ANNUAL REPORT 2018

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1 FOREWORD

Dear business partners, dear colleagues, ladies and gentleman,

To begin with, I would like to thank all our customers, business partners and colleagues for their trust and successful cooperation in achieving our common goals, the most important of which is enhancing the safety and reliability of nuclear power plants.

First of all, let me point out that the year 2018 was a very successful one. We built on previous good results of the company. Projects in the area of research and development, which are meant to enhance professional range of services to our customers, were successfully finished.

Despite the unfavourable labour market situation, we managed to team up with four new well qualified colleagues. We take care of the continuous trainings and improving the skills of our employees in order to meet the most demanding requirements of our customers. Specific attention is paid to broadening of the range of software and hardware tools, the quality of the management system and to environmental protection.

In 2018, a new Data and P&ID Department was established to manage data collection and consolidation regarding the technological equipment of the nuclear power plant.

TES together with its workers and partners have all prerequisites to satisfy the highest possible demands of our customers.

Let me thank all of you once more for your cooperation and wish the nuclear industry the very best in their efforts.

Ing. Martin Štajgl
General Director of TES s.r.o.

2 BASIC COMPANY DATA

TES s.r.o. (further referred to as TES) was founded on February 27, 1992 as a limited liability company and as such was incorporated in the Business Register at the Regional Court in Brno, Section C, File 4884.

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 No.:	45477973
Tax identification No.:	CZ45477973
Bank connection:	Komerční banka Třebíč
Account No. :	377548711/0100
Share capital:	CZK 10 500 000
Phone:	+420 568 838 411
E-mail:	tes@tes.eu
Electronic identification:	4ze6zf3
Website:	www.tes.eu

HEADQUARTERS AND BRANCH OFFICES

Headquarters	TES s.r.o., Pražská 597, 674 01 Třebíč, Czech Republic Phone.: +420 568 838 411 E-mail: tes@tes.eu
Dukovany site	TES s.r.o., Dukovany 269, 675 50 Dukovany – elektrárna, Czech Republic Phone.: +420 561 10 5450 E-mail: tes@tes.eu
Temelín site	TES s.r.o., 373 05 Temelín – elektrárna, Czech Republic Phone.:+420 381 10 2064, fax: +420 381 10 1404 E-mail: tes@tes.eu
Mochovce site	TES s.r.o., Mochovce 1, 935 39 Kalná nad Hronom, Slovak Republic Phone.:+420 568 838 411, fax: +420 568 838 427 E-mail: tes@tes.eu

3 CORPORATE MANAGEMENT

STATUTORY BODY

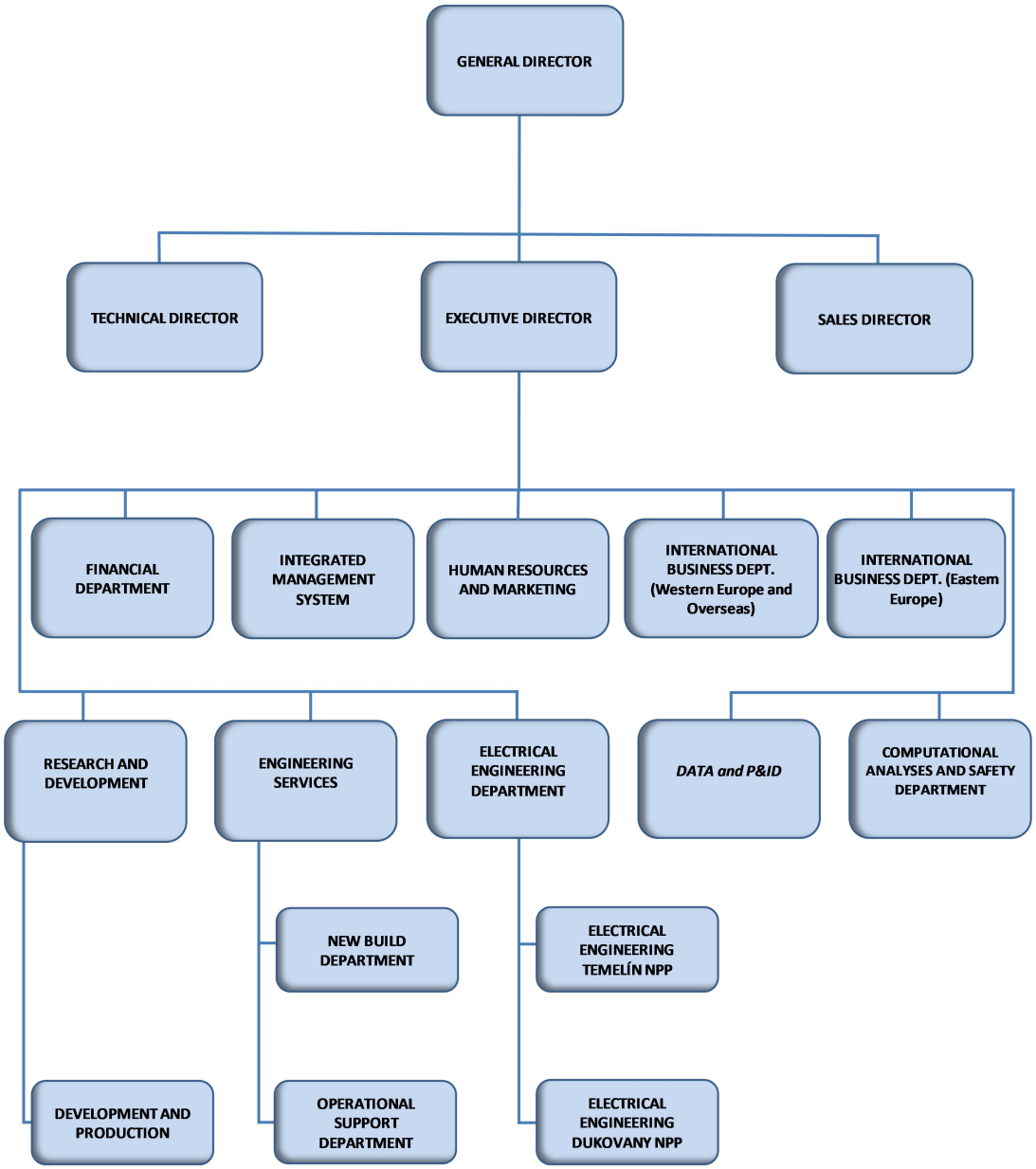
Legal representatives of the company and their shares in the registered capital:

