PSJ Holding B.V.
Consolidated statement of comprehensive income
For the year ended 31 December 2014
In thousands of EUR ("TEUR")

	Note	2014	2013
Revenues from construction contracts	3.2.1	295,084	199,813
Service income	3.2.3	1,566	1,607
Gross rental income	3.2.4	1,805	1,667
Cost related to service income and construction contracts	3.2.5	(264,048)	(189,210)
Property operating expenses	3.3	(481)	(297)
Proceeds from the sale of investment property		3,225	100
Carrying value of investment property sold		(2,390)	(99)
Proceeds from the sale of trading property	3.6	3,860	10,510
Carrying value of trading property sold	3.6	(2,896)	(9,459)
Change in bad debt provision (creation)/release		(3,979)	554
Gross profit		***31,746***	***15,186***
Valuation gains on investment property	0	--	319
Valuation losses on investment property	0	(3,137)	(969)
Net valuation gain/ (loss) on investment property		***(3,137)***	***(650)***
Proceeds from the sale of raw material		148	56
Carrying value of raw material sold		(145)	--
Gain/ (loss) on the disposal raw material		***3***	***56***
Administrative expenses	3.7	(13,775)	(9,866)
Gain on bargain purchase		--	--
Other income	3.8	3,701	4,141
Other expenses	3.9	(6,608)	(2,549)
Net other income		***(2,907)***	***1,592***
Operating profit		***11,930***	***6,318***
Finance income	0	1,357	5,679
Finance costs	0	(5,386)	(4,611)
Net finance income / (costs)		***(4,029)***	***1,068***
Proceeds from the sale of financial investment in subsidiaries and associates	3.5	49	3,949
Carrying value of financial investment in subsidiaries and associates sold	3.5	(768)	(2,246)
Gain on the disposal of fin. investments		***(719)***	***1,703***
Share of profit of associate	3.15	***1,603***	***1,491***
Profit before tax		***8,785***	***10,580***
Current tax expense	3.11.1	(3,618)	(1,727)
Deferred tax income / (expense)	3.11.4	1,610	376
Income tax expense		***(2,008)***	***(1,351)***
Profit for the period		***6,777***	***9,229***

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PSJ Holding B.V.
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	Note	2014	2013
Other comprehensive income			
Items that are of may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences attributable to the equity holders		(354)	(3,183)
Foreign operations – foreign currency translation differences attributable to non-controlling interest		55	(382)
Other comprehensive income for the period, net of income tax		**(299)**	**(3,565)**
Total comprehensive income for the period		**6,478**	**5,664**
Profit attributable to:			
Equity holders of the parent company		6,123	8,766
Non-controlling interest		654	463
Profit for the period		**6,777**	**9,229**
Total comprehensive income attributable to:			
Equity holders of the parent company		5,769	5,583
Non-controlling interest		709	81
Total comprehensive income for the period		**6,478**	**5,664**

The notes on pages 11 to 64 are an integral part of these consolidated financial statements.

Note: No tax effect is related to Other comprehensive income

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PSJ Holding B.V.
Consolidated statement of financial position
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ASSETS	Note	31.12.2014	31.12.2013
Investment property	3.12	42,212	26,635
Property plant and equipment	3.13	14,712	8,316
Intangible fixed assets	3.14	9,961	6,732
Goodwill	3.14	3,194	1,000
Finance lease receivables		135	210
Investments in associates and Joint Ventures	3.15	5,676	3,083
Other investments	3.16	1,658	1,736
Long term loan receivable	3.17	188	556
Restricted cash	3.18	3,762	5,039
Long-term receivables	3.19	3,894	2,382
Deferred tax assets	3.11.4	2,933	919
Total non-current assets		***88,325***	***56,608***
Trading property and inventory	3.20	18,695	20,574
Income tax receivable	3.11.3	496	434
Provided loans		--	146
Trade and other receivables	3.21	98,791	85,274
Cash and cash equivalents	3.22	29,727	20,082
Total current assets		***147,709***	***126,510***
TOTAL ASSETS		**236,034**	**183,118**

EQUITY	Note	31.12.2014	31.12.2013
Issued capital	3.23.1	30,418	30,418
Translation reserve	3.23.2	(2,613)	(2,259)
Reserves	3.23.3	369	327
Retained earnings		8,581	31
Profit for the year		6,123	8,766
Total equity attributable to equity holders of the Company		***42,878***	***37,283***
Non-controlling interest	3.24	5,659	3,460
Total equity		***48,537***	***40,743***
LIABILITIES			
Interest-bearing loans and borrowings	3.25	32,100	39,169
Other long-term payables	3.26	10,918	8,957
Provisions	3.27	--	–
Deferred tax liabilities	3.11.4	4,049	2,656
Total non-current liabilities		***47,067***	***50,782***
Trade and other payables	[illegible]	99,270	71,653
Bank overdraft	3.25	455	245
Interest-bearing loans and borrowings	3.25	24,321	12,784
Provisions	3.27	16,384	6,911
Total current liabilities		***140,430***	***91,593***
Total liabilities		***187,496***	***142,376***
TOTAL EQUITY AND LIABILITIES		**236,034**	**183,118**

