

# Annual Report

2016



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# Opening Word



Dear business partners,  
dear colleagues, friends,  
ladies and gentlemen,

to begin with, I must say that due to some external influences that affected our business activities fundamentally, the year 2016 can't be seen as very successful. Unplanned shutdowns of the individual Dukovany NPP and Temelín NPP units and prolonging of the planned ones significantly affected the company's turnover because we could not realize the planned volume of business activities. Despite these harmful circumstances we have achieved the set goals. We maintain our position of a reliable partner in the field of engineering support for nuclear power as evidenced by many new projects starting this year.

First of all I would like to mention two important contracts with nuclear regulatory authorities. We will ensure the scientific and technical support for the Nuclear Regulatory Authority of the Slovak

Republic (UJD) within the active and non-active commissioning of the units 3 and 4 of the Mochovce nuclear power plant. It is here that we can benefit from our long-term experience gained during the commissioning of Dukovany and Temelín nuclear power plants.

It is vital to maintain skills obtained during commissioning of nuclear power units for the future planned construction of nuclear power sources in the Czech Republic, therefore we perceive this project as an opportunity to transfer our knowledge to younger generation of nuclear engineers and technicians.

Other important contracts in the area of support to nuclear regulatory authorities include a project carried out for the State Office for Nuclear Safety of the Czech Republic (SÚJB) that addresses the safety instruction and methodology for the preparation and assessment of the Design Extension Conditions Analysis (DECA).

We continue our effort to attract new customers from abroad. We have been discussing the possibility of entering the energy market in the United Arab Emirates for a long time. We have already concluded a contract on mutual cooperation with renowned local company IGG (International Golden Group). With our support, this company wants to expand its portfolio with nuclear power in the future.

In cooperation with the Brookhaven National Laboratory (USA), we developed and implemented a special training for the experts from the Armenian Nuclear Regulatory Authority on the effective use of the ANSYS Fluent software program for its application on VVER-440 reactor units.

We have also joined projects co-financed by the European Union from the Operational Programme Enterprise and Innovations for Competitiveness (OP OIK), where the Brno University of Technology is our partner. As part

of research and development, we will work on developing a new software for diagnosing large asynchronous motors. Another project from this programme is targeted at the innovative process of our computational program capabilities that will enable us to perform more demanding thermal-hydraulic and neutron-physical analyses of the nuclear units.

All these new activities are regarded as a promise of future development of our company and give a guarantee that our company will continue to be an interesting partner in nuclear power business.

Allow me to conclude by thanking all our customers, partners, employees and you for the demonstrated trust and cooperation in meeting our common goals.



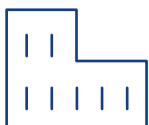
Martin Štajgl  
General director

# Basic Company Data

Business name:	TES s.r.o.
Legal form:	limited-liability company
Registered office:	Pražská 597, 674 01 Třebíč, Czech Republic
Date of establishment:	February 27, 1992
Registration:	The company is registered in the Commercial Register kept by the Regional Court in Brno, Section C, File no. 4884
Company identification number:	45477973
Tax identification number:	CZ45477973
Bank connection:	Komerční banka Třebíč, a.s.
Account No.:	377548711/0100
Share capital:	10 500 000,- CZK
Phone:	+420 568 838 411
Fax:	+420 568 838 427
E-mail:	tes@tes.eu
Website:	www.tes.eu

# Registered Office

## Headquarters



TES s.r.o., Pražská 597, 674 01 Třebíč, Czech Republic

Tel.: +420 568 838 411

Fax: +420 568 838 427

E-mail: [tes@tes.eu](mailto:tes@tes.eu)

[www.tes.eu](http://www.tes.eu)

## Dukovany site



TES s.r.o., Dukovany 269, 675 50 Dukovany – elektrárna, Czech Republic

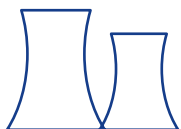
Tel.: +420 561 10 5450

Fax: +420 568 838 427

E-mail: [tes@tes.eu](mailto:tes@tes.eu)

[www.tes.eu](http://www.tes.eu)

## Temelín site



TES s.r.o., 373 05 Temelín – elektrárna, Czech Republic

Tel.: +420 381 10 2064

Fax.: +420 381 10 1404

E-mail: [tes@tes.eu](mailto:tes@tes.eu)

[www.tes.eu](http://www.tes.eu)

# Corporate Management

## Statutory Body



Legal representatives of the company and their shares in the registered capital:

Martin Štajgl	25 %	Managing Director
Jiří Pulec	25 %	Managing Director
Pavel Novotný	25 %	Managing Director
Miloš Kaška	25 %	Managing Director

## Management



General Director:	Martin Štajgl
Technical Director:	Pavel Novotný
Sales Director:	Tomáš Palko
Head of Financial Department:	Vladimír Šula
Integrated Management System and HR:	Věra Prodělalová
Head of International Business Department for Western Europe and Overseas:	Jan Frélich
Head of International Business Department for Eastern Europe:	Oleksandr Bredykhin
Head of Research and Development Dept.:	Miloš Kaška
Head of Engineering Services Dept.:	Jiří Pulec
Head of Electrical Engineering Department:	Oto Mareček
Head of Computational Analyses and Nuclear Safety Department:	Martin Blaha