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
Executive Director	Oto Mareček
Technical Director	Pavel Novotný
Sales Director	Tomáš Palko
Head of Financial Department	Vladimír Šula
Manager of Integrated Management System	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 Dept.	Oto Mareček
Head of Computational Analyses and Nuclear Safety Department	Martin Blaha
Head of Data and P&ID Department	Zdeněk Ondráček
Human Resources and Marketing Manager	Věra Urbancová

4 ORGANIZATIONAL STRUCTURE



The TES organizational structure reflects key business areas which are managed and run by five operational departments. Some of the departments are further divided into sub-departments. Through operational departments TES provides engineering services and technical support to nuclear power plant operators and nuclear authorities including the commissioning of nuclear power systems, development of diagnostic and monitoring systems of industrial electrical equipment or nuclear safety analyses.

5 PEOPLE IN TES

TES strives to foster professional growth of its employees. Education takes on the form of external or corporate trainings and workshops. Priority is given to regular trainings occupational safety and health protection at work. TES works on maintenance and continuous improvement of integrated management system, which in turn improves the quality of all processes, products and services supplied to our customers.

Considering the fact that the company´s activities are closely related to nuclear energetics, particular emphasis is placed on the continuous perfecting and broadening of professional qualification in accordance with the legislative requirements of the Czech Republic including nuclear law. Some of our employees are regularly trained locally or abroad in very specific fields including for example the trainings on the use of computational codes for analyses of transient and emergency conditions of nuclear power units. Training programmes also cover perfecting the knowledge on computer programmes and using specialized software. Last but not least, the company management promotes language education, with emphasis on the knowledge of English.

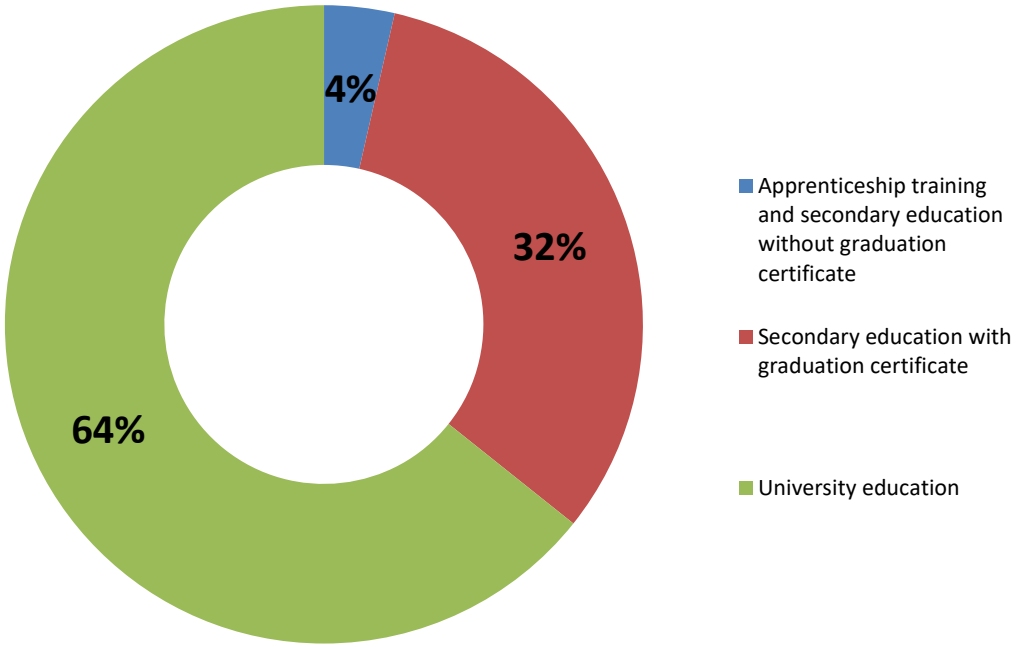
EMPLOYEE BENEFITS

- Extra week of leave for recovery
- A 7, 5-hour working day
- Flexible working hours
- Meat allowance
- Pension insurance contribution
- Culture and Social Needs Fund
- Company telephone and computer
- Language trainings
- Coverage of selected vaccinations

EDUCATION STRUCTURE OF THE EMPLOYEES

More than 60% of the people working for TES have an academic degree, particularly in the fields of nuclear engineering, electrical engineering and mechanical engineering. In 2018, there were 56 employees on average in the company.

Education Structure of TES Employees



6 KEY BUSINESS AREAS

SERVICE AND MAINTENANCE OF NUCLEAR POWER PLANT EQUIPMENT

- Electrical circuit diagnostics and measurement
- Service of monitoring and diagnostic systems
- Maintenance of diesel generator stations
- Maintenance of electrical circuits and protections
- Diagnostics of rotating machinery

DETERMINISTIC SAFETY ANALYSES

- Analyses for design and modification of NPP
- Analyses for SAR (Safety Analysis Report)
- Computational analyses of operational events
- Support of Accident Management
- Independent validation of computational codes
- Computational tools and models for deterministic safety analyses

MONITORING AND DIAGNOSTIC SYSTEMS

- Monitoring systems of electric equipment
- On-line diagnostics of power oil transformers
- Generator brush gear monitoring system
- Partial discharge in oil power transformers

SUPPORT OF COMMISSIONING AND OPERATION OF NPP

- Drawing of operating documentation
- Program development and test implementation
- Measurement of electrical and technological parameters
- Evaluation of operational tests
- Computational support of the commissioning
- Consolidation and validation of data on plant equipment, P&ID processing
- Design, operational and licence documentation
- Independent analyses of operational events and failures
- Support of training of NPP personnel

SUPPORT OF NUCLEAR REGULATORS

- Independent supervision of the commissioning
- Computational support
- Independent expert reviews
- Developing of safety regulations

7 PROFILES OF KEY OPERATIONAL DEPARTMENTS

Since its foundation in 1992, TES has been active in the field of engineering services and technical support for nuclear power plants. Based on the field of services provided, TES is organized into departments. Some complex projects involve cooperation of specialists from two or more departments.