PSJ Holding B.V.
Consolidated statement of changes in equity
For the year ended 31 December 2014
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	Share capital	Translation reserve	Reserves	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance as at 1 January 2013	*30,418*	*924*	–	*358*	*31,700*	*4,100*	*35,800*
Comprehensive income for the period							
Profit or loss	–	–	–	8,766	8,766	463	9,229
Total comprehensive income for the period	–	–	–	**8,766**	**8,766**	**463**	**9,229**
Other comprehensive income	–	–	–	–	–	–	–
Foreign currency translation differences	–	(3,183)	–	–	(3,183)	(382)	(3,565)
Total other comprehensive income	–	**(3,183)**	–	–	**(3,183)**	**(382)**	**(3,565)**
Total comprehensive income for the period							
Transactions with owners, recorded directly in equity	–	–	–	–	–	–	–
Contributions by and distributions to owners	–	–	–	–	–	–	–
Dividends to equity holders and director's fee	–	–	–	–	–	(721)	(721)
Total transactions with owners	–	–	–	–	–	***(721)***	***(721)***
Other movements							
Allocation to reserves	–	–	327	(327)	–	–	–
Total other movements	–	–	327	(327)	–	–	–
Balance at 31 December 2013	***30,418***	***(2,259)***	***327***	***8,797***	***37,283***	***3,460***	***40,743***
Balance as at 1 January 2014	***30,418***	***(2,259)***	***327***	***8,797***	***37,283***	***3,460***	***40,743***
Comprehensive income for the period							
Profit or loss	–	–	–	6,123	6,123	654	6,777
Total comprehensive income for the period	–	–	–	**6,123**	**6,123**	**654**	**6,777**
Other comprehensive income							
Foreign currency translation differences	–	(354)	–	–	(354)	55	(299)
Total other comprehensive income	–	**(354)**	–	–	**(354)**	**55**	**(299)**
Total comprehensive income for the period							
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders, director's fee and tantiems	–	–	–	(174)	(174)	(692)	(866)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Changes in non-controlling interest without change in control	–	–	–	–	–	2,182	2,182
Total changes in ownership interests in subsidiaries	–	–	–	–		***2,182***	***2,182***
Total transactions with owners							
Other movements							
Allocation to reserves	–	–	42	(42)	–	–	–
Total other movements	–	–	42	*(42)*	–	–	–
Balance at 31 December 2014	***30,418***	***(2,613)***	***369***	***14,704***	***42,878***	***5,659***	***48,537***

PSJ Holding B.V.
Consolidated Statement of Cash Flows
For the year ended 31 December 2014
In thousands of EUR ("TEUR")

	2014	2013
Cash flows from operating activities		
Profit for the period after tax	6,777	9,229
Adjustments for:		
Depreciation	1,571	1,504
Amortisation	591	4,153
Bank loan write off	--	(3,800)
(Reversal of) Impairment losses	(553)	(1,098)
Change in the value of investment property	3,137	650
Receivables written-off	1,251	915
Foreign exchange (gains)/losses	408	229
Gain/loss on sale of subsidiary	719	(1,703)
Share of profit of associate	(1,603)	(1,491)
Net interest expense	2,167	2,084
Gain from the sale of investment and trading property	(2,049)	1,108
Gain on bargain purchase	--	(67)
Increase in tax	1,326	1,351
Other	698	713
Operating profit before changes in working capital and provisions	***14,440***	***13,777***
Change in trade and other receivables	2,070	7,706
Change in trading property – inventory	4,118	3,810
Change in trade and other payables	(788)	(3,489)
Change in provisions and employee benefits	(3,497)	(580)
Change in restricted cash	1,332	(227)
Cash generated from operations	***17,675***	***20,997***
Interest paid	(2,115)	(1,755)
Interest received	1,002	683
Income taxes paid	(783)	(943)
Net cash from operating activities	***15,779***	***18,982***
Cash flows from investing activities		
Proceeds from the sale of plant and equipment	2,291	145
Proceeds from the sale of investments/trading property –inventory	3,225	100
Proceeds from disposal of subsidiary, net of cash disposed	49	3,949
Acquisition of subsidiary (newly consolidated entities), net of cash acquired	6,619	(84)
Acquisition of property, plant and equipment	(2,082)	(274)
Acquisition of investment property	(610)	(98)
Acquisition/Disposal of other investments	2,183	(179)
Net cash from investing activities	***11,675***	***3,559***
Cash flows from financing activities		
Additional contribution to equity	--	--
Dividends paid	(866)	(26,695)
Drawing/repayment of borrowings	(16,943)	(721)
Net cash from (used in) financing activities	***(17,807)***	***(27,416)***
Net effect of currency translation of cash and cash eq.	(220)	(837)
Net decrease in cash and cash equivalents	***9,645***	***(5,712)***
Cash and cash equivalents at 1 January	20,082	25,794
Cash and cash equivalents at 31 December	***29,727***	***20,082***

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1. GENERAL INFORMATION

Company name:
PSJ Holding B.V. (hereinafter the "Company")

Registered office:
Herengracht 500
Amsterdam, 1017 CB
Netherlands

Registration number:
555 34 805

The Company was incorporated on 20 June 2012 for an unlimited period.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The financial statements were authorised for issue by the directors on 26 June 2015.

Principal Activities

The Group's basic objective is to conduct business by carrying out large construction projects, development projects, alterations to structures, maintenance of structures as well as their removal, infrastructure projects, supply of technologies, mechanical and electrical installations, facility management, project design relating to structures, intermediary services, purchase of goods for resale, sale of goods, accommodation services, engineering, organisational and economic advisory services, and services in the area of geodetics, etc. The Group focuses on commercial, industrial, administrative and residential and premises as well as technology parks.

The Group does not enter into speculative transactions of any kind. The Group selects target market segments with the aim of utilising market opportunities for construction projects, management supervision and focusing on delivering quality products in response to market needs. The activities of the Group are performed in the Czech Republic, Slovakia, Russia (started in 2010), Belarus and Georgia (both started in 2012). Other projects in Russia and Vietnam are currently being planned.