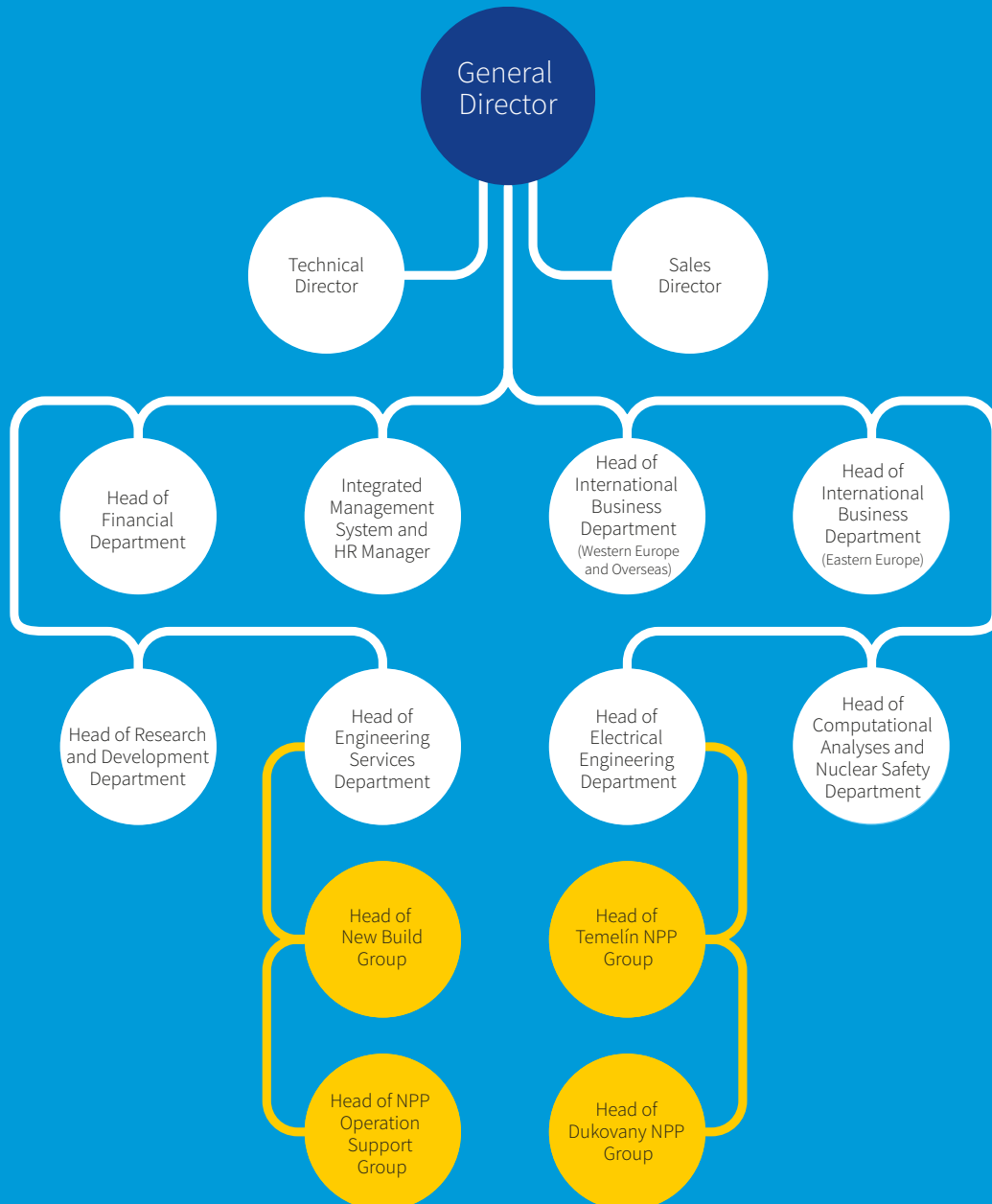




Miloš Kaška, Pavel Novotný, Martin Štajgl, Jiří Pulec

Sharing energy  
for 25 years together

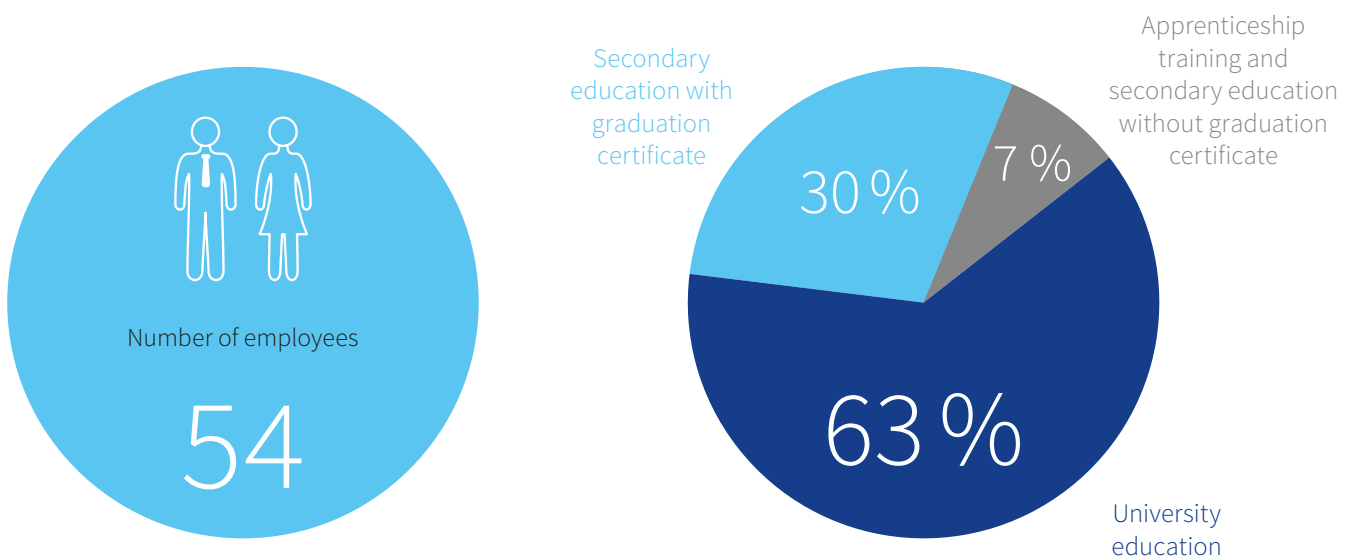
# Organizational Structure



# Human Resources

## Educational structure of the staff

TES s.r.o. employs more than 60% of university-educated employees mainly in the field of nuclear engineering, electrical engineering and mechanical engineering. In 2016 TES employed in total 54 people.



Care for our employees' professional growth is a key prerequisite of successful operation of the company. Our staff undergoes both regular trainings to maintain their specialized competences in compliance with the applicable legislation as well as trainings to enhance their qualifications in the Czech Republic as well as abroad (e.g. training focusing on computational programmes for analysing operating and accident conditions in nuclear units, programming languages, use of specialized software, etc.). The company supports employees in the improvement of their foreign language skills, in particular English and Russian.

## Employee benefits

The company provides its employees with employee benefits, such as

- Allowances for meals
- Extra week of leave for recovery
- Supplementary pension insurance
- Flexible working hours

# Key Business Areas

On a long term basis, our company focuses on projects enhancing nuclear safety. We specialize in providing engineering services and technical support to nuclear plant operators and the development of solutions optimizing operation, maintenance and extension of a lifetime cycle of the nuclear power plant systems and components.

## Our core businesses:

- Computational analyses and nuclear safety
- Commissioning of power plants
- Monitoring and diagnostic systems
- Engineering support of NPP operation
- Support of nuclear regulators





# Business Activities, Products and Services

## Computational analyses and nuclear safety

- Thermohydraulic and neutron physics calculations
- Support of Accident Management
- Safety documentation
- CFD calculations
- 3D modelling and laser scanning

## Commissioning of power units

- Review of project documentation
- Elaboration of commissioning documentation
- Tests and auxiliary measurements implementation
- Computational support of commissioning
- Evaluation of performed tests

## Technical support for nuclear surveillance

- Computational support
- Independent expert reviews
- Drawing up of safety regulations
- Independent supervision of commissioning

## Engineering support of NPP operation

- Maintenance of electrical protection
- Drawing up of operating documentation
- Independent analyses of operational events and failures
- Program development and tests implementation
- Measurement of electrical and technological parameters
- Integrated plant information system (IPIS.3D)

## Monitoring and diagnostic systems

- NPP electrical equipment monitoring system
- On-line diagnostics of transformers
- Turbogenerator brush gear monitoring system
- Partial discharge detection in oil transformers
- Electrical circuits and cables diagnostics
- Hydrogen control system
- Branch diagnostic system
- Diagnostics of rotation machinery

# Key Projects Implemented in 2016

## Support of nuclear regulatory authority during the commissioning of the Mochovce NPP Units 3 and 4

TES as the leader of the consortium of TES s.r.o., VÚJE, a.s. and ÚJV Řež, a.s. won a major contract for scientific and technical support of the Nuclear Regulatory Authority (Úřad jaderného dozoru) of the Slovak Republic for the commissioning of the Units 3 and 4 of the Mochovce NPP. In the framework of this project, the TES company will provide an independent support to nuclear regulatory authority within its assessment activities and checking the compliance with nuclear safety requirements. The project will include not only the documentation assessment, but also round-the-clock monitoring of the commissioning activities at the Mochovce NPP until all required tests are successfully finished.

## Delivery of generator brush gear monitoring system for the power plant Empalme in Mexico

In 2016, TES as a sub supplier of the Pilsen Doosan Skoda Power Company delivered the brush-gear monitoring system which was installed in the generator of the steam turbine with an output of 300 MW at the power plant Empalme in Mexico. The diagnostic system MOSAD®-IRIS consisted of current sensors IRIS 1.1 and processing and display units. Continuous monitoring of the generator brush gear and correct diagnostics enables timely maintenance intervention of the operators against current overload of the brushes and prevents the damage or destruction of the brush gear.