COMPUTATIONAL ANALYSES AND NUCLEAR SAFETY DEPARTMENT

The main activity of the department is to ensure and report on the safety and reliability of the nuclear power plant operations. For the purposes of computational analyses we use a growing portfolio of advanced computational codes such as RELAP5, TRACE, PARCS, MELCOR, OpenFoam or AnsysFluent. The core activity of the department in 2018 consisted especially of computational analyses for the nuclear units of the Dukovany NPP and Temelín NPP.

ENGINEERING SERVICES DEPARTMENT

The department focuses mainly on ensuring commissioning of nuclear power units, for example putting nuclear power plant equipment in operation after refurbishment. Independently of the NPP operator, we also provide services for the nuclear regulatory authorities (e.g. SÚJB) in the areas of technical support and independent supervision of the commissioning. We aim to ensure the maximum possible level of safety and security when granting a licence for the operation of the nuclear power plant. TES experts provide continuous technical support at the Dukovany and Temelín NPPs. Independent technical support for the completion of the Unit 3 of the nuclear power plant Mochovce (Slovak Republic) was one of the key projects of the department in 2018.

ELECTRICAL ENGINEERING DEPARTMENT

The experts of the electrical engineering department provide the technical support of the operation of the nuclear power plant Dukovany and Temelín and implement investment projects in the field of electrical engineering (low and high voltage). Technical support of the operations is done through the monitoring and diagnostics of specific technological equipment systems and checking whether they function correctly. This is carried out by means of measuring and evaluating the checks and tests using mobile and stationary monitoring systems. Our workers are directly involved in the maintenance and service of several appliances.

RESEARCH AND DEVELOPMENT DEPARTMENT

Research and development department develops and produces hardware and software systems designed to measure, test and diagnose selected technological equipment of NPPs. The experts of the department cooperate with various research centres and universities, among others with the Brno University of Technology and the Czech Technical University in Prague.

INTERNATIONAL BUSINESS DEPARTMENT

The department cooperates closely with all the other departments, organizing and coordinating projects for foreign customers. The company manages these projects either by itself or in cooperation with our foreign partners. In the past, there were projects of the European Union called TACIS, focusing on the enhancement of nuclear safety of Russian nuclear power plants. In 2018, we started to develop business cooperation with KINGS, a South Korean university, in the field of computational analyses.

DATA AND P&ID DEPARTMENT

In 2018, the Data and P&ID (Piping and Instrumentation Diagrams) department was set up to implement the consolidation and collection of the technological equipment data. The specialists in this department manage adjustments and develop new operative schemes of the nuclear power plant systems.

8 MAJOR PROJECTS IN 2018

VALIDATION OF ACCIDENT MANAGEMENT GUIDELINES FOR DUKOVANY NPP AND TEMELÍN NPP

In 2018, the experts of the Nuclear safety department implemented a regular cycle of validation of Accident Management Guidelines, which has been performed on full-scale simulator at both nuclear power plants yearly since 2013. TES experts in cooperation with ČEZ, a.s. operators perform evaluation of the requirements of AccM, select emergency scenarios for the validation of particular guidelines, coordinate the application of emergency scenarios on full scale simulators at both power plants, develop operational evaluation of performed tests and carry out subsequent and final evaluation of the whole validation cycle.

PERIODIC SAFETY REVIEW FOR TEMELÍN NPP AFTER 20 YEARS OF OPERATION

In 2018, the experts of the of the Nuclear safety department participated in the evaluation of the nuclear safety of the NPP Temelín under the Periodic Safety Review (PSR), after 20 years of the Temelín NPP operation in the Area no. 5 *The Deterministic Safety Analysis*. Within this extensive and challenging project TES experts evaluated the nuclear safety of all the deterministic analyses that were developed for the Temelín NPP by TES within 2007 and 2017. They also performed an independent expert verification of the evaluation of the deterministic safety analyses developed for the NPP Temelín by other subjects within the same time frame. The State Office for Nuclear Safety (SÚJB) uses the final assessment reports and independent verification reports as the basis for the safety evaluation of the NPP Temelín after 20 years in operation.

DEVELOPMENT AND VALIDATION OF COMPUTATIONAL MODELS FOR HUNGARIAN ACADEMY OF SCIENCES

In 2018, TES succeeded in securing an important contract for *the Hungarian Academy of Sciences Centre for Energy Research*. It was the result of a long-term participation of TES experts in the development and validation of computational programmes used for safety analyses in CAMP (*Code Application and Maintenance Programme*). Under this contract, TES experts developed computational model of integral experimental equipment, PMK 2, which is used by MTA EK for activities related to evaluation of VVER-440 safety, primarily for the units at the Paks NPP in Hungary. An extensive validation of the model will be done in 2019. It will be tested against experimental LOCA accidents in shut down regime, performed on an experimental stand PMK2. We believe that this contract is the first step in ensuring the further

cooperation with MTA EK in the area of safety evaluation of the current and future power units in Hungary.

INNOVATION PROJECT PZT: *THE TRANSFER OF KNOWLEDGE IN THE AREA OF NEUTRONIC AND PHYSICAL CALCULATIONS FOR THE SAFETY ANALYSIS OF NPP*

The innovation project No. CZ.01.1.02/0.0/0.0/15_013/0004603 The *Transfer of Knowledge in the Area of Neutronic and Physical Calculation for the Safety Analysis of Nuclear Power Plants* was successfully finished in September 2018. TES realised this project between 2016 – 2018 as a part of the *Operational Program Enterprise and Innovations for Competitiveness* under the call *Partnership of Knowledge Transfer*. The project was selected by the Ministry of Industry and Trade of the Czech Republic as one with the highest quality and potential and will be used as an example of good practice for the upcoming calls and follow-up programmes. Under this contract, TES cooperated with the Brno University of Technology, namely the Faculty of Electrical and Communication Technologies. New computational models, programmes and methods were developed and validated to facilitate the combined dimensional calculations of the VVER and PWR power units using TRACE-PARCS and SCALE-Triton computational programmes.