The relations between the Group and their suppliers (purchased external services, architects, control authorities, builders) are regulated by standard contracts. Formal selection procedures/tenders are always carried out. On principle, the Group companies do not provide their suppliers with exclusivity. The construction or development team organises activities systematically and in accordance with given rules and implied corporate culture. This further eliminates the natural market risk given by the existing competition among the leading construction companies and developers.

The shareholders and employees of the Group are aware of their responsibility to the public and make every reasonable effort to adopt measures that respect the environment and to apply the principles of sustainable development.

Respect for local communities' interests and an assessment of the impact of every project on the surrounding area and environment are among the Group's priorities. Communication with public administration authorities and the general public throughout the project implementation life-cycle is carefully considered.

In thousands of EUR ("TEUR")

Shareholder

From the date of incorporation until 1 August 2014 PSJ Holding B.V. was the ultimate parent company of the Group.

On 1 August 2014 a Share Premium Contribution agreements were signed and all shares of PSJ Holding B.V. were contributed to newly established Company PSJ Investors N.V., and PSJ Investors N.V. became sole shareholder of PSJ Holding B.V.

On 1 October 2014 25% ownership interest in PSJ Holding B.V. was sold to Consolidated Assets B.V.

Year 2014

Shareholder	Share in registered capital	Share in voting rights
PSJ Investors N.V.	75.00%	75.00%
Consolidated Assets B.V.	25.00%	25.00%
Total	**100.00%**	**100.00%**

Description of the Ownership Structure

The Company controls, directly or indirectly, other companies in the Czech Republic, Slovakia, Russia, Germany, United States of America, Georgia, Belarus and Ukraine.

Board of Directors as of 31 December 2014

Until 12 August 2014, the function of Board of Directors was taken by the company Trust International Management (T.I.M.) B.V., a private company with limited liability, incorporated and existing under the law of the Netherlands, with its corporate seat in Amsterdam, having its registered office at Naritaweg 165, 1043 BW Amsterdam, the Netherlands and registered with the Dutch trade register of the Chamber of Commerce under number 33160097. As at 12 August 2014 T.I.M. resigned from the function of the Board of Directors and Mr. R.L.van Echten was appointed as a sole Managing Director of the Company, constituting the entire Board of Directors.

Supervisory Board

On 1 October 2014 was appointed new Supervisory board of the Company with five members:

František Vaculík, Chairman of the Supervisory board
Miroslav Horňák, Member of the Supervisory board
Martin Höfler, Member of the Supervisory board
Mavlit Bazhaev, Member of the Supervisory board
Sergey Chizhov, Member of the Supervisory board

Employees

Average number of full time employees	2014	2013
Czech Republic, Slovakia and Russia	1,396	706

All of the above employees were engaged in the core business activities of the Group in construction development, leasing and administration, or were in charge of related activities for the Group, or its subsidiaries – keeping accounts, selling, supporting activities and services.

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2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, approved by the Board of Directors on 26 June 2015.

(b) Basis of Preparation

The financial statements are presented in euro (EUR), rounded to the nearest thousand. They are prepared on the historical cost basis, except for the revaluation of investment property and financial instruments, which are stated at fair value.

The accounting policies have been consistently applied to the results, other gains and losses, assets and liabilities and cash flows of the entities included in the consolidated financial statements.

The accounting policies have been applied consistently by the Group entities.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) and entities under influence of the Company (its associates) prepared as at 31 December 2014.

At the date of acquisition, assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess in the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any differences in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The non-controlling interest of minority shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent company.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction cost, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within the equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The interest of non-controlling shareholders at the date of the business combination is recorded at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Group.

(ii) Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity unless it can be clearly demonstrated that this is not the case.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangements, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(iv) Other Financial Investments

The non-consolidated entities are entities (subsidiaries and associates) in which ownership interest is not significant or that are immaterial, both alone and in aggregate to the financial position, performance and cash flows of the Group.

(v) Business Combinations Involving Entities Under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

In the absence of more specific guidance under IFRSs, the Group consistently applied the book value method of valuation to all common control transactions.

(d) Use of estimates

The preparation of financial statements in compliance with IFRS adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates, which specifically relate to the determination of fair values of investment properties, impairment of assets and provisions, are based on the information available at the reporting date. The global economic crisis resulted in market turbulence which increases the risk that the actual results and outcomes may significantly differ from these estimates. Key areas with a potential for significant differences between the actual results and the estimates principally include fair values of investment property. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Estimates are used for valuation of Investment property, Goodwill, Provisions, Revenues from construction contracts and Deferred tax assets.

(e) Property, Plant and Equipment

(i) Owned Assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (k)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate, where relevant, of the costs of dismantling and removing building items and restoring the building site at which they are located, an appropriate proportion of production overheads and capitalised borrowing costs.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

(ii) Leased Assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (k)). Lease payments are accounted for as described in accounting policy (p).

Other leases are operating leases and, except for investment property, the leased assets are not recognised on the Group's statement of financial position. Property held under operating leases that meets the definition of investment property is classified as investment property on a property-by-property basis. Investment property held under an operating lease is recognised on the Group's statement of financial position at its fair value.

(iii) Subsequent Costs

The Group recognises in the carrying amount the cost of replacing part of an item of property, plant and equipment at the time that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. At the time of recognition of replacing the part, the Group derecognises the carrying amount of the part being replaced. All other costs are recognised in the profit or loss as expenses at the time they are incurred.

The costs of improving fixed assets increase their acquisition cost. Repairs and maintenance costs are charged directly to the profit or loss.

(iv) Depreciation

Depreciation is recognised to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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Land is not depreciated.

The costs of improving fixed assets increase their acquisition price, maintenance costs are charged directly to the statements of the comprehensive income.