## Application of the MCSA method for the diagnostics of main circulation pumps motors at the Temelín NPP

During testing within regular diagnostics of rotors of the main circulation pumps at the Temelín NPP, TES successfully applied the Motor Current Signature Analysis (MCSA), which allows timely identification of possible failure arising on a stator and rotor of induction motors. The main advantage of this method is that the measurement is performed without interruption of the operation process. TES in cooperation with the Brno University of Technology has developed the advanced software and measurement equipment which improves the accuracy and reliability of the measurement. In 2016, this method was applied at the Temelín NPP to perform the diagnostics of 8 stators of the main circulation pumps. TES staff has thus demonstrated the use of this method for the technical analysis of high power motors at nuclear power plant equipment; however, the method is applicable to all industrial areas where the induction motors are operated.



## Project OP PIK 2014 – 2020: Transfer of knowledge in the area of neutron physics calculations for the safety analysis of nuclear power plants

In 2016, the project financed from the fund programme "Knowledge transfer partnership" was started. As part of the project, the transfer of knowledge from the field of neutron physics calculations from the Brno University of Technology (Faculty of Electrical Engineering and Communication Technology) to TES s.r.o. will be made. The aim of the transfer is to accelerate an innovative process through the development and validation of calculation programs and models facilitating the performance of advanced combined thermo-hydraulic and neutron-physical calculations of nuclear power units and enhance the further cooperation between FEKT VUT and TES. The project is co-financed by the European Union within the Operational Program Enterprise and Innovations for Competitiveness.



# Integrated Management System

Our first priority interest is to remain a reliable partner to our customers and to provide high quality products and services on a long-term basis. To achieve this goal, we effectively use the Integrated system for managing all processes within the company that combines requirements in line with these standards:

ČSN EN ISO 9001	Quality Management System
ČSN EN ISO 14001	Environmental Management System
ČSN EN ISO 18001	Occupational Health and Safety Management System

The striking effort of the company's management to continually improve the processes in the company, in particular those customer-related, is reflected in everyday activities of the company. Maintenance and improvement of the system is a matter of great care and is regularly audited by an independent certification body in the framework of supervisory and certification audits. In 2016, the correctness of system setup and compliance with standards was audited during a supervisory audit in which TES succeeded. The company's management determines its policy and objectives in terms of quality, environment and work safety in compliance with the requirements of all the aforementioned standards.

## Occupational health and safety management system

Health and safety at work is provided by TES through the management of risks in compliance with valid legislation in order to prevent accidents and health damage and facilitate the improvement in this area. The result is a zero accident rate in 2016.

## Environmental protection

TES pays particular care to ensure that the business activities have the least possible negative impact on environment and that the set system of environmental aspects enables to follow changes of internal and external conditions. We see the positive influence of TES on the environment in the optimization of technological processes and equipment operation of nuclear as well as fossil fuel power plants, to which we contribute by our engineering services and products, as for example safety reports, analyses of technological processes, testing and diagnostics of electrical equipment etc. Personal responsibility and care for the environment comes from each employee for example by waste separation.

# Other Certification

## State Office for Nuclear Safety permit

Already in 2007, TES was granted by the State Office for Nuclear Safety, in compliance with Atomic law, a permit for the implementation of services important in terms of radiation protection pursuant to Section 59 p. 1 (d) of the Decree No. 307/2002 Coll., on radiation protection as amended by Decree No. 499/2005 Coll. as follows:

*to provide services which do not require operating with sources of radiation, but which must be performed in radiation controlled area of the IV category workplaces by a person other than controlled area operator, e.g. testing and inspections of machine equipment, I&C systems, supervision during commissioning of such equipment, non-destructive diagnostics of the technological equipment in the radiation controlled area of ČEZ, a.s. and ÚRAO Dukovany (Radioactive Waste Repository Authority of Dukovany NPP) and other activities as specified in Quality Assurance Programme in more detail.*

## Verified supplier for the nuclear energy sector

In addition to the above standards, we regularly demonstrate compliance with the requirements of the Decree No. 132/2008 Coll. on ensuring quality in activities related with the peaceful use of nuclear energy and activities resulting in radiation and on establishment of criteria for inclusion and classification of selected equipment into safety classes. Verification of our activities according to this standard is regularly audited by ČEZ, a.s.

## Verified partner of ČEZ a.s.

The joined audit carried out by ŠKODA JS a.s., ČEZ, a.s. and OT Energy Services (newly I&C ENERGO) proved that we are well qualified and competent supplier of the services and products for the ČEZ a.s. as the end-user in the following areas: design, production, assembly, maintenance and testing of electrical measuring systems, modelling of technological processes, performance of analyses of failure events and analyses of operating schemes including safety calculations.

# Research and Development

## Project No. TE01020068: Centre for research and experimental development of reliable energy facilities

In 2016, research and development activities were carried out on the project No. TE01020068: Centre for Research and Experimental Development of Reliable Energy Facilities. The project is implemented as part of the Competence centre Programme of the Technology Agency of the Czech Republic to support the development of long-term cooperation in research, development and innovation between the public and

private sectors. Its key objective is to ensure safe, reliable and economically feasible conventional as well as nuclear sources of electricity in the long run, consisting in extending the lifetime of old turbine generator units and building new ones. TES s.r.o. participates in the project as a member of a consortium, together with 7 other partners, including ČEZ, a.s. The total project time is set at March 2012 to December 2019.

As a part of the project, TES is particularly engaged in the research and development of a complex system for the processing of diagnostic information and evaluation of the condition of components in energy facilities.

The Centre's activities are supported by dedicated resources from the state budget reserved for research and development.

## Project No. FR-TI1/001: Research and development of discharge detection in high-power oil transformers

In 2016 we continued to improve the diagnostic system MOSAD®-MST-PD, which is used for timely identification and localization of impaired transformer condition. Timely diagnostics of an imminent failure using the partial discharge method will indicate the lower reliability and safety of the equipment, thus preventing its

possible overall destruction. The methodology was verified on a prototype diagnostic system developed in cooperation with the Faculty of Electrical Engineering and Telecommunication Technology of the Technical University in Brno and with EGU-HV Laboratory a.s., Praha. The project was implemented with financial support from the

state budget, granted by the Ministry of Industry and Trade of the Czech Republic. Based on the prototype, TES developed a diagnostic system under the trade name MOSAD®-MST-PD which is now used in Czech nuclear power plants. Further development has already been realized from the financial resources of TES s.r.o.

## Project FR-TI3/016: Research and development of progressive methods for testing electrical equipment in nuclear and conventional power plants during commissioning

In frame of the project No. FR-TI3/016 successfully finished in 2015, TES carried out research, development and subsequent optimization of a complex set of measuring methods, available sources of measured signals and a method for their recording and evaluation to assess the correctness of behaviour of electrical equipment or its part during the proposed test. At the same time the prototype of monitoring system MOSAD<sup>®</sup>-6 was developed to enable testing of the recording of measured analogue and binary signals both by means

of direct measuring and through data communication. Since 2016, mutual negotiations have been carried out with representatives of the Dukovany and Temelín nuclear power plants about possibilities of implementation of MOSAD<sup>®</sup>-6 measuring system to electrical equipment of both power plants. This project was realized with financial support from the state budget granted by the Ministry of Industry and Trade of the Czech Republic.

## Development and validation of programmes and models within the framework of the CAMP and CSARP programmes

TES s.r.o. has long been active in the international programmes CAMP (Code Application and Maintenance Program) and CSARP (Cooperative Severe Accident Research Program). Both programmes are coordinated by the U.S. Nuclear Regulatory Commission. Within the framework of the programmes, TES experts from the Department of Calculation Analyses and Nuclear Safety participate in the development and validation of computational codes to perform safety analyses in nuclear facilities. In 2016, within independent validation of the computational code

TRACE V5.0, there was carried out a number of comparison calculations of tests for the events with primary coolant leakage performed on the experimental stand PSB-VVER in Elektrogorsk (Russian Federation). The results of those advanced calculations were presented during regular meeting of all CAMP members in “Spring CAMP Meeting 2016” in Abu Dhabi, United Arab Emirates and published by the Commission for Nuclear Regulatory Authority of the U.S.A. within a series of studies under the title: NUREG/IA-0248 and NUREG/IA-0449.