INNOVATION PROJECT PZT*: THE APPLICATION OF CODES AND CORRELATIONS FOR CRITICAL HEAT FLUX CALCULATION IN NUCLEAR REACTORS*

In June 2018, new three-year innovation project No. CZ.01.1.02/0.0/0.0/17_102/0011478 *Application of Codes and Correlations for Critical Heat Flux Calculation in Nuclear Reactors* was launched. The project is co-funded by the European Union under the *Operational Program Enterprise and Innovations for Competitiveness*. In this project, a transfer of knowledge in the area of critical heat flux is executed between the Brno University of Technology and TES. The aim is to facilitate the innovation process and thus increase the level and broaden the range of services of TES in the area of safety analyses related to critical heat flux. In this project, computational codes and correlations and methodology will be developed and validated to allow for critical heat flux calculations needed for the safety analyses calculations provided by TES. Further cooperation with FEKT VUT Brno and TES is expected.

APPLICATION OF THE MCSA METHOD ON THE DIAGNOSTICS OF ASYNCHRONOUS MOTORS

TES has successfully applied the MCSA method (Motor Current Signature Analysis), which allows a timely identification of a possible failure arising on the stator and rotor of asynchronous motors. The main advantage of the method is that the measurement is performed without interrupting the operation process. Owing to cooperation with the University of Technology in Brno and with financial support of the EU by way of innovation voucher from the Ministry of Industry and Trade of the Czech Republic, TES has developed advanced software which improves the accuracy and reliability of the data evaluation. In 2018, the method was applied at the Temelín NPP to diagnose 62 important motors driving the systems of the Main Circulation Pump, Cooling Water Pump and Feed Water Pump. The same diagnostics was applied for 24 important motors of the Main Circulation Pump system at the Dukovany NPP. The plan for the future is to extend implementation of the method at both nuclear power plants, in particular on the motor systems serving nuclear safety systems.

MODERNISATION OF THE CONTROL AND SERVICE PARTS OF THE MSE MONITORING SYSTEM AT THE DUKOVANY NPP

TES successfully implemented a replacement of the database and WEB interface parts of the MSE monitoring system designed to monitor important electrical equipment in the area of house load and offsite power transmission at both units of the Dukovany NPP. The new database environment provides enough capacity for loading, sorting and archiving measured analogue and digital data, including sufficient speed and access to data. New WEB interface allows users to access the evaluated data in a very intuitive and convenient way, by means of active screens displaying the actual conditions of the electric equipment of both units at the Dukovany NPP. There are basic in-built tools included in the WEB interface allowing the monitoring of reliability and service time consumption of the monitored equipment in the Dukovany NPP.

SUPPLY OF THE UPGRADED MOSAD®-6 CENTRAL UNITS FOR DUKOVANY NPP AND TEMELÍN NPP

Between the years 2012 and 2015, TES was developing an upgraded system MOSAD®-6, designed to measure analogue and digital signals as a replacement of original MOSAD®-5. In 2018, two central units were replaced at the Dukovany and Temelín NPPs. In the upcoming period the plan is to replace all existing MOSAD®-5 units with the upgraded MOSAD®-6.

INNOVATED SENSORS FOR THE DETECTION OF PARTIAL DISCHARGE OCCURENCE IN HIGH POWER OIL TRANSFORMERS MOSAD®-MST-PD

The system MOSAD®-MST-PD designed for the detection of partial discharge occurrence is one of the protective elements used when monitoring high power oil transformers. The systems based on the detection of electromagnetic signals in UHF frequency range (300 – 3000 MHz) are more advanced and, in addition to detection, they make it possible to identify the spot of discharge occurrence. TES in cooperation with UTEE FEKT VUT (*The Department of the Theoretical and Experimental Electrical Engineering, the Faculty of Electrical and Communication Technology of the Brno University of Technology*) have developed advanced quality of UHF sensors, which increase the efficiency of the measurement process on the transformers and bring in more reliable results. The development of the sensors was realised under the financial support of innovation voucher No. CZ.01.1.02/0.0./17_205/0012949 provided by the Ministry of Industry and Trade under the *Operational Program Enterprise and Innovations for Competitiveness*.

IMPLEMENTATION OF IS GOMS AND GADUS IN THE DUKOVANY NPP

In the course of providing consultation services to ČEZ, a.s., TES, in cooperation with ČEZ, a.s., assessed and addressed the risk of implementation of each information module and its application for the nuclear power plant systems. Together we prepared and implement an extensive project, which covered training the users of the customer (ČEZ, a.s.) as well as training the users of the ČEZ, a.s. suppliers. Data consolidation of the NPP equipment was performed during the transfer to the new information system. The project included the development of the P&ID documentation, reflecting the actual design of the electrical systems after the replacement of 6V protections and sub-distribution board.

TECHNICAL SUPPORT OF THE SICENTIFIC AND TECHNICAL COMMISSIONING OF THE NUCLEAR POWER PLANT MOCHOVCE

The project of providing technical support during the supervision over the completion of the Unit 3 and the Unit 4 of the Nuclear Power Plant Mochovce, granted to TES by ÚJD SR (the Nuclear Regulatory Authority of the Slovak Republic) in 2015, is considered as one of the major TES projects. In 2018, the responsibilities of TES consisted of continuing the process of function checks of the equipment supervised by the ÚJD during cold hydro test, small revisions, identifying faults and the preparation and process of hot hydro test. Furthermore, TES performed an evaluation of the actual equipment condition and verified the correctness and completeness of test protocols and an assessment of emergency systems tests.

9 INTEGRATED MANAGEMENT SYSTEM

Our priority 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 to manage all processes within the company, which incorporates the requirements according to the following 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

TES is audited on regular basis to ensure that we comply to these standards and we always strive to improve them. This is the task of the Department of Integrated Management System.

In June 2018, re-certification audit was carried out by EZÚ Praha (CQS Association). We successfully passed and were awarded a certificate with effect until June 2021. The integrated management system and all processes comply with the requirements of the Atomic Act No. 236/2016 Coll. and the requirements of the SÚJB Regulation No. 408/2016 Coll. All certificates and information on the Integrated Management System are available on TES website (www.tes.eu).