The estimated useful lives are as follows:

Assets	2014
Buildings	20 - 40 years
Machinery and equipment	3 - 20 years
Motor vehicles	4 - 12 years
Other assets (construction side facilities, fixtures etc.)	project length (0,5 – 3 years)

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Intangible Assets

(i) Goodwill

Business combinations, excluding those commenced between parties under common control, are accounted for by applying the acquisition method. Goodwill represents amounts arising upon the acquisition of subsidiaries, associates and joint ventures. Goodwill that arises upon the acquisition of subsidiaries and joint-ventures is separately presented as goodwill.

The Company acquired PSJ a.s. and its subsidiaries on 29 June 2012. In the financial statements of PSJ a.s. was recognised Goodwill from acquisitions. Information bellow are applicable for these acquisitions.

In respect of business acquisitions on or after 1 January 2009, the Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

In respect of business acquisitions from 1 January 2005 and prior to 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

In respect of acquisitions prior to 1 January 2005, goodwill is included on the basis of the comparison of the cost of initial investment with the Group's interest in the net assets (or net liabilities) under IFRS of the investee at the date of transition. The classification and accounting treatment of business combinations that occurred prior to 1 January 2005 has not been reconsidered in preparing the Group's opening IFRS statement of financial position at 1 January 2005.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (assets) and is no longer amortised but is tested annually for impairment (see accounting policy (k)).

Gain on bargain purchase arising on acquisition is recognised directly in profit or loss.

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(ii) Other Intangible Assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (k)). Amortisation is recognised in the profit or loss - line 'Administrative expenses'.

(iii) Subsequent Expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful life of the Group's intangible assets (except goodwill) is 4 years for software and 30 years for other intangible assets.
The estimated useful life of other intangible asset identified in Purchase price allocation is set up specifically for each such intangible asset according to its useful life.

(g) Trading Property - Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Construction Work in Progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If payments received from customers exceed the income recognised, then the difference is presented in trade payables in the statement of financial position.

(i) Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value with any change therein recognised in profit or loss. In determining the fair value of investment property, management of the Group considered results of external appraisals. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

When the Group begins to develop an existing investment property for future sale, the property is reclassified to trading property – inventory. The fair value of such property is deemed to be the property's cost for subsequent accounting under IAS 2. Development is deemed by the Group to commence at the moment the permission for construction is obtained from the state authorities, or when the agreement on the sale of the shares of the company that owns the property is signed.

In the case of dual use property, i.e. property that is partly held for own use by the Group and partly used as investment property, a portion of dual use property is classified as investment property only if this portion could be sold or leased out under a finance lease or if the portion of the property held for own use is insignificant.

An external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued selected items of the portfolio of investment property and investment property under construction. The results of independent valuations were further analysed by the Group and included in the final management estimates of the fair value. Those estimates considered the results of current and prior external valuations, information from similar selling and purchase transactions and current market conditions and intentions of the Group. The investment property is re-measured and re-assessed yearly and gains and losses on re-measurement are recognised in the statement of comprehensive income.

(i) Investment property under construction

Property that is being constructed for future use as investment property is accounted for as investment property under construction measured at fair value (including prepayments done for property) until construction or development is complete, at which time it is reclassified as investment property. Any gain or loss arising on the measurement is recognised in profit or loss.

(j) Financial Instruments

(i) Loan receivable

Interest-bearing provided loans are recorded at the proceeds provided, net of direct issue costs. Finance charges, including premiums receivable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The recoverable amount of the Group's provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets).

(ii) Trade and Other Receivables

Trade and other receivables do not carry any interest and are stated at their nominal value (the recognition of interest applying the effective interest rate would be immaterial) as reduced by appropriate allowances for estimated irrecoverable amounts (see accounting policy (k)).

Retentions of receivables related to construction work are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term cash commitments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

(iv) Interest-Bearing Borrowings

Interest-bearing borrowings comprise loans and borrowings, bonds issued, and bank overdrafts.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the contractual cash flows of the financial liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies as a current portion any part of long-term loans that is due within one year from the reporting date.

As at the reporting date, the nominal value of loans is increased by unpaid interest.

(v) Trade and Other Payables

Trade and other payables are stated at their nominal value (the recognition of interest applying the effective interest rate would be immaterial).

The fair value of the retentions related to construction work is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(k) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Impairment losses of receivables are determined based on an analysis of the credit status of customers and the period for which the receivable has been overdue.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Group's assets, other than investment property (see accounting policy (i)), investment property under construction (see accounting policy (i)) and deferred tax assets (see accounting policy (q)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

In respect of goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in profit or loss, when detected.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(l) Share Capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than upon a business combination, are shown as a deduction from the proceeds, net of tax, in equity. Share issue costs incurred directly in connection with a business combination are fully expensed.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Warranties

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A provision for warranties is recognised when the underlying products or services are sold. The warranty provision was determined in accordance with the methodology set for the Group based on the type of the construction work, prices of structures supplied, multiplied by the average percentage of expenses incurred on warranty repairs in the prior period and taking into account the total warranty period.

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(ii) Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognised any impairment loss on the assets associated with that contract.

(n) Guaranties Provided

In the normal course of business, the Group entities may enter into credit related commitments which are recorded in accounts out of the consolidated statement of financial position. These commitments primarily include guarantees. Provisions are made for estimated losses on these commitments. In estimating the losses, the Group refers to the historical data regarding risk parameters (credit conversion factors, probability of default and loss-given default).

(o) Revenue

(i) Revenues from Construction Contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to costs incurred compared to total expected costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on contract is recognised immediately in profit or loss.

(ii) Services Rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental Income

Rental income from investment property leased out under an operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

The term of the lease is the non-cancellable period of the lease. Any further term for which the tenant has the option to continue the lease is not considered.

