Study of flood-related risks/state budget, State Environmental Fund	765	2 484
Modernising of the dispatching office/state budget, State Environmental Fund	4 519	3 823
Revival of water flows/state budget, State Environmental Fund	-	16 972
TOTAL	285 949	263 819

OPERATIONS-RELATED SUBSIDIES (in thousand CZK)

Subsidy purpose/source	At 31.12.2010	At 31.12.2011
Removal of 2009 flood damage/state budget	3 227	12 813
Removal of 2010 flood damage/state budget	57 538	42 974
Water monitoring/state budget, State Environmental Fund	-	913
TOTAL	60 765	56 700

REVIEW OF CHANGES IN THE EQUITY IN THE PERIOD FROM THE 1ST OF JANUARY 2011 TO THE 31ST OF DECEMBER 2011 (in thousand CZK)

Balance Sheet line	Item (Account)	Situation at the 1 st of January	Increase	Decrease	Situation at the 31 st of December
A.I	Equity - Owner's capital (Acc. 411)	1 519 186	-	-	1 519 186
A.II	Capital funds (Acc. 413)	2 288 277	367 870	1 670	2 654 477
A.III	Reserve funds, other profit funds	233 680	19 366	17 525	235 521
A.III.1	Legal reserve fund (Acc. 421)	151 919	-	-	151 919
A.III.2	Statutory and other funds	81 761	19 366	17 525	83 602
A.III.2	thereof: Investment fund (Acc. 427)	46 258	-	-	46 258
A.III.2	Cultural and social fund (Acc. 423)	20 667	12 866	12 132	21 401
A.III.2	Reward fund (Acc. 427)	14 836	6 500	5 393	15 943
A.V	Profit/Loss of the current period	13 785	12 721	13 785	12 721
	TOTAL EQUITY (A.I TO A.V.)	4 054 928	399 957	32 980	4 421 905

DESCRIPTION OF CHANGES

Capital funds (Account 413)

Increase: CZK 367 870 thousand – the free of charge taking over assets, thereof the remaining value of long-term tangible assets taken over from AWMA was CZK 352 585 thousand.

Decrease: CZK 1 670 thousand – the free of charge land transfers.

Cultural and social fund (Account 423)

Increase: CZK 12 866 thousand (CZK 7 285 thousand – created from the 2010 profit, CZK 1 314 thousand – loan instalments).

STATUTORY AUDITOR'S AWARD (in thousand CZK)

Purpose	At 31.12.2010	At 31.12.2011
Compulsory Balance Sheet audit		
Contracted costs (w/o VAT), as in the contract	150	160
Current year costs		155
Previous years' audit (the accounting finalisation)	75	75
Current year audit (the running audit)	75	80
Other auditing services		

REVENUE FROM SALES OF GOODS, PRODUCTS AND SERVICES BY ACTIVITY KINDS - Accounting group 60 (in thousand CZK)

Activity kind	At 31.12.2010	At 31.12.2011
Revenue from sales of surface water	482 918	497 413
Revenue from the electric power production	60 568	65 682
Revenue from sold fish	13 699	14 518
Rent-related revenue	3 655	3 745
Revenue from sales of laboratory works	3 320	1 851
Revenue from sales of goods	6	3
Other revenue	3 146	4 849
TOTAL	567 312	588 061

CASH-FLOW REVIEW of the period from the 1st of January 2011 to the 31st of December 2011 (in thousand CZK)

Class a	TEXT b	Reality 1
P.	Situation in cash and cash equivalents at the beginning of the accounting period	117 390
Cash flow from main earning activities (operations)		
Z.	Accounting profit/loss from ordinary activities before tax	29 358
A.1.	Adjustments and non monetary operations	154 457
A.1.1.	Depreciation of fixed assets, receivables and correction amortisation related to acquisitioned assets	140 816
A.1.2.	Change in balances of corrections, reserves and transfer accounts for assets and liabilities with the exception of interests and differences from exchange rates	16 982
A.1.3.	Profit/Loss from sales of fixed assets (-/+)	-1 185
A.1.4.	Revenue from dividends and profit shares (-)	0
A.1.5.	Accounted paid interests (+) and received interests (-)	-2 157
A. *	Net cash-flow from operations before tax, changes in working capital and extraordinary items	183 814
A.2.	Change in working capital needs	-9 451
A.2.1.	Change in operations-related receivables (-/+)	-26 766
A.2.2.	Change in short-term operations-related liabilities (+/-)	15 392
A.2.3.	Change in the inventory situation (-/+)	1 923
A. **	Net cash-flow from operations before tax and extraordinary items	174 364
A.3.	Interest-related expenditures with the exception of capitalised interests (-)	-8
A.4.	Received interests with the exception of companies executing investment activities as their main business activity	2 165
A.5.	Paid income tax on ordinary activities and additional tax related to previous periods	0
A.6.	Income and expenditures from extraordinary accounting events	110
A. ***	Net cash-flow from operations	176 631
Cash-flow from investment activities		
B.1.	Fixed assets acquisition-related expenditures	-111 944
B.2.	Revenue from sales of fixed assets	1 239
B.3.	Loans and borrowings from/to connected persons (+/-)	0
B. ***	Net cash-flow related to investment activities	-110 704
Cash flow from financial activities		
C.1.	Change in long-term or short-term liabilities balances	-31 459
C.2.	Impacts of changes in the own capital on monetary means	-11 944
C.2.1.	Increases in monetary means and monetary equivalents because of the increased equity, including deposits	0
C.2.2.	Paid equity shares to partners (-)	0
C.2.3.	Monetary gifts and subsidies to own equity and other monetary deposits by partners and shareholders	0
C.2.4.	Coverage of a loss by partners (+)	0
C.2.5.	Direct debit payments from funds (-)	-11 944
C.2.6.	Paid dividends or profit shares, including the paid withholding tax (-)	0
C.3.	Received dividends and profit shares (+)	0
C. ***	Net cash-flow related to financial activities	-43 403
F.	Net increase or decrease in monetary means	22 524
R.	Monetary means and monetary equivalents' balance at the end of the period	139 914