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# Financial Statements

## Balance Sheet

From 1st of January 2016 to 31st December 2016 (in thousands CZK)

Code	Assets	Line No.	Current accounting period			Past period	
			Gross	Adjustment	Net	Net (year 2015)	
	<b>Total assets</b>	<b>A.+B.+C.+D.</b>	<b>001</b>	<b>+ 115 573</b>	<b>- 38 869</b>	<b>+ 76 704</b>	<b>+ 74 109</b>
A.	Receivables for subscribed capital	accounts 353	002				
B.	<b>Fixed assets</b>	<b>B.I + ... + B.III.</b>	<b>003</b>	<b>+ 54 896</b>	<b>- 38 869</b>	<b>+ 16 027</b>	<b>+ 17 467</b>
B.I.	Intangible fixed assets	B.I.1. + B.I.x.	004	+ 3 574	- 3 563	+ 11	+ 45
B.I.1.	Research and development	accounts 012, (-)072, (-)091AÚ	005				
B.I.2.	Royalties	B.I.2.1. + B.I.2.2.	006	+ 3 574	- 3 563	+11	+45
B.I.2.1.	Software	accounts 013, (-)073, (-)091AÚ	007	+ 3 574	- 3 563	+11	+45
B.I.2.2.	Other valuable rights	accounts 014, (-)074, (-) 091AÚ	008				
B.I.3.	Goodwill	accounts 015, (-)075, (-)091AÚ	009				
B.I.4.	Other intangible fixed assets	accounts 019, (-)079, (-)091AÚ	010				
B.I.5.	Advanced payments provided for intangible fixed assets and intangible fixed assets under construction	B.I.5.1. + B.I.5.2.	011				
B.I.5.1.	Advanced payments for intangible fixed assets	accounts 051, (-)095AÚ	012				
B.I.5.2.	Intangible fixed assets under construction	accounts 041, (-)093	013				
B.II.	<b>Tangible fixed assets</b>	<b>B.II.1+...+B.II.x.</b>	<b>014</b>	<b>+51 322</b>	<b>-35 306</b>	<b>+16 016</b>	<b>+14 719</b>
B.II.1.	Land and buildings	B.II.1.1 + B.II.1.2.	015	+18 569	-11 617	+6 952	+7 582
B.II.1.1.	Land	accounts 031, (-)092AÚ	016	+574		+574	+574
B.II.1.2.	Buildings	accounts 021, (-)081, (-)092AÚ	017	+17 995	-11 617	+6 378	+7 008
B.II.2.	Tangible movable things and their groups	accounts 022, (-)082, (-)092AÚ	018	+31 617	-22 679	+8 938	+7 124
B.II.3.	Evaluation difference on acquired assets	accounts 097, (-)098	019				
B.II.4.	Other tangible fixed assets	B.II.4.1. + ...+B.II.1.3.	020	+1 041	-1 010	+31	+13
B.II.4.1.	Perennial crops	accounts 025, (-)085, (-)092AÚ	021				
B.II.4.2.	Adult animals and their groups	accounts 026, (-)086, (-)092AÚ	022				
B.II.4.3.	Remaining fixed tangible assets	accounts 029,032, (-)089, (-)092AÚ	023	+1 041	-1 010	+31	+13
B.II.5.	Advanced payments on tangible fixed assets and fixed assets in progress	B.II.5.1. + B.II.5.2.	024	+95		+95	0
B.II.5.1.	Advanced payments on tangible fixed assets	accounts 052, (-)095AÚ	025				
B.II.5.2.	Tangible fixed assets in progress	accounts 042, (-)094	026	+95		+95	0
B.III.	<b>Financial fixed assets</b>	<b>B.III.1. + ...+B.III.x.</b>	<b>027</b>	<b>0</b>		<b>0</b>	<b>+2 703</b>
B.III.1.	Equity interest - controlled or controlling entities	accounts 043, 061, (-)096AÚ	028				
B.III.2.	Lending and loans - controlled or controlling entities	accounts 066, (-)096AÚ	029				
B.III.3.	Equity interest - significant influence	accounts 043, 062, (-)096AÚ	030				
B.III.4.	Lending and loans - significant influence	accounts 067, (-)096AÚ	031				
B.III.5.	Other non-current securities and equity interests	account 043, 063, 065, (-)096AÚ	032				
B.III.6.	Lending and loans - other	accounts 068, (-)096 AÚ	033	0		0	+2 703
B.III.7.	Other financial fixed assets	B.III.7.1.+B.III.7.2.	034				
B.III.7.1.	Miscellaneous non-current financial assets	accounts 043, 069, (-)096AÚ	035				
B.III.7.2.	Advanced payments provided for financial fixed assets	accounts 053, (-)095AÚ	036				

Code	Assets	Line No.	Current accounting period			Past period	
			Gross	Adjustment	Net	Net (year 2015)	
C.	Current assets	C.I.+C.II.+C.III.+C.IV.	037	+60 368		+60 368	+56 204
C.I.	Inventory	C.I.1. + ...+C.I.x.	038	+6 480		+6 480	+1 276
C.I.1.	Materials	accounts 111, 112, 119, (-)191	039	+438		+438	+18
C.I.2.	Work in progress and semi-finished products	accounts 121, 122, (-)192, (-)193	040	+6 042		+6 042	+1 258
C.I.3.	Products and goods	C.I.3.1. + C.I.3.2.	041				
C.I.3.1.	Products	accounts 123, (-)194	042				
C.I.3.2.	Goods	accounts 131, 132, 139 (-)196	043				
C.I.4.	Young and other animals and their groups	accounts 124, (-)195	044				
C.I.5.	Advanced payments on inventory	accounts 151, 152, 153, (-)197, (-)198, (-)199	045				
C.II.	Receivables	C.II.1.+C.II.2.	046	+28 520		+28 520	+32 967
C.II.1.	Long term receivables	C.II.1.1.+ ...+C.II.1.x.	047				
C.II.1.1.	Trade receivables	accounts 311AÚ, 313AÚ, 315AÚ, (-)391AÚ	048				
C.II.1.2.	Receivables - controlled or controlling entity	accounts 351AÚ, (-)391AÚ	049				
C.II.1.3.	Receivables - significant influence	accounts 352AÚ, (-)391AÚ	050				
C.II.1.4.	Deferred tax asset	accounts 481	051				
C.II.1.5.	Other receivables	C.II.1.5.1. + ...+C.II.1.5.4.	052				
C.II.1.5.1.	Receivables from shareholders	accounts 354AÚ, 355AÚ, 358AÚ, (-)391AÚ	053				
C.II.1.5.2.	Long-term advance payments provided	accounts 314AÚ, (-)391AÚ	054				
C.II.1.5.3.	Estimated receivables	accounts 388	055				
C.II.1.5.4.	Other receivables	accounts 335, 371, 373, 374, 375, 376, 378, (-)391AÚ	056				
C.II.2.	Short-term receivables	C.II.2.1.+...+C.II.2.x.	057	+28 520		+28 520	+32 967
C.II.2.1.	Trade receivables	accounts 311AÚ, 313AÚ, 315AÚ, (-)391AÚ	058	+26 080		+26 080	+29 770
C.II.2.2.	Receivables- controlled or controlling entity	accounts 351AÚ, (-)391AÚ	059				
C.II.2.3.	Receivables - significant influence	accounts 352AÚ, (-)391AÚ	060				
C.II.2.4.	Other receivables	C.II.2.4.1.+...+C.II.2.4.6	061	+2 440		+2 440	+3 197
C.II.2.4.1.	Receivables from shareholders	accounts 354AÚ, 355AÚ, 358AÚ, (-)391AÚ	062				
C.II.2.4.2.	Social security and health insurance	accounts 336, (-) 391AÚ	063				
C.II.2.4.3.	State - tax receivables	accounts 341, 342, 343, 345, (-)391AÚ	064				
C.II.2.4.4.	Short-term advance payments provided	accounts 314AÚ, (-)391AÚ	065	+2 221		+2 221	+2 983
C.II.2.4.5.	Estimated receivables	accounts 388	066				
C.II.2.4.6.	Other receivables	accounts 335, 371, 373, 374, 375, 376, 378, (-)391AÚ	067	+219		+219	+214
C.III.	Short-term financial assets	C.III.1.+...+C.III.x.	068				
C.III.1.	Ownership interests- controlled or controlling entity	accounts 254, 259, (-)291AÚ	069				
C.III.2.	Other short-term financial assets	accounts 251, 253, 256, 257, 259, (-)291AÚ	070				
C.IV.	Financial resources	C.IV.1.+...+C.IV.x.	071	+25 368		+25 368	+21 961
C.IV.1.	Financial resources in treasury	accounts 211, 213, 261	072	+73		+73	+59
C.IV.2.	Financial resources on account	accounts 221, 261	073	+25 295		+25 295	+21 902
D.	Accruals	D.1.+...+D.x.	074	+309		+309	+438
D.1.	Deferred expenses	accounts 381	075	+309		+309	+438
D.2.	Complex deferred expenses	accounts 382	076				
D.3.	Accrued revenues	accounts 385	077				