(iv) Sale of investment property, trading property and investments in subsidiaries and associates

Revenue from the sale of investment property, trading property – inventory and investments in subsidiaries and associates is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(p) Expenses

(i) Service Costs and Property Operating Expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

(ii) Operating Lease Payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense over the period of the lease.

(iii) Finance Lease Payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

(iv) Finance income and finance costs

Finance income comprises interest income on funds invested (bank interest, interest on provided loans), dividend income, gains on disposal of available-for-sale financial assets that are recognised in profit or loss.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on loans and borrowings, on finance leases, interest charges related to finance leases, bank charges, losses on disposal of available-for-sale financial assets that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(q) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Deferred tax is provided using the liability method in the statement of financial position, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

(r) Functional and Presentation Currency

Apart from KREMELSKÝ VAL, EKOKLIMA rus LLC, PSJ Hydrotranzit, a.s., City Gate, s.r.o., PSJ Holding B.V., PSJ USA Inc., PSJ Bau GmbH, ALPINE SLOVAKIA, spol. s r.o., OOO PSJ Ukraine and OOO PSJ Russia all companies in the Group operate in the Czech Republic, which is their primary economic area. Therefore, the Czech crown (CZK) is the functional currency of these entities.

PSJ Holding B.V. (parent entity) operates in the Netherlands and its functional currency is euro (EUR).

PSJ Hydrotranzit, a.s., City Gate, s.r.o. and ALPINE SLOVAKIA, spol. s r.o. operate in Slovakia and their functional currency is the euro (EUR). Until 31 December 2008, the functional currency was the Slovak crown (SKK). The change of functional currency was in line with the change of the national currency of Slovakia.

PSJ Bau, GmbH operates in Germany and its functional currency is euro (EUR).

OOO PSJ Ukraine operates in Ukraine and its functional currency is hryvnia (UAH).

KREMELSKÝ VAL, EKOKLIMA rus LLC and OOO PSJ Russia operate in Russia and their functional currency is the rouble (RUB).

PSJ USA Inc. operates in the USA and its functional currency is US dollar (USD).

The Group functional currency is CZK in which the majority of transactions are performed. The Group presentation currency is the euro (EUR). The Group has selected this presentation currency because the users of its financial statements base their economic decisions on information expressed in EUR.

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.
Foreign exchange differences arising on translation of foreign operations are recognised directly in a separate component of equity – Translation reserve. When a foreign operation is disposed of the relevant amount in the translation reserve is transferred to profit or loss.

Cash flows of foreign operations are translated into euro at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

(s) Employee benefits

Social security contributions include pension insurance contributions, sickness benefits insurance contributions and contributions to the state employment programme. Social security contributions are income to the state budget. The assessment base is the total income of an employee calculated by the Group entities in respect of his/her employment, which is subject to health insurance contributions.

In addition, the Group entities contribute fixed amounts to its employees' private pension funds, which are managed by independent legal entities. Contributions in respect of these pension plans are charged to the income statement in the period to which they relate.

(t) Impact of Changes in Accounting Policies Arising from the Adoption of New IFRSs and Amendments to IASs effective 1 January 2014

Overview of New IFRSs and Amendments to IASs

For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2014 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public sector entities since they are not relevant to the Group).
The nature and the impact of each new standard/amendment are described below:

- The following published amendments and interpretations to existing standards are mandatory and relevant for the Group's accounting periods and have been applied by the Group since 1 January 2014:
  - *IFRS 10 Consolidated Financial Statements*
  - *IFRS 11 Joint Arrangements*
  - *IFRS 12 Disclosure of Interests in Other Entities*

  In May 2011 the IASB issued three new standards as improvements to the accounting requirements for off balance sheet activities and joint arrangements. The IASB has declared the effectiveness of the standards, including the related standards IAS 27 and IAS 28, from 1 January 2013 but the EU requires their application from 1 January 2014. IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when:
  - it is exposed or has rights to variable returns from its involvement with that investee;
  - it has the ability to affect those returns through its power over that investee; and
  - there is a link between power and returns.
  - Control is reassessed as facts and circumstances change.
- IFRS 10 supersedes *IAS 27 Consolidated and Separate Financial Statements* (as amended in 2008) and SIC-12 *Consolidation – Special Purpose Entities*.
- IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It:
  - distinguishes joint arrangements between joint operations and joint ventures; and
  - always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

  IFRS 11 supersedes IAS 31 and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.*

- IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:
    - the nature of, and risks associated with, an entity's interests in other entities; and
    - the effects of those interests on the entity's financial position, financial performance and cash flows.

- *IAS 27 Separate Financial Statements* was issued concurrently with IFRS 10. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

- *IAS 28 Investments in Associates and Joint Ventures*
  This amended standard supersedes *IAS 28 Investments in Associates* (2008). IAS 28 (2011) makes the following amendments:
    - IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa,* the entity does not remeasure the retained interest.

- *Amendments to IFRS 10, IFRS 12 and IAS 27 Investment entities (effective from 1 January 2014)*
  The amendments *Investment entities* were issued in October 2012. The amendments define an investment entity and provide an exception to the consolidation requirements in IFRS 10 for investment entities by instead requiring investment entities to measure their investments in particular subsidiaries at fair value through profit or loss. The amendments also provide related disclosure and separate financial statement requirements for investment entities.

- *Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)*
  The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.

The Group has analysed the impact of the above amendments to IAS on its consolidated financial statements and made proper adjustments.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.
The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

- *IFRS 9 Financial Instruments* (effective from 1 January 2018)
  This new standard was published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39. It deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to

maturity, available for sale and loans and receivables. In October 2010, the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities while most of the requirements in IAS 39 were carried forward unchanged to IFRS 9. IFRS 9 has not yet been adopted by the EU.