ZERO ITEMS IN BOTH LAST AND CURRENT ACCOUNTING PERIODS, WHICH ARE NOT PRESENTED IN THE REPORTS**Balance Sheet**

Assets: A., B.I.1., B.I.4., B.I.5, B.II.5, B.II.9, B.III, B.III.1 – B.III.7, C.I.2, C.I.3, C.II.1 - C.II.4, C.I.6, C.II.6, C.II.8, C.III.2 – C.III.5, C.IV.3, C.IV.4, and D.I.2.

Liabilities: A.I.2, A.I.3, A.II.1, A.II.3, A.II.4, A.IV, A.IV.1, A.IV.2, B.I.1 – B.I.3, B.II.1 – B.II.8, B.III.2 – B.III. 4, B.III.9, B.IV.1, and B.IV.3.

Profit/Loss Account

C.2., F.2, V., I, VI., J., VII., VII.1 – VII.3, VIII., K., IX, L., M., XII., P., Q.1, XIII., R, S., S.1, S.2, *, and T.

IMPORTANT EVENTS OCCURRING DURING THE ACCOUNTING PERIOD OF 2010 AND WHICH HAVE NOT BEEN ACCOUNTED FOR ON THE BALANCE SHEET OR PROFIT/LOSS ACCOUNTS**Court dispute - OSTRAMO, Viček a spol., s r. o. (Ltd.), later TRANSKOREKTA, společnost s ručením omezeným (Ltd.), currently RETISE ENTERPRISES LIMITED.**

The court dispute started in 2000 by OSTRAMO, Viček a spol., s r.o., of the official address in Nákladní 2, Ostrava 1, filing a suit related to damage compensation worth CZK 1,296,900,000 and accessories. The damage was supposed to be caused to the company by the River Odra floods in summer 1997. The suit was filed with the District Court in Ostrava.

A new suitor TRANSKOREKTA, s.r.o. (Ltd.) of the then official address in V Zahradách 2108/180, Ostrava-Poruba, now in Mlýnská 326/13, Brno, entered the proceedings on the basis of their purchase of the claim in 2004.

The suitor was progressively increasing the originally claimed sum of CZK 8,139,110,400 and accessories in the years 2004 and 2005. The District Court in Ostrava issued an interim verdict at the end of 2006. The verdict confirmed the validity of the claim filed against our company. An appeal was filed against this verdict to the Regional Court in Ostrava in 2007. The proceedings were then entered, in the role of a new suitor, by RETISE ENTERPRISES LIMITED with the address in Cyprus to which the claim has been assigned.

The verdict by the Regional Court in Ostrava, made in February 2008, cancelled the interim verdict announced by the District Court in Ostrava.

Then, proceedings and negotiations took place at the District Court in Ostrava in the years 2008 and 2009. The Court issued another interim verdict at the beginning of 2010. It said that the claim worth CZK 7,018,919,000 and the 10% interest on the delay was rejected, while the remaining claimed part was valid. The verdict on the claim related to the damage compensation and on the coverage of the court proceedings was left for the final verdict.

Both the state-owned company Povodí Odry and the suitor have appealed the interim verdict.

In 2011, there were proceedings at the regional Court in Ostrava. The Court has presented the final verdict on the matter and confirmed the verdict by the District Court rejecting the claim related to CZK 7,018,919,000 and accessories and it has also rejected the claim within the scope of CZK 1,120,191,400 with the 10% interest on the delay from the 1st of January 2001 to the payment execution date.

The suitor has filed an appeal against the Regional Court's verdict to the High Court of the Czech Republic. The state-owned company Povodí Odry sent its opinion on the suitor's appeal to the high Court of the Czech Republic.

The above-mentioned facts have not been accounted for in the Balance Sheet or in the Profit/Loss Account because the state-owned company Povodí Odry does not recognise the claim and considers it not justified and of a speculative character. We thus do not envisage any outflow of resources because of a future verdict related to the mentioned court suit and any insertion of these facts in the Balance Sheet would be considered as a distortion of the true and honest presentation of facts in the Balance Sheet.