9.1 ADDITIONAL TES CERTIFICATION

Verified Partner of the ČEZ, a.s.

In August 2018, a customer audit of TES was conducted by ČEZ, a.s., I&C Energo, a.s. and Škoda JS, a.s. TES was awarded a certificate for being a high- quality supplier with effect until August 2021. TES undergoes this audit regularly and we always strive to prove our qualification and competence for providing products and services to ČEZ, a.s. as the end customer 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.

SÚJB Certification

As early as 2007, the State Office for Nuclear Safety (SÚJB) in compliance with the Atomic Act granted TES a permit for the implementation of services important in terms of radiation protection pursuant to Section 59 article 1. (d) of the Decree No. 307/2002 Coll., on radiation protection as amended by the 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 controlled radiation area of the IV category workplaces by a person other than the control area operator, e.g. testing and inspecting the machine equipment, I&C systems, supervision during commissioning of such equipment, non-destructive diagnostics of the technological equipment in the controlled radiation area of ČEZ, a.s and ÚRAO Dukovany (Radioactive Waste Repository Authority of Dukovany NPP) and other activities as specified in the 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 to peaceful use of nuclear energy and activities resulting in radiation and on establishing the quality of selected equipment and its classification into safety classes. Our adherence to this standard is regularly audited by ČEZ, a.s.

Authorisation to Perform Safety Computational Analyses for Nuclear Power Plant

For the purposes of the computational analyses in the area of nuclear safety, TES uses advanced computational codes acquired from the U.S. Nuclear Regulatory Commission as a result of the participation of TES in the CAMP (*Code application and Maintenance Program*) and CSARP (*Cooperative Sever Accident Research Program*). To carry out safety analyses for nuclear power equipment, an entity in the Czech Republic must perform an evaluation of the computational programme in compliance with the Regulation VDS030 of the State Office for Nuclear Safety (SUJB). The demanding procedure of the evaluation according to the Regulation VDS030 is performed every three years. Currently, TES has three computational codes listed among the programmes being evaluated according to Regulation VDS030: RELAP5/MOD3.3, TRACEV5.0 and MELCOR 2.1. This means that we are one of the very few Czech companies allowed to perform computational safety analyses for nuclear power plants in the Czech Republic.

10 RESEARCH AND DEVELOPMENT

PROJECT NO. TE01020068: *CENTRE FOR RESEARCH AND EXPERIMENTAL DEVELOPMENT OF RELIABLE ENERGY FACILITIES*

In 2018, research and development activities continued on the project No. TE01020068: *Centre for Research and Experimental Development of Reliable Energy Facilities*. The project is implemented as a part of *the Competence Centre Programme of the Technology Agency of the Czech Republic* (TAČR) to support the development of long-term cooperation in research, development and innovation between the public and private sector. Its key objective is to ensure safe, reliable and affordable sources of electricity, both conventional and nuclear. The idea is to extend the lifetime of old turbine generator units and build some 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 timeline is from March 2012 to December 2019. As a part of the project, TES is especially involved in the research and development of a complex system for processing diagnostic information and evaluation of the condition of the components in power producing facilities. The Centre's activities are supported by the special purpose resources reserved in the state budget for research and development via TAČR.

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 CAMP (*Code Application and Maintenance Program*) and CSARP (*Cooperative Severe Accident Research Program*) international programmes. Both programmes are coordinated by the U.S. Nuclear Regulatory Commission. These programmes allow TES experts from the Department of Calculation Analyses and Nuclear Safety to participate in the development and validation of computational codes to perform safety analyses in nuclear facilities. In March 2018, a document developed by TES experts, *NUREG/IA-0502: Post-Test Analysis of Cold Leg Small Break 4,1 % at PSB-VVER Facility using TRACE V5.0* was released. It is now the fourth TES document published by NRC in the series NUREG/IA. The document is available on NRC: https://www.nrc.gov/reading-rm/doc-collections/nuregs/agreement/ia0502/.

11 FINANCIAL STATEMENTS

11.1 BALANCE SHEET

ASSETS

Code	ASSETS		Current accounting period			Past period
			Line no.	Gross	Adjustment	Net	Net (Year 2017)
	TOTAL ASSETS	A. + B. + C. + D.	001	+ 148 940	- 47 991	+ 100 949	+ 72 915
A.	Receivables for subscribed capital	A.1. + A.x.	002				
B.	Fixed assets	B.I + ...+ B.III.	003	+ 75 828	- 47 796	+ 28 032	+21 643
B.I.	Intangible fixed assets	B.I.1. + B.I.x.	004	+ 6 421	- 4 458	+ 1 963	+ 2 744
B.I.1.	Research and development	accounts 012, (-)072. (-)091 AÚ	005				
B.I.2	Royalities	B.I.2.1. + B.I.2.2.	006	+ 6 421	- 4 458	+1 963	+2 500
B.I.2.1.	Software	accounts 013, (-)073, (-)091AÚ	007	+ 6 421	- 4 458	+1 963	+2 500
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	0		0	+244
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	0		0	+244
B.II.	Tangible fixed assets	B.II.1. + B.II.x.	014	+57 407	-43 338	+14 069	+13 899
B.II.1.	Land and buildings	B.II.1.1 + B.II.1.2.	015	+18 569	-12 791	+5 778	+6 350
B.II.1.1.	Land	accounts 031, (-)092AÚ	016	+574		+574	+574
B.II.1.2.	Buildings	accounts 021, (-)081, (-)092AÚ	017	+17 995	-12 791	+5 204	+5 776
B.II.2.	Tangible movable things and their groups	accounts 022, (-)082, (-)092AÚ	018	+38 738	-30 547	+8 191	+7 374
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	0		0	+175
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	0		0	+175
B.II.5.	Advanced payments on tangible fixed assets and fixed assets in progress	B.II.5.1. + B.II.5.2.	024	+100		+100	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	+100		+100	0
B.III.	Financial fixed assets	B.III.1. + ...+B.III.x.	027	+12 000		+12 000	+5 000
B.III.1.	Equity interest - controlled or controlling entities	account 043, 061, (-)096AÚ	028				
B.III.2.	Lending and loans-controlled and controlling entities	account 066, (-)096AÚ	029				
B.III.3.	Equity interest - significant influence	account 043, 062, (-)096AÚ	030				
B.III.4.	Lending and loans-significant influence	accounts 067, (-)096AÚ	031				
B.III.5.	Other financial fixed assets	accounts 043, 063, 065, (-)096AÚ	032				
B.III.6	Lending and loans-other	account 068, (-)096 AÚ	033				
B.III.7.	Other financial fixed assets	B.III.7.1.+B.III.7.2.	034	+12 000		+12 000	+5 000
B.III.7.1.	Miscellaneous non-current financial assets	accounts 043, 069, (-)096AÚ	035	+12 000		+12 000	+5 000
B.III.7.2.	Advanced payments provided for financial fixed assets	accounts 053, (-)095AÚ	036				
C.	Current assets	C.I.+CII.+CIII.+CIV.	037	+72 617	-195	+72 422	+50 791
C.I.	Inventory	C.I.1. + ...+C.I.x.	038	+5 694		+5 694	+3 931
C.I.1.	Materials	accounts 111, 112, 119, (-)191	039	+1 552		+1 552	+815
C.I.2.	Work in progress and semi-finished products	accounts 121, 122, (-)192, (-)193	040	+4 142		+4 142	+3 116
C.I.3.	Products and goods	C.I.3.1. + C.I.3.2.	041				