- *IFRS 15 Revenue from Contracts with Customers* (effective from 1 January 2017)
  In May 2014 IASB and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP) jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

  IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue-Barter Transactions Involving Advertising Services. IFRS 15 has not yet been adopted by the EU.

- *Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle* (effective from 1 July 2014) and *Annual Improvements 2012-2014 Cycle* (effective from 1 January 2016)
  In December 2013, the IASB published two Cycles of the Annual Improvements to IFRSs: "2010-2012 Cycle" and "2011-2013 Cycle", and in September 2014 the "2012-2014 Cycle" was published. The Annual Improvements to IFRSs Cycles are part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The first two new cycles of improvements contain amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40, with consequential amendments to other standards and interpretations. The "2012-2014 Cycle" contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. All these Annual Improvements have not yet been adopted by the EU.

The Group is currently assessing the potential impacts of the new and revised standard that will be effective for the annual period from 1 January 2015 or later.

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In thousands of EUR ("TEUR")

3. SUPPORTING NOTES TO THE FINANCIAL STATEMENTS

3.1. Group Entities

3.1.1. Control of the Group

The Group's ultimate parent company is PSJ Investors N.V. These consolidated financial statements are prepared for the subgroup PSJ Holding B.V.

3.1.2. Subsidiaries, Joint-Ventures and Associates

Consolidated entities	Country of incorporation	Ownership interest		Method of consolidation
		31/12/2014	31/12/2013	31/12/2014
PSJ Holding B.V. (Parent Company)	Netherlands	100%	100%	Full
PSJ Subholding B.V.	Netherlands	--	100%	--
PSJ, a.s.	Czech Republic	100%	100%	Full
OOO PSJ Russia	Russia	100%	100%	Full
OOO PSJ Ukraine	Ukraine	100%	100%	Full
PSJ USA Inc	USA	100%	100%	Full
Inovat SE	Czech Republic	100%	100%	Full
Bytový dům Za Školou, s.r.o.	Czech Republic	100%	100%	Full
Byty Hůrka s.r.o.	Czech Republic	100%	100%	Full
Byty Jesenice, s.r.o.	Czech Republic	--	100%	--
City Gate, s.r.o.	Slovakia	100%	100%	Full
EKOKLIMA rus LLC	Russia	100%	100%	Full
GM, spol. s r.o.	Czech Republic	100%	100%	Full
PSJ Hydrotranzit, a.s.	Slovakia	100%	100%	Full
RM Invest CZ s.r.o.	Czech Republic	100%	100%	Full
EKOKLIMA akciová společnost	Czech Republic	68.55%	68.55%	Full
D.I.S., spol. s r.o.	Czech Republic	65%	65%	Full
KREMELSKÝ VAL	Russia	60%	60%	Full
Na Dolinách 24, s.r.o.	Czech Republic	60%	60%	Full
AZ TOWER a.s.	Czech Republic	40%	40%	Full
Metis Property, s. r. o.	Czech Republic	100%	100%	Full
Soco Connect	USA	21.54%	21.54%	Equity
PSJ Bau GmbH	Germany	100%	--	Full
RONELI GEORGIA LLC	Georgia	51%	--	Equity
SCF SERVIS, s.r.o.	Czech Republic	51%	--	Full
ALPINE Bau CZ a.s. (former DESILMARO a.s.)	Czech Republic	100%	--	Full
ALPINE SLOVAKIA, spol. s r.o.	Slovakia	100%	--	Full
SILASFALT s.r.o.	Czech Republic	50%	--	Equity
Rezidence Vrchlického s.r.o. (former DILICA, s.r.o.)	Czech Republic	100%	--	Full

In thousands of EUR ("TEUR")

Non-consolidated entities	Country of incorporation	Ownership interest	
		2014	2013
PSJ-Minskprojekt, s.r.o.	Czech Republic	80%	80%
REALITY INVEST, spol. s r.o.	Slovakia	80%	80%
PORRES, s.r.o.	Czech Republic	73%	73%
Sportovní služby, s.r.o.	Czech Republic	100%	100%
SOU stavební PSJ, s.r.o.	Czech Republic	--	100%
AB - CONTROL s.r.o.	Czech Republic	42%	42%
FC VYSOČINA JIHLAVA, a.s.	Czech Republic	40%	40%
ISD - NOE, spol. s r.o.	Slovakia	34%	34%
TENISCENTRUM JIHLAVA, a.s.	Czech Republic	42,31%	41.61%
S.M.U., s. r. o. (former START ME UP, s.r.o.)	Slovakia	100%	100%
Other non-consolidated entities (especially non-profit entities Nadace J. a I. Waldesových, AMBIT – iniciativa pro evropský dvůr, o.p.s. etc.)	Czech Republic	n/a	n/a

The non-consolidated entities are entities in which ownership interest is below substantial influence or that are immaterial, both alone and in aggregate to the financial position performance and cash flows of the Group.

3.1.3. Changes in the Group

In 2014, the Company established PSJ Bau GmbH.

In January 2014 the Group acquired 51% ownership interest in SCF SERVIS, s.r.o., in February 2014 the Group acquired 100% ownership in ALPINE Bau CZ a.s. (former DESILMARO, a.s.) and in November 2014 acquired 100% ownership in Rezidence Vrchlického s.r.o. (former DILICA, s.r.o.).

ALPINE Bau CZ a.s. and Rezidence Vrchlického s.r.o. were acquired as empty entities for the value of issued capital.

In 2014 the Group acquired control over the company AZ TOWER a.s. through appointment of three members of Board of Directors from PSJ Holding Group. The Group holds 40% ownership interest in AZ TOWER a.s. and this investment was consolidated by equity method in 2013. In 2014 Financial statements the investment in AZ TOWER a.s. is fully consolidated.