Code	Liabilities and equity		Line No.	Current accounting period Net	Past period Net (year 2015)
	Liabilities and equity	A.+B.+C.+D.	001	+76 704	+74 109
A.	Equity	A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI.	002	+65 587	+67 441
A.I.	Share capital	A.I.1+...A.I.x.	003	+10 500	+10 500
A.I.1.	Share capital	accounts 411 or 491	004	+10 500	+10 500
A.I.2.	Own shares and own ownership interests (-)	accounts (-)252	005		
A.I.3.	Changes in share capital	accounts (+/-)419	006		
A.II.	Share premium and capital funds	A.II.1+...A.II.x.	007		
A.II.1.	Share premium		008		
A.II.2.	Capital funds	A.II.2.1+...+A.II.2.5.	009		
A.II.2.1.	Other capital funds	accounts 413	010		
A.II.2.2.	Revaluation of assets and liabilities	(+/-)414	011		
A.II.2.3.	Valuation differences from revaluation in corporate transformations	accounts (+/-)418	012		
A.II.2.4.	Differences from company transformations (+/-)	accounts 417	013		
A.II.2.5.	Valuation differences in corporate transformations (+/-)	accounts 416	014		
A.III.	Funds from profit	A.III.1+...A.III.x.	015	+839	+875
A.III.1.	Other reserve funds	accounts 421, 422	016		
A.III.2.	Statutory and other funds	accounts 423, 427	017	+839	+875
A.IV.	Profit and loss of previous years (+/-)	A.IV.1+...A.IV.x.	018	+50 886	+54 410
A.IV.1.	Retained earnings from previous years	accounts 428	019	+50 886	+54 410
A.IV.2.	Accumulated losses (-)	accounts (-)429	020		
A.IV.3.	Other profit or loss of previous years (+/-)	accounts 426	021		
A.V.	Profit and loss of the current period (+/-)	Assets -A.I.-A.II.-A.III.-A.IV.-B.-C.-D. -A.VI.	022	+3 362	+1 656
A.VI.	Decided on advanced payment of profit and loss share (+/-)	accounts 432	023		
B.+C.	Liabilities	B.+C.	024	+11 117	+6 668
B.	Reserves	B.1+...+B.x.	025		
B.1.	Provision for pensions and other similar payables	accounts 452	026		
B.2.	Income tax provision	accounts 453	027		
B.3.	Reserves under special legislation	accounts 451	028		
B.4.	Other reserves	accounts 459	029		
C.	Liabilities	C.I.+C.II.	030	+11 117	+6 668
C.I.	Long-term liabilities	C.I.1+...+C.I.x.	031	+600	+854
C.I.1.	Debentures and bonds issued	C.I.1.1+...+C.I.1.2.	032		
C.I.1.1.	Debentures	accounts 473	033		
C.I.1.2.	Other bonds	accounts 473	034		
C.I.2.	Liabilities to lending institutions	accounts 461	035	+600	+854
C.I.3.	Long-term advanced payments received	accounts 475	036		
C.I.4.	Trade payables	accounts 479	037		
C.I.5.	Long-term bills of exchange payable	accounts 478	038		
C.I.6.	Payables - controlled or controlling entity	accounts 471	039		
C.I.7.	Payables - significant influence	accounts 472	040		
C.I.8.	Deferred tax liability	accounts 481	041		
C.I.9.	Other liabilities	C.I.9.1+...+C.I.9.3.	042		
C.I.9.1.	Liabilities to shareholders	accounts 364, 365, 366, 367, 368	043		
C.I.9.2.	Estimated payables	accounts 389	044		
C.I.9.3.	Other payables	accounts 372, 373, 377, 379, 474, 479	045		



Code	Liabilities and equity		Line No.	Current accounting period Net	Past period Net (year 2015)
C.II.	Short-term payables	C.II.1.+...+C.II.x.	046	+10 517	+5 814
C.II.1.	Debentures and bonds issued	C.II.1.1.+C.II.1.2.	047		
C.II.1.1.	Debentures	accounts 241	048		
C.II.1.2.	Other bonds	accounts 241	049		
C.II.2.	Liabilities to lending institutions	accounts 221, 231, 232	050		
C.II.3.	Short-term advanced payments received	accountst 324	051		
C.II.4.	Trade payables	accounts 321, 325	052	+670	+771
C.II.5.	Short-term notes payable	accounts 322	053		
C.II.6.	Payables - controlled or controlling person	accounts 361	054		
C.II.7.	Payables - significant influence	accounts 362	055		
C.II.8.	Other payables	C.II.8.1.+...+C.II.8.7.	056	+9 847	+5 043
C.II.8.1.	Payables to shareholders	accounts 364, 365, 366, 367, 368	057		
C.II.8.2.	Current financial assistance	accounts 249	058		
C.II.8.3.	Payables to employees	accounts 331, 333	059	+1 422	+1 570
C.II.8.4.	Social security and health insurance payables	accounts 336	060	+892	+990
C.II.8.5.	State - tax payables and subsidies	accounts 341, 342, 343,345, 346, 347	061	+3 232	+1 837
C.II.8.6.	Estimated liability accounts	accounts 389	062	+4 281	+628
C.II.8.7.	Other payables	account 372, 373, 377, 379	063	+20	+18
D.	Accruals and deferrals	D.1.+...+D.x.	064		
D.1.	Accrued expenses	accounts 383	065		
D.2.	Deferred revenues	accounts 384	066		

## Profit and Loss Statement

From 1st of January 2016 to 31st December 2016 (in thousands CZK)