Continued on the next page

Code	ASSETS		Current accounting period				Past period
			Line no.	Gross	Adjustment	Net	Net (Year 2017)
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	+39 905	-195	+39 710	+25 773
C.II.1.	Long-term receivables	C.II.1.1.+ ...+C.II.1.x.	047	+195	-195	0	0
C.II.1.1.	Trade receivables	311AÚ, 313AÚ, 315AÚ, (-)391AÚ	048	+195	-195	0	0
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.	Deffered tax assets	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 advanced payments provided	accounts 314AÚ, (-)391AÚ	054				
C.II.1.5.3.	Estimated receivables	accounts 388	055				
C.II.1.5.4.	Other recivables	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	+39 710		+39 710	+25 773
C.II.2.1	Trade receivables	:ounts 311AÚ, 313AÚ, 315AÚ, (-)391AÚ	058	+35 379		+35 379	+24 796
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.	Receivables - other	C.II.2.4.1.+...+C.II.2.4.6	061	+4 331		+4 331	+977
C.II.2.4.1	Receivables from shareholders	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 recivables	accounts 341, 342, 343, 345, (-)391AÚ	064	+706		+706	+579
C.II.2.4.4.	Short-term advanced payments	accounts 314AÚ, (-)391AÚ	065	+3 087		+3 087	+265
C.II.2.4.5.	Estimated receivables	accounts 388	066	+365		+365	0
C.II.2.4.6.	Other receivables	335, 371, 373, 374, 375, 376,378,(-)391AÚ	067	+173		+173	+133
C.II.3	Accruals	C.II.3.1.+...C.II.3.x.	068				
C.II.3.1.	Deferred expenses	accounts 381	069				
C.II.3.2.	Complex deferred expenses	accounts 382	070				
C.II.3.3.	Accrued revenues	accounts 385	071				
C.III.	Short-term financial assets	C.III.1.+...+C.III.x.	072				
C.III.1.	Ownership interests-controlled or controlling entity	accounts 254, 259, (-)291AÚ	073				
C.III.2.	Other short-term financial assets	251, 253, 256, 257, 259, (-)291 AÚ	074				
C.IV.	Financial resources	C.IV.1.+...+C.IV.x.	075	+27 018		+27 018	+21 087
C.IV.1.	Financial resources in treasury	accounts 211, 213, 261	076	+108		+108	+66
C.IV.2.	Financial resources on account	accounts 221, 261	077	+26 910		+26 910	+21 021
D.	Accruals	D.1.+...+D.x.	078	+495		+495	+481
D.1.	Deferred expenses	accounts 381	079	+495		+495	+481
D.2.	Complex deferred expenses	accounts 382	080				
D.3.	Accrued revenues	accounts 385	081				

LIABILITIES AND EQUITY

Code	LIABILITIES AND EQUITY		Line no.	Current accounting period Net	Past period Net (Year 2017)
	LIABILITIES AND EQUITY	A.+B.+C.+D.	001	+100 949	+72 915
A.	Equity	A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI.	002	+78 068	+62 082
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	accounts 412	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.	Reevaluation of assets and liabiliteis +/-	(+/-)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	+799	+842
A.III.1.	Other reserve funds	accounts 421, 422	016		
A.III.2.	Statutory and other funds	accounts 423, 427	017	+799	+842
A.IV.	Profit and loss of previous years (+/-)	A.IV.1.+...A.IV.x.	018	+46 191	+45 718
A.IV.1.	Retained earnings or accumultaed loss from previous years (+/-)	accounts 428,429	019	+46 191	+45 718
A.IV.2.	Other profit or loss from previous yearst (+/-)	accounts (-)426	020		
A.V.	Profit or loss of the current period (+/-)	ssets -A.1.-A.II.-A.III.-A.IV.-B.-C.-D. -A.VI.	021	+20 578	+5 022
A.VI.	Decided on advanced payment of profit or loss share (	accounts 432	022		
B.+C.	Liabilities	B.+C.	023	+22 476	+10 341
B.	Reserves	B.1.+...+B.x.	024		
B.1.	Provision for pension and other similar payables	accounts 452	025		
B.2.	Income tax provision	accounts 453	026		
B.3.	Reserves under special legislation	accounts 451	027		
B.4.	Other reserves	accounts 459	028		
C.	Liabilities	C.I.+C.II.+C.II.	029	+22 476	+10 341
C.I.	Long-term liabilities	C.I.1.+...C.I.x.	030	+49	+332
C.I.1.	Debentures and bonds issued	C.I.1.1.+C.I.1.2.	031		
C.I.1.1.	Debentures	accounts 473	032		
C.I.1.2.	Other bonds	accounts 473	033		
C.I.2.	Liabilities to lending institutions	accounts 461	034	+49	+332
C.I.3.	Long-term advanced payments	accounts 475	035		
C.I.4.	Trade payables	accounts 479	036		
C.I.5.	Long-term bills of exchange payable	accounts 478	037		
C.I.6.	Payables - controlled or controlling entity	account 471	038		
C.I.7.	Payables -significant influence	account 472	039		
C.I.8.	Deferred tax liability	account 481	040		
C.I.9.	Other liabilities	C.I.9.1.+...C.I.9.3.	041		
C.I.9.1.	Liabilities to shareholders	accounts 364, 365, 366, 367, 368	042		
C.I.9.2.	Estimated payables	accounts 389	043		
C.I.9.3.	Other payables	accounts 372, 373,377, 379, 474, 479	044		
C.II.	Short-term payables	C.II.1.+...C.II.x.	045	+22 427	+10 009