On 30 June 2014, ALPINE Bau CZ a.s. (former DESILMARO, a.s.), subsidiary of PSJ Holding B.V., decided to purchase a part of a business from ALPINE Bau CZ s.r.o. The seller is a company operating in the construction industry. The purchase process was as follows: ALPINE Bau CZ a.s. has purchased a part of a business with its assets and liabilities and employees from ALPINE Bau CZ s.r.o.

In process of this transaction the Group acquired 100% ownership interest in ALPINE SLOVAKIA, spol. s r.o. and 50% ownership interest in SILASFALT s.r.o.

On 17 December 2014 the Group sold 100% ownership interest in BYTY Jesenice, s.r.o. to BYTY JESENICE DEVELOPMENT s.r.o.

3.1.4. Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

The acquiree's net assets at the acquisition date (for companies acquired in 2014)

In thousands of euros	ALPINE Bau CZ s. r. o.	AZ TOWER a.s.	SCF SERVIS s.r.o.
Investment property	--	21,105	--
Intangible assets - Brand	3,561	--	--
Other intangible assets	6	--	--
Property, plant and equipment	9,305	--	136
Investments in associates	2,797	--	--
Deferred tax assets	2,835		
Other investments	--	--	3
Trading property	466	1,560	--
Trade and other receivables	18,183	314	498
Cash and cash equivalents	1,802	5,493	286
Interest-bearing loans	(398)	(10,611)	(68)
Other long term liabilities	--	(10,765)	--
Provisions	(15,770)	--	--
Deferred tax liabilities	(1,285)		
Trade and other payables	(22,284)	(2,881)	(763)
Non-controlling interest	--	(2,137)	(45)
Net identifiable assets and liabilities in fair values	(782)	1,333	47
Consideration, paid in cash	416	--	(546)
Contingent consideration	--	--	(508)
Cash (acquired)	1,802	5,493	286
Net cash inflow/(outflow)	**1,386**	**5,493**	**(260)**
Goodwill recognised	**1,197**	--	**1,007**

During the acquisitions a Goodwill of TEUR 2,204 was recognised. Goodwill of TEUR 1,197 recognised form acquisition assets and liabilities of ALPINE Bau CZ s.r.o. relates to new market share gained in the region and know how acquired. Goodwill from acquisition of SCF SERVIS s.r.o. relates to market share gained in the region.

The acquiree's contribution to the consolidated net profit in 2014 (for companies acquired in 2014)

Companies acquired in 2014	Net profit/(loss) contributed to consolidated profit in 2014 *In thousands of euros*
ALPINE Bau CZ a.s.	2,396
AZ TOWER a.s.	(524)
SCF SERVIS s.r.o.	190

3.2. Revenues from Construction Contracts, Service Income and Gross Rental Income

3.2.1. Revenues from Construction Contracts

Revenues from construction contracts total TEUR 295,084 (2013 - TEUR 199,813), of which TEUR 149,951 (2013 - TEUR 99,699) is realised in the Czech Republic and TEUR 145,133 (2013 - TEUR 100,114) is realised outside of the Czech Republic, in Russia, Slovak Republic, Poland, USA, Belarus.

In thousands of EUR	2014	2013
Building construction	281,635	197,469
Sale of own products and services	9,336	551
Sale of goods	1,580	177
Other revenues	2,533	1,616
Total	**295,084**	**199,813**

3.2.2. Revenues from Construction Contracts in Progress

In thousands of EUR	2014	2013
Construction costs incurred plus recognised profits less recognised losses to date	189,861	101,733
Less: progress billings	171,864	101,921
	(17,997)	**(188)**
Recognised and included in the financial statements as amounts due:		
From customers under construction contracts (3.21)	12,764	1,049
To customers under construction contracts (3.28)	(4,544)	(1,550)
Total	**8,220**	**(501)**

As at 31 December 2014, retentions held by customers for contract work amounted to TEUR 16,605 (2013 – TEUR 12,168). Advances received from customers for contract work amounted to TEUR 10,990 (2013 – TEUR 21,390).

3.2.3. Service Income

Service income provided by the Group relates to construction activities of the Group. It comprises repairs and maintenance of buildings, structures and transportation. Service income totals TEUR 1,566 (2013 – TEUR 1,607), of which TEUR 1,342 (2013 – TEUR 1,418) is realised in the Czech Republic and TEUR 224 (2013 – TEUR 189) is realised in Slovakia primarily by Slovak subsidiaries.

3.2.4. Gross Rental Income

Gross rental income totals TEUR 1,805 (2013 – TEUR 1,667), of which TEUR 1,516 (2013 – TEUR 1,283) represent rental income from offices, factory buildings and shops and TEUR 289 (2013 – TEUR 384) represent income from hotel operations.

3.2.5. Costs Related to Construction Contracts and Service Income

In thousands of EUR	2014	2013
Building construction	(165,213)	(131,988)
Material & Energy consumption	(68,604)	(24,576)
Wages and salaries	(11,450)	(8,189)
Social security contributions	(4,187)	(3,032)
Advisory and legal services	(796)	(887)
Amortisation and depreciation of intangible and tangible assets	(1,630)	(5,657)
Repairs and maintenance	(8)	(461)
Travel expenses	(2,140)	(1,187)
Other service expenses	(10,020)	(13,233)
Total	**(264,048)**	**(189,210)**

3.3. Property Operating Expenses

In thousands of EUR	2014	2013
Energy	(188)	(203)
Material	(7)	--
Service expenses	--	(58)
Repairs and maintenance	(254)	(16)
Other operating expenses	(32)	(20)
Total property operating expenses	**(481)**	**(297)**

3.4. Valuation Gains and Losses on Investment Property

In thousands of EUR	2014	2013
Entity description		
PSJ Hydrotranzit, a.s.	(11)	(53)
PSJ, a.s.	(276)	306
City Gate, s.r.o.	(1,288)	(903)
AZ TOWER a.s.	(1,562)	--
Net valuation gains and (losses) on investment property	**(3,137)**	**(650)**

3.5. Net Result on the Disposal of Financial Investments in subsidiaries

PSJ, a.s. owned 100% ownership interest in Byty Jesenice, s.r.o. On 17 December 2014 the Company concluded with BYTY JESENICE DEVELOPMENT s.r.o. an Agreement of Transfer of interest ownership. The transfer was recorded in the Commercial Register of Companies as at 9 January 2015.