Code	Profit and Loss Statement	Line No.	Value in accounting period		
			Current	Past (year 2015)	
I.	Revenue from sale of products and services	accounts 601, 602	001	+59 708	+62 664
II.	Revenue from sale of goods	accounts 604	002		
A.	Cost of sale	A.1.+...+A.x.	003	+21 860	+20 516
A.1.	Cost of goods sold	account 504	004		
A.2.	Materials and consumables	accounts 501, 502, 503	005	+3 576	+4 631
A.3.	Services	accounts 511, 512, 513, 518	006	+18 284	+15 885
B.	Change in inventory of own production (+/-)	accounts 581, 582, 583, 584	007	-4 784	-181
C.	Own work capitalized (-)	accounts 585, 586, 587, 588	008	-95	0
D.	Personnel expenses	D.1.+...+D.x.	009	+35 324	+36 515
D.1.	Wages and salaries	accounts 521, 522, 523	010	+25 656	+26 523
D.2.	Costs of social security and health insurance and other costs	D.2.1.+D.2.2.	011	+9 668	+9 992
D.2.1.	Costs of social security and health insurance	accounts 524, 525, 526	012	+8 663	+8 983
D.2.2.	Other costs	accounts 527, 528	013	+1 005	+1 009
E.	Changes in values of operating activities	E.1.+...+E.x.	014	+3 983	+4 967
E.1.	Depreciation of intangible and tangible assets	E.1.1.+E.1.2.	015	+3 983	+4 967
E.1.1.	Depreciation of intangible and tangible assets - permanent	accounts 551, 557	016	+3 983	+4 967
E.1.2.	Depreciation of intangible and tangible assets -temporary	accounts 559	017		
E.2.	Depreciation of inventory	accounts 559	018		
E.3.	Depreciation of receivables	accounts 558, 559	019		
III.	Other operating revenue	III.1.+...III.x.	020	+1 747	+3 795
III.1.	Revenue from fixed tangible assets and materials	accounts 641	021	+272	+1 216
III.2.	Revenues from sales of materials	accounts 642	022	0	+1
III.3.	Other operating income	účty 644, 646, 647, 648, 697	023	+1 475	+2 578
F.	Other operating expenses	F.1.+...F.x.	024	+158	+1 207
F.1.	Net book value of fixed assets sold	accounts 541	025	0	+902
F.2.	Net book value of materials sold	accounts 542	026		
F.3.	Taxes and fees in operating area	accounts 531, 532, 538	027	+89	+97
F.4.	Reserves to operating activities and complex deferred charges	accounts 552, 554, 555	028		
F.5.	Other operating expenses	accounts 543, 544, 545, 546, 547, 548, 549, 597	029	+69	+208
*	*Profit or loss from operations (+/-)	I.+I.x.+II.x.+III.-A.-B.-C.-D.-E.-F.	030	+5 009	+3 435
IV.	Revenues from fixed financial assets - ownership interests	IV.1.+...+IV.x.	031		
IV.1.	Revenues from ownership interests in controlled and controlling entity	accounts 661, 665	032		
IV.2.	Revenues from other ownership interests	accounts 661, 665	033		

Code	Profit and Loss Statement	Line No.	Value in accounting period		
			Current	Past (year 2015)	
G.	Costs of interests sold	accounts 561	034		
V.	Revenues from other fixed financial assets	V.1.+...+V.x.	035		
V.1.	Revenues from other fixed financial assets - controlled or controlling person	accounts 661,665	036		
V.2.	Other revenues from othe fixed assets	accounts 661, 665	037		
H.	Costs related to fixed financial assets	accounts 561, 566	038		
VI.	Revenues from interests and similar revenues	VI.1.+...+VI.x.	039	+6	+23
VI.1.	Revenues from interests and similar revenues-controlled or controlling person	accounts 662, 665	040		
VI.2.	Other revenues from interests and similar revenues	accounts 662, 665	041	+6	+23
I.	Value adjustment and reserves in financial assets	accounts 574, 579	042		
J.	Interest expenses and similar costs	J.1.+...+J.x.	043	+41	+55
J.1.	Interest expenses and similar costs - controlled or controlling person	accounts 562	044		
J.2.	Other interest expenses and similar costs	accounts 562	045	+41	+55
VII.	Other financial revenues	accounts 661, 663, 664, 666, 667, 668, 669, 698	046	0	0
K.	Other financial costs	accounts 561, 563, 564, 565, 566, 567, 568, 569, 598	047	+730	+1 251
*	Profit or loss (+/-)	IV. +V. +VI.+VII.-G.-H.-I.-J.-K.	048	-765	-1 283
**	Pre-tax profit or loss (+/-)	*	049	+4 244	+2 152
L.	Income tax	L.1.+...+L.x.	050	+882	+496
L.1.	Income tax - current	accounts 591, 593, 595, 599	051	+882	+496
L.2.	Income tax- deferred (+/-)	accounts 592	052		
**	Profit or loss after tax (+/-)	**L.	053	+3 362	+1 656
M.	Transfer of share in profit or loss to members (+/-)	accounts 596	054		
***	Profit or loss for the accounting period (+/-)	**M.	055	+3 362	+1 656
*	Net turnover =I.+II.+III.+IV.+V.+VI.+VII.	I.+II.+III.+IV.+V.+VI.+VII.	056	+61 461	+66 482

# Notes to Financial Statements to 31 December 2016

## 1. Description of the company

Tes s.r.o. (hereinafter the “Company“) is a Czech legal entity, limited liability company, established on 27 February 1992 and seated at Pražská 597, Třebíč, Czech Republic. As listed in the Commercial Register, its key business activities include:

- Activities associated with the commissioning of nuclear facilities and technical support for their operation, except for the activities listed in Section 3 and in Annexes 1 to 3 to the Trade Licensing Act,
- Engineering services in machinery and energy, except for activities listed in Annex 1 to 2 to the Trade Licensing Act,
- Installations, repairs, inspections and tests of listed electric equipment,
- Manufacture, installations, repairs, inspections and tests of electronic equipment,
- Research and development in natural sciences and engineering and in social sciences,
- Provision of software,
- Business activities

Persons holding at least 10% of the share capital:

Jiří Pulec . . . . .	25%
Martin Štajgl . . . . .	25%
Pavel Novotný . . . . .	25%
Miloš Kaška . . . . .	25%

Members of statutory and supervisory bodies to December 31, 2016:

Jiří Pulec . . . . .	Managing Director
Martin Štajgl . . . . .	Managing Director
Pavel Novotný . . . . .	Managing Director
Miloš Kaška . . . . .	Managing Director

## 2. Fundamentals for the elaboration of the financial statements

The attached financial statements have been prepared in accordance with the Accounting Act and accounting guidelines for business entities applicable in 2016.

### 3. Methods of valuation and depreciation

The methods of valuation used by the Company to compile the 2016 and 2015 financial statements are as follows:

#### a) Intangible fixed assets

Intangible fixed assets are valued at acquisition costs, which include the acquisition price and costs related to acquisition.

Small intangible fixed assets (worth up to CZK 40,000) are depreciated as a lump sum in costs.

Intangible fixed assets are depreciated in costs based on the expected lifetime of the assets, but no longer than four years.

#### b) Tangible fixed assets

Tangible fixed assets are valued in acquisition costs, which include the acquisition price, costs of transport, custom duties and costs related to acquisition.

The costs of technical appreciation of capital assets increase its acquisition cost. Ordinary repairs and maintenance are recorded in costs.

Small tangible fixed assets (worth up to CZK 40,000 in 2016, respectively 2015) are depreciated as a lump sum in costs.

Depreciation

Depreciation is calculated on the basis of acquisition cost and expected lifetime of the respective assets. Expected lifetime is determined as follows:

	Number of years (from - to)
Means of transport	5
Machinery, instruments and equipment	3-5
Inventory	3-5
Other tangible fixed assets	3-5
Buildings	30

#### c) Financial investments

Not applicable.