CHANGES IN THE PERIOD BETWEEN THE BALANCE SHEET DATE AND THE DATE OF PREPARATION OF THE FINAL ACCOUNTS

There were no events between the Balance Sheet preparation date and the date of Final Accounts preparation which would influence the presentations by accounting reports.

The facts and data prescribed for the Attachment to the Final Accounts, according to the Accounting Act No. 563/1991 Coll. as amended and according to the Executive Bylaw No. 500/2002 Coll., but irrelevant to the accounting unit of the state-owned company do not make a part of this Attachment.



Constructional works on the reconstruction of the water works Těrlicko started at the end of March 2011. The works are situated at the water flow Stonávka in the District of Karviná, between municipalities Albrechtice and Horní Těrlicko.

The Těrlicko reservoir was constructed in the period 1955 - 1964 and served as operational water supply to close by mines and Třinecké Steel Works, as protection against floods, to improve minimal flows in the River Stonávka below the dam, and for recreation purposes. The construction purpose is to implement provisions which should ensure the dam safety and the safe transfer of transformed waters of ten year floods (about 160 cu.m/s) as well as other related activities. The adjustments should ensure safe and reliable operations of the reservoir in future.

The plan basics consider repairs of the safety overflow construction, the reconstruction of the chute, the adjustment of the upper part of the middle tightening dam core, and the related adjustments of the dam top. Reconstruction of the two bridging objects over the chute makes a part of the repairs.

The implementation of the proposed provisions will result in lower failure risk related to the dam construction during floods and in improved safety of the reservoir during floods for areas along to the water flow and smaller threats of potential failures corresponding to current standards.

In 2011, the constructional works focussed on the reconstruction of the chute and the safety overflow as well as on the related two bridging objects.

The original chute was progressively completely demolished and, after the consequent adjustments of the base and its covering with the basement concrete, there has been progressively, using individual dilatation blocks, the new chute body constructed. This took place on the basis of results of model research as an open reinforced concrete half-frame of almost oblong shape with walls angled at the 5:1 ratio. The length of the new chute exceeds 300 metres and consists of 31 dilatation units constructed in a checkerboard pattern in such a way that concrete could mature and no unacceptably large cracks occurred between the individual blocks. The chute is of a variable width having 8-10 metres at the bottom. A special attention was paid to the proposed composition of the concrete mix because of the fulfilment of the investor's requirements on its strength, water tightness, frost resistance, and its non absorbability. Considering the minimising of cracks creation during the concrete solidification, the concrete mix was supplemented with polypropylene fibres and plasticisers.

The object of the safety overflow reconstruction was based on the removal of the front weather-worn part of the concrete construction

of the width of about 25 cm (both the bottom and the walls) and its replacement with new concrete. The old and the new constructions were connected with reinforcement set and glued into drilled holes. Maintenance and injecting of damaged parts of concrete constructions, after their removal, also made parts of the works. The general water tightness of the safety overflow object will be achieved by the treatment of dilatation and working joints (the finalisation in 2012).

There has been draining for the removal of absorbed water inserted into the dilatation joints in walls and partly also into the bottom. The dilatation and the working joints were, and will be, then set with tightening strips. Effects of the water from the bottom (lift) on the body of the overflow were lowered by constructing the clay-cement tightening wall in front of the overflow and by lightening draining drilled holes behind the overflow underside. The construction of the overflow edge consists of stone blocks anchored in the concrete of the overflow wall.

Within the chute and safety overflow construction, there have been also two new bridges built in 2011. They go over the object of the safety overflow (the upper bridge) and the chute (the lower bridge). The upper bridge extends the road on the top of the dam, while the lower bridge allows the entry to operational objects situated below the dam. Both bridges were built in the places of the original bridging constructions demolished within the chute and the safety overflow reconstruction.

In 2012, there will be final works organised on the objects of the chute and the safety overflow within which works will be also finalised on concrete constructions. The walls will be equipped with concrete ramps and railings. Rain sewerage and draining will be finalised around the objects.

Main constructional works will be implemented on the dam body itself in 2012, specifically, on its upper part. Improved sealing inside the dam embankment and its connection with the breakwater will be constructed within the reconstruction. The existing breakwater will be replaced by a new one supplemented with rails and new lights. Consequently, the road built on the top of the dam will be supplemented with a path which is currently missing.

All works on the reconstruction of the water works should be finalised by the end of May in 2013.

The reconstruction of the water works has been partly funded from the subsidy programme of the Ministry of Agriculture of the Czech Republic "Support of flood prevention II".

Construction works are implemented, on the basis of a tender, the association of companies STRABAG and HOCHTIEF.

POVODÍ ODRY, státní podnik (State-owned company River Odra Basin)
www.pod.cz

Company administration

Ostrava, Post Code 701 26, Varenská 49
Tel.: +420 596 657 111
E-mail: info@pod.cz

Plant 1

Opava, Post Code 474 05, Kolofíkovo nábřeží 54,
Tel.: +420 596 657 511
E-mail: zavod.op@pod.cz

Plant 2

Frýdek-Místek, Post Code 738 01, Horymírova 2347,
Tel.: +420 558 442 911
E-mail: zavod.fm@pod.cz