Effect of the disposal

In thousands of EUR	2014
Investment property	2,124
Trade and other receivables	4
Identifiable assets	**2,128**
Deferred tax liability	(101)
Trade and other payables	(1,402)
Identifiable liabilities	**(1,503)**
Net identifiable assets total	**(625)**
Total sales price	**29**
Net loss on disposal	**(596)**

As at 31 December 2014 the Group sold from Other financial investments shares in SOU stavebni PSJ, s.r.o. and NOCTUA CONSULT. Carrying value of these financial investments is EUR 11, total sales prices were TEUR 20.

In the position net result on the disposal of financial investment in subsidiaries is recorded also impact of deconsolidation of equity accounting of AZ TOWER a.s. of TEUR (132), as it was consolidated by equity method in 2013 (for details refer to 3.1.3 and Error! Reference source not found.)

PSJ, a.s. owned 100% ownership interest in Hastal Aparments, s.r.o. On 30 September 2013 the Company concluded with VM INVEST N.V. an Agreement of Transfer of interest ownership. The transfer was recorded in the Commercial Register of Companies as at 22 October 2013.

Effect of the disposal

In thousands of EUR	2013
Intangible fixed assets	1
Deferred tax assets	170
Trading property	2,377
Trade and other receivables	25
Identifiable assets	**2,573**
Interest-bearing loans and borrowings	(4,141)
Trade and other payables	(686)
Identifiable liabilities	**(4,827)**
Net identifiable assets total	**(2,254)**
Net identifiable assets sold	(2,254)
Loans and receivables sold	4,500
Total carrying value sold	**2,246**
Sales price of the subsidiary based on the contract	193
Sales price of loans and receivables sold	3,756
Total sales price	**3,949**
Net gain on disposal	**1,703**

As at date of sale the Company sold provided loans and trade receivables against Hastal Apartments, s.r.o. to VM INVEST N.V. Carrying value of loans and receivables sold is TEUR 4,500 and sales price is TEUR 3,756.

3.6. Net Result on the Disposal of Trading Property

In thousands of EUR	2014	2013
Proceeds from sale of trading property		
Entity description		
Byty Hůrka s.r.o.	2,767	10,510
AZ TOWER a.s.	1,086	–
RM Invest CZ s.r.o.	7	–
Total	**3,860**	**10,510**
Carrying value of sold trading property		
Entity description		
Byty Hůrka s.r.o.	(2,361)	(9,459)
AZ TOWER a.s.	(516)	–
RM Invest CZ s.r.o.	(19)	--
Total	**(2,896)**	**(9,459)**
Net profit on disposal of trading property	**964**	**1,051**

AZ TOWER a.s. and Byty Hůrka s.r.o. are residential projects and therefore the sale represents the sale of flats and related land.

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3.7. Administrative Expenses

In thousands of EUR	2014	2013
Wages and salaries	(4,640)	(3,974)
Social security contributions	(1,501)	(1,035)
Audit, tax, legal and other advisory services	(950)	(483)
Advertising expenses	(1,841)	(1,070)
Material & Energy consumption	(634)	(394)
Amortisation and depreciation of intangible and tangible assets	(532)	(537)
Rent	(245)	(257)
Other service expenses*	(3,430)	(2,116)
Total	**(13,775)**	**(9,866)**

*) The account balance comprises mainly of overhead repair and maintenance costs, travel and promotion costs, transportation, telecommunication services, etc.

3.8. Other Income

In thousands of EUR	2014	2013
Penalties	2,228	2,300
Net profit on disposal of property, plant and equipment	247	146
Reversal of impairment to Trading property	--	--
Time-barred liabilities write-off	--	475
Other income*	1,226	1,220
Total	**3,701**	**4,141**

*) The most significant balance represents a liability amounting to TEUR 180 written off (2013 – TEUR 442).

3.9. Other Expenses

In thousands of EUR	2014	2013
Penalties	(218)	(385)
Creation of provisions (refer to note 3.27)	(4,734)	(667)
Release of provisions (refer to note 3.27)	2,936	35
Impairment to Trading property	(553)	1,098
Taxes	(376)	(176)
Insurance	(234)	(798)
Net loss on disposal of property, plant and equipment	--	(14)
Shortages and damages	(9)	(16)
Loss from assignment of receivables	(1,251)	(915)
Other expenses	(2,169)	(711)
TOTAL	**(6,608)**	**(2,549)**

Other expenses comprise mainly penalties imposed by foreign tax authorities (TEUR 614), sunk investment (TEUR 542) and other expenses related to active leases (TEUR 480).

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3.10. Finance Income and Finance costs

In thousands of EUR	2014	2013
Bank interest income	1,002	682
Liability write off*)	--	3,800
Foreign exchange gain	--	133
Effect from unwinding discount of long-term payables and long-term receivables	338	792
Interest revenues related to finance leases	17	63
Other financial income	--	209
Finance Income	**1,357**	**5,679**
Bank interest expense	(2,115)	(1,754)
Foreign exchange expense	(596)	--
Interest charges related