#### d) Inventory

The purchased inventory is valued at actual acquisition cost, using the method of "first - in, first - out" (FIFO - the first price for the valuation of inventory increments will be used as the first price for the valuation of inventory loss). The acquisition cost of inventory includes the costs of acquisition, including costs relating to acquisition (costs of transport, customs duties, commissions, etc.).

Work in progress is valued in actual own costs. Own costs include direct material and wage costs and production overheads. Production overheads include depreciations of production equipment, overhead production wages and other overhead costs concerning production facilities.

e) **Receivables**

Receivables are recorded at nominal value. Bad debts are reduced using provisions, recorded against costs, to their realization value.

f) **Equity**

The company's share capital is recorded at the amount entered in the Commercial Register of the Regional Court or increased or decreased on the basis of a General Meeting, which was not registered on the date of the financial statements. As stipulated in the Commercial Code, the Company creates a reserve fund from the profit or from additional payments from its members in addition to their contributions.

g) **Received loans**

Short-term and long-term loans are recorded at the nominal value. Short-term loan also refers to parts of long-term loans payable within one year of the date of financial statements.

h) **Financial lease**

The Company records leased property so that it includes leasing payments in costs and activates applicable value of the leased property when the lease contract expires and the possibility of purchase is exercised. Lease payments paid in advance are accrued.

i) **Foreign exchange operations**

Financial assets, receivables and payables in foreign currencies are translated into Czech crowns at a fixed exchange rate applicable on the date of their origin and were translated at the end of the year using the Exchange rate valid to 31 December, declared by the Czech National Bank.

The achieved Exchange rate profits and losses and reserves for unrealized exchange losses are recorded in the revenues or costs of current year.

j) **Recording of costs and revenues**

Revenues and costs are recorded as accrued, i.e. in the period to which they apply in terms of substance and time.

In compliance with the principle of prudence, the Company records reserves and provisions to cover all risks, losses and devaluation known on the date of the financial statements against costs.

Profit arising from long-term contracts is recorded in the manner specified in the executed contract, e.g. phase invoicing.

k) **Income tax**

The payable income tax is calculated using the applicable tax rate from the accounting profit increased or decreased by permanently or temporarily non-eligible costs and non-tax revenues (e.g. formation and recording of other reserves and provisions, costs of representation, difference between accounting and tax depreciation, etc.).

#### 4. Fixed assets

##### a) Intangible fixed assets (in thousands CZK)

	Balance to 31 December 2015	Additions	Disposals	Balance to 31 December 2016
Software	3 574	0	0	3 574
Accumulated depreciation	- 3 529	34	-	- 3 563
Other intangible fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Intangible investments in progress	-	5 183	5 088	95
<b>Total</b>	<b>45</b>	<b>5 217</b>	<b>5 088</b>	<b>106</b>

Depreciation of intangible fixed assets recorded in costs achieved CZK 34,000 and 458,000 in 2016, resp. 2015.

##### b) Tangible fixed assets (in thousands CZK)

	Balance to 31 December 2015	Additions	Disposals	Balance to 31 December 2016
Machinery, instruments and equipment	28 229	5 088	1 700	31 617
Accumulated depreciation	-21 105	3 274	1 700	- 22 679
Buildings	17 995			17 995
Accumulated depreciation	- 10 987	631		-11 617
Land	574			574
Accumulated depreciation				
Other and small tangible fixed assets	978	63		1 041
Accumulated depreciation	-965	44		-1 010
Tangible investments in progress				
<b>Total</b>	<b>14 719</b>			<b>15 921</b>

Depreciation of tangible assets was recorded in costs in the amount of CZK 3,949 in 2016, resp. 4,506 in 2015.

##### c) Financial investment (in thousands CZK)

Overview of financial investments

	Balance to 31 December 2015	Additions	Disposals	Balance to 31 December 2016
Mutual securities and ownership interests in companies under significant influence	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5. Receivables

No provisions for bad debts were formed in 2016.

## 6. Inventory

To 31 December 2016 and 2015 the Company had no damaged or unused inventory for which provisions would have to be created.

## 7. Provisions

Provisions expressing temporary reduction in the value of receivables were not created.

## 8. Other assets

Deferred expenses include in particular accruals for leasing payments and are recorded in the costs of the period to which they apply in substance.

## 9. Equity

The company's share capital to 31 December 2016 amounts to CZK 10,500,000. The Company's equity reached CZK 67,441,000 to December 2015.

Other funds created from profit amounting to CZK 839,000, are intended to cover the staff's social needs (incentive funds).

Based on a decision of the Company's General Meeting held on 23 June, 2016, the following division of the trading balance in 2015 was approved. The amount of CZK 580,000 was allocated in the incentive fund and the profit balance of the year 2015 amounting in CZK 1,076,000 translated in to the retained profit from the past period. The payment of shares in profit to members was approved in amount CZK 4,600,000.

## 10. Reserves

No operations were carried out at reserve accounts.

## 11. Short-term payables

At 31 December 2016, the Company had no short-term payables past maturity.

## 12. Bank loans

Loans for the car fleet amounting to CZK 600,000.



### 13. Other liabilities

Accrued expenses and estimated items include especially non-invoiced costs and are recorded in the costs of 2016.

### 14. Income tax

	2016 (in thousands CZK)
Pre-tax profit	4 224
Tax-free revenues	0
Differences between accounting and tax depreciation	0
Non-deductible costs	
Provisions	–
Reserves	–
Other (e.g. costs of representation, deficits and losses)	406
Gifts up to 2%	9
Taxable income	4 641
Income tax rate	19
Tax	882
Tax discounts	–
Payable tax	882

### 15. Leasing

The Company had no leased fixed assets not recorded at balance accounts (see the paragraph 3h).

### 16. Assets and liabilities not stated in the Balance Sheet

Not applicable.

## 17. Revenues of the current year

Breakdown of the Company's revenues from operations (in thousands CZK) is as follows:

	2015		2016	
	Domestic	Foreign	Domestic	Foreign
Sales of services	62 664		57 812	2 168
Other	3 999		1 481	
Revenues total	66 663		59 293	2 168

## 18. Personal costs

In 2016, the Company's average workforce and the related personnel costs in CZK 000 amounted to:

	2015		2016	
	Total number of employees	Directors, deputies and heads of organizational units	Total number of employees	Directors, deputies and heads of organizational units
Average number of employees	55	4	55	4
Wages and salaries	26 523		25 656	
Social security	8 983		8 663	
Social security expenses	1 009		1 005	
Personnel costs total	36 515		35 324	

## 19. Information after the date of financial statements

Not applicable.

## 20. Overview of changes in equity - attached

## Overview of Changes in Equity as at 31. 12. 2016

Code	Overview of changes in equity	Line No.	Value in accounting period		
			Current	(Year 2015)	
<b>A. Share capital entered in the Commercial Register (account 411, 491)</b>					
A.1	Baseline	účty 411, 491	001	+10 500	+10 500
A.2.	Increase		002		
A.3.	Decrease		003		
A.4.	Final balance		004	+10 500	+10 500
<b>B. Unregistered share capital (account 419)</b>					
B.1.	Baseline	account 419	005		
B.2.	Increase		006		
B.3.	Decrease		007		
B.4.	Final balance		008		
<b>C. Share capital A.+/-B. with account (-)252</b>					
C.1.	Baseline A.+/- B.	A.1.+B.1.	009	+ 10 500	+ 10 500
C.2.	Baseline balance of own shares and ownership interests	(-252)	010		
C.3.	Account increase (-252)		011		
C.4.	Account decrease (-252)		012		
C.5.	Final balance (-252)		013		
C.6.	Final balance A. +/- B. with account (-)252	C.1. + C.5.	014	+ 10 500	+ 10 500
<b>D. Share premium (account 412)</b>					
D.1.	Baseline	account 412	015		
D.2.	Increase		016		
D.3.	Decrease		017		
D.4.	Final balance		018		
<b>E. Capital funds (account 413)</b>					
E.1.	Baseline balance	account 413	019		
E.2.	Increase		020		
E.3.	Decrease		021		
E.4.	Final balance		022		
<b>F. Differences from revaluation not included in profit or loss (accounts 414, 416, 417 a 418)</b>					
F.1.	Baseline balance	accounts 414, 416, 417 a 418	023		
F.2.	Increase		024		
F.3.	Decrease		025		
F.4.	Final balance		026		
<b>G. Reserve funds (accounts 421, 422)</b>					
G.1.	Final balance	accounts 421, 422	027		+1 089
G.2.	Increase		028		
G.3.	Decrease		029		+1 089
G.4.	Final balance		030		0