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Code	LIABILITIES AND EQUITY		Current accounting period		Past period
			Line no.	Net	Net (Year 2017)
C.II.1.	Debentures and bonds issued	C.II.1.1.+C.II.1.2.	046		
C.II.1.1.	Debentures	account 241	047		
C.II.1.2.	Other bonds	account 241	048		
C.II.2.	Liabilities to lending institutions	accounts 221, 231, 232	049		
C.II.3.	Short-term advanced payments received	account 324	050		
C.II.4.	Trade payables	accounts 321, 325	051	+1 507	+3 122
C.II.5.	Short-term note payables	account 322	052		
C.II.6.	Payables - controlled or controlling entity	account 361	053		
C.II.7.	Payables -significant influence	account 362	054		
C.II.8.	Other payables	C.II.8.1+..+C.II.8.7.	055	+20 920	+6 887
C.II.8.1.	Payables to shareholders	accounts 364, 365, 366, 367, 368	056		
C.II.8.2.	Short-term receivables	accounts 249	057		
C.II.8.3.	Payables to employees	accounts 331, 333	058	+6 794	+1 900
C.II.8.4.	Social security and health insurance payables	accounts 336	059	+2 740	+1 151
C.II.8.5.	State - tax payables and subsidies	accounts 341, 342, 343,345, 346, 347	060	+11 249	+3 731
C.II.8.6.	Estimated liability accounts	account 389	061	+119	+87
C.II.8.7.	Other liabilities	accounts 372, 373, 377, 379	062	+18	+18
CIII.	Accruals	C.III.1.+...C.III.x.	063		
CIII.1.	Accrued expenditure	account 383	064		
CIII.2.	Deferred income	account 384	065		
D.	Accruals and deferrals	D.1.+...D.x.	066	+405	+492
D.1.	Accrued expenses	account 383	067	+405	+492
D.2.	Deferred revenues	accounts 384	068		

11.2 PROFIT AND LOSS STATEMENT

Code	PROFIT AND LOSS STATEMENT			Value in accounting period	
			Line no.	Current	(Year 2017)
I.	Revenues from sale of products and services	accounts 601, 602	001	+108 022	+65 648
II.	Revenues from sale of goods	účty 604	002		
A.	Cost of sale	A.1.+...+A.x.	003	+28 984	+20 501
A.1.	Costs of goods sold	accounts 504	004		
A.2.	Materials and consumables	accounts501, 502, 503	005	+8 708	+3 807
A.3.	Services	accounts 511, 512, 513, 518	006	+20 276	+16 694
B.	Change in inventory of own production (+/-)	accounts 581, 582, 583, 584	007	-1 471	-2 797
C.	Own work capitalized (-)	accounts 585, 586, 587, 588	008	-266	-149
D.	Staff expenses	D.1,+...-D.x.	009	+52 587	+38 727
D.1.	Wages and salaries	accounts 521, 522, 523	010	+39 294	+28 164
D.2.	Costs of social security and health insureance and other costs	D.2.1.+D.2.2.	011	+13 293	+10 563
D.2.1.	Costs of social security and health insurance	accounts 524, 525, 526	012	+12 225	+9 536
D.2.2.	Other costs	accounts 527, 528	013	+1 068	+1 027
E.	Adjustments in value of operating activities	E.1.+...+E.x.	014	+6 112	+4 902
E.1.	Adjustments to values of intangible and tangible fixed assets	E.1.1.+E.1.2.	015	+6 112	+4 707
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	accounts 551, 557	016	+6 112	+4 707
E.1.2.	Adjustments to values of intangible and tangible fixed assets- temporary	accounts 559	017		
E.2.	Adjustment to values of inventories	accounts 559	018		
E.3.	Adjustments to values of receivables	accounts 558, 559	019	0	+195
III.	Other operating revenue	III.1.+...III.x.	020	+5 138	+3 182
III.1.	Revenue from sales of fixed assets	accounts 641	021	+962	0
III.2.	Revenue from sales of materials	accounts 642	022	+4	0
III.3.	Other operating income	accounts 644, 646, 647, 648, 697	023	+4 172	+3 182
F.	Other operating expenses	F.1.+...F.x.	024	+1 282	+174
F.1.	Net book value of fixed assets sold	accounts 541	025	+1 068	0
F.2.	Net book value of materials sold	accounts542	026	+4	0
F.3.	Taxes and fees in operating area	accounts 531, 532, 538	027	+113	+98
F.4.	Reserves to operating activities and complex deferred charges	accounts 552, 554, 555	028		
F.5.	Other operating income	accounts 543, 544, 545, 546, 547, 548, 549, 597	029	+97	+76
*	*Profit or loss from operations (+/-)	I.+I.x.+II.x.+III.-A.-B.-C.-D.-E.-F.	030	+25 932	+7 472
IV.	Revenues from fixed financial assets - ownership interests	IV.1.+...+IV.x.	031		
IV.1.	Revenues from ownership interests - controlled or controling entity	accounts 661, 665	032		
IV.2	Revenues from other ownership interests	accounts 661, 665	033		
G.	Cost 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 entity	accounts 661, 665	036		
V.2.	Other revenues from other fixed assets	accounts 661, 665	037		