Code	Overview of changes in equity	Line No.	Value in accounting period		
			Current	(Year 2015)	
H. Other funds from profit (account 423, 427)					
H.1.	Final balance	accounts 423, 427	031	+875	+827
H.2.	Increase		032	+1 187	+1 094
H.3.	Decrease		033	+1 223	+1 046
H.4.	Final balance		034	+839	+875
I. Profit for the accounting period (account 428 + balance on the credit side of account 431)					
I.1.	Baseline balance	accounts 428, 431	035	+54 410	+50 899
I.2.	Increase		036		+3 511
I.3.	Decrease		037	+3 524	
I.4.	Final balance		038	+50 886	+54 410
J. Loss for the accounting period (account 429 + balance on the debit side of account 431)					
J.1.	Baseline balance	accounts 429, 431	039		
J.2.	Increase		040		
J.3.	Decrease		041		
J.4.	Final balance		042		
K. Another result of past periods (account 426)					
K.1.	Final baseline	account 426	043		
K.2.	Increase		044		
K.3.	Decrease		045		
K.4.	Final baseline	account 426	046		
L. Profit or loss for the accounting period after tax					
L.1.	Baseline balance		047	+3 362	+1 656
L.2.	Increase		048		
L.3.	Decrease		049		
L.4.	Final balance		050	+3 362	+1 656
M. Advances in profit shares (account 432)					
M.1.	Baseline balance	account 432	051		
M.2.	Increase		052		
M.3.	Decrease		053		
M.4.	Final balance		054		
Equity total					
X.1.	Baseline balance	C.1.+C.2.+D.1+E.1.+F.1.+G.1.+H.1.+I.1.+J.1.+K.1.+L.1.+M.1.	055	+69 147	+64 971
X.2.	Increase	A.2. + B.2.+C.3.+D.2.+ E.2.+F.2.+G.2.+H.2.+I.2.+ J.2.+ K.2.+L.2.+M.2.	056	+1 187	+4 605
X.3.	Decrease	A.3.+B.3.+C.4.+D.3.+E.3.+F.3.+G.3.+H.3.+I.3.+J.3.+K.3.+L.3.+M.3.	057	+4 747	+2 135
X.4.	Final balance	X.1.+X.2.-X.3.	058	+65 587	+67 441

# Auditor's Report

## for the Members of TES s.r.o., Verifying the 2016 Annual Financial Statements

### 1. Audited organization

TES s.r.o.

with registered office at Pražská 597, 674 01 Třebíč, Company registration number: 45477973, represented by Martin Štajgl, Managing Director.

### 2. Auditor



KAVERO Audit CZ, s.r.o.

with registered office at U Prefy 18/794, 182 00 Prague 8, Company registration number: 25577701, Chambre of Auditors of the Czech Republic License No. 336., represented by Karel Veselý, Managing Director, Senior Auditor.

Phone/fax: +420 283911136, 608709187, e-mail: kavero@kavero.cz

### 3. Business activities of the audited company

- Manufacture, trade and services not listed in Annexes 1 to 3 to the Trade Licensing Act.
- Installation, repairs, inspections and tests of electric equipment.
- Manufacture, installation, repairs of electrical machines and appliances, electronic and telecommunication equipment.

### 4. Subject and purpose of audit

The subject of audit covers the Company's annual financial statements compiled at 31 December 2016 pursuant to applicable provisions of the Accounting Act and the Act on Auditors and the Chamber of Auditors of the Czech Republic.

Its purpose is to assess

- Faithful and true representation of the state of the company's assets and liabilities, difference in assets and liabilities, equity, financial standing and results of operations.
- Whether the accounts are kept completely, comprehensively, transparently and in a way guaranteeing the permanence of accounting records.

## Auditor's Report to the Members of TES s.r.o.

We have verified the attached financial statement, i.e. Balance Sheet at 31 December 2016, Profit and Loss Statements from 1 January to 31 December 2016 and Notes to the financial statements, including a description of major accounting methods applied by TES s.r.o., with its registered office at Pražská 597, 674 01 Třebíč.

The Company's statutory body shall be responsible for the compilation and faithful representation of the financial statements in accordance with the Czech Republic's accounting guidelines. This responsibility also includes the drafting, implementation and assurance of internal controls over the compilation and true representation of the financial statements to ensure that it does not contain any material misstatements due to fraud or errors, as well as the selection and application of suitable accounting methods and implementation of accounting assessments adequate to the situation.

Our responsibility is to express an opinion based on the audit of the financial statements. We have conducted the audit in accordance with the Act on Auditors and the international Auditing Standards and related application clauses of the Chamber of Auditors of the Czech Republic. In accordance with these guidelines, we are obliged to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The audit includes auditing procedures aimed at obtaining evidence on the amounts and facts stipulated in the financial statement. The selection of auditing procedures depends on the auditor's judgement, including an assessment of the risks, that the financial statements contain significant inaccuracies caused by fraud or error. When assessing these risks, the auditor takes account of internal controls relevant to the compilation and true representation of the financial statements. The goal of the assessment of internal controls is to propose suitable auditing procedures, not to comment on the effectiveness of such internal controls. The audit also includes an evaluation of the appropriateness of accounting methods and the adequacy of accounting estimates made by the management, as well as an evaluation of the overall presentation of the financial statements.

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

In the verification of the financial statements we have identified no facts indicating that the accounting records on the basis of which the financial statements have been compiled are not complete, conclusive and correct in all relevant respects.


In our opinion, the financial statements give a faithful and true picture of the assets, liabilities and financial standing of TES s.r.o. at 31 December 2016 and the costs, revenues and results of its operations in 2016 in accordance with the Czech Republic's accounting guidelines.

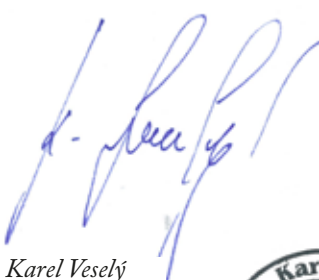
We have also audited the Annual Report for consistency with the financial statements referred to above. The Company's management is responsible for the accuracy of the Annual Report. Our responsibility is to issue an opinion on consistency of the Annual Report with the financial statements based on the audit.

We have conducted the audit in accordance with the international Auditing Standards and related application clauses of the Chamber of Auditors of the Czech Republic. These standards require the auditor to plan and perform the audit to obtain reasonable assurance that the information contained in the Annual Report, describing matters that are also presented in the financial statements, is, in all material respects, in accordance with the relevant financial statements. We believe that the audit provides a reasonable basis for our audit opinion.

In our opinion, the information referred to in the Annual Report is, in all material respects, in accordance with the above-mentioned financial statements.

In Prague, 26. April 2017

  
*Kavero Audit CZ, s.r.o.*  
*Chamber of Auditors of the Czech*  
*Republic License No. 336*  
*Lenka Veselá*  
*Managing Director*

  
*Karel Veselý*  
*Auditor*  
*License No. 1797*







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