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Code	PROFIT AND LOSS STATEMENT		Line no.	Value in accounting period Current	(Year 2017)
H.	Costs related to fixed assets	accounts 561, 566	038		
VI.	Revenues from interests and similar revenues	VI.1.+...+VI.x.	039	+14	+163
VI.1.	Revenues from interests and similar revenues- controlled or controlling entity	accounts 662, 665	040		
VI.2.	Other revenues from interests and similar revenues	accounts 662, 665	041	+14	+163
I.	Value adjustments and reserves in financial assets	accounts 574, 579	042		
J.	Interest expenses and similar expenses	J.1.+...+J.x.	043	+11	+27
J.1.	Interest expenses and similar expenses - controlled and controlling entity	accounts 562	044		
J.2.	Other interest expenses and similar expenses	accounts 562	045	+11	+27
VII.	Other financial revenues	accounts 661, 663, 664, 666, 667, 668, 669, 698	046	+438	0
K.	Other financial costs	accounts 561, 563, 564, 565, 566, 567, 568, 569, 598	047	+886	+1 324
*	Financial profit or loss (+/-)	IV. +V. +VI.+VII.-G.-H.-I.-J.-K	048	-445	-1 188
**	Profit or loss before tax (+/-)		049	+25 487	+6 284
L.	Income tax	L.1. +...+ Lx.	050	+4 909	+1 262
L.1.	Income tax - current	accounts 591, 593, 595, 599	051	+4 909	+1 262
L.2.	Income tax deferred (+/-)	accounts592	052		
**	Profit or loss after tax (+/-)	**-L	053	+20 578	+5 022
M.	Transfer of share of profit or loss to partners (+/-)	accounts 596	054		
***	Profit or loss forthe current period (+/-)	**-M.	055	+20 578	+5 022
*	Net turnover for the current period	I.+II.+III.+IV.+V.+VI.+VII.	056	+113 612	+68 993

11.3 OVERVIEW OF CHANGES IN EQUITY

Code	OVERVIEW OF CHANGES IN EQUITY		Line no.	Value in accounting period	
				Current	(Year 2017)
	A. Share capital registered in the Commercial Register (accounts 411, 491)				
A.1.	Baseline	accounts 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. Unregistered share capital (account 419)				
B.1.	Baseline	accounts 419	005		
B.2.	Increase		006		
B.3.	Decrease		007		
B.4.	Final balance		008		
	C. Share capita A.+/-B. with account (-)252				
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
	D. Share premium (account 412)				
D.1.	Baseline	accounts 412	015		
D.2.	Increase		016		
D.3.	Decrease		017		
D.4.	Final balance		018		
	E. Capital funds (account 413)				
E.1.	Baseline	accounts 413	019		
E.2.	Increase		020		
E.3.	Decrease		021		
E.4.	Final balance		022		
	F. Differences from revaluation not incuded in profit or loss (accounts 414, 416, 417 a 418)				
F.1.	Baseline	accounts 414, 416, 417 a 418	023		
F.2.	Increase		024		
F.3.	Decrease		025		
F.4.	Final balance		026		
	G. Reserve funds (accounts 421, 422)				
G.1.	Baseline	accounts 421, 422	027		
G.2.	Increase		028		
G.3.	Decrease		029		
G.4.	Final balance		030		
	H. Other funds from profit (accounts 423, 427)				
H.1.	Baseline	accounts 423, 427	031	+839	+839
H.2.	Increase		032	+1 160	+1 076
H.3.	Decrease		033	+1 200	+1 076
H.4.	Final balance		034	+799	+839

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Code	OVERVIEW OF CHANGES IN EQUITY		Line no.	Value in accounting period	
				Current	(Year 2017)
	I. Profit for the accounting period (account 428 +balance on the credit side of the account 431)				
I.1.	Baseline	accounts 428, 431	035	+50 740	+50 886
I.2.	Increase		036	0	+2 832
I.3.	Decrease		037	+4 550	+8 000
I.4.	Final balance		038	+46 190	+45 718
	J. Loss for the accounting period (account 429 +balance on the debit side of the account 431)				
J.1.	Baseline	accounts 429, 431	039		
J.2.	Increase		040		
J.3.	Decrease		041		
J.4.	Final balance		042		
	K. Another result of past period (account 426)				
K.1.	Baseline	account 426	043		
K.2.	Increase		044		
K.3.	Decrease		045		
K.4.	Final balance		046		
	L.Profit or loss for the accounting period after tax				
L.1.	Baseline		047	+20 578	+5 022
L.2.	Increase		048		
L.3.	Decrease		049		
L.4.	Final balance		050	+20 578	+5 022
	M. Advances in profit shares (account 432)				
M.1.	Baseline	accounts 432	051		
M.2.	Increase		052		
M.3.	Decrease		053		
M.4.	Final balance		054		
	Equity total				
X.1.	Baseline	C.1.+C.2.+D.1+E.1.+F.1.+G.1.+H.1.+I.1.+J.1.+K.1.+L1.+M.1.	055	+82 657	+67 247
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	+1 160	+3 908
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	+5 750	+9 076
X.4.	Final balance	X.1.+X.2.+X.3.	058	+78 067	+62 079

12 AUDITOR 'S REPORT

AUDITOR´S REPORT

on verification of the 2018 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, The Chamber of Auditors of the Czech Republic License No. 336, represented by: Ing. Karel Veselý, managing director and appointed auditor
Phone/fax: +420 283 911 136, 608 709 187, 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.
- Services that are essential for radiation

4. Subject and purpose of audit

The subject of audit covers the Company´s annual financial statements compiled at 31 December 2018 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 2018, Profit and Loss Statements from 1 January to 31 December 2018 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 2018 and the costs, revenues and results of its operations in 2018 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.

V Praze dne 24. května 2019

KAVERO Audit CZ, s.r.o.
č. osvědčení KAČR 336
Ing. Lenka Veselá
jednatel

Ing. Karel Veselý
auditor
č. osvědčení 1797

Ing. Karel Veselý
KOMORA AUDITORŮ ČESKÉ REPUBLIKY
KA ČR
AUDITOR č. dekretu 1797

Přílohy: Rozvaha k 31.12.2018
Výsledovka od 1.1.2018-31.12.2018
Příloha

In Prague, on May 24, 2019

KAVERO Audit CZ, s.r.o.
License No. 336
Ing. Lenka Veselá
managing director

Ing. Karel Veselý
auditor
Licence no. 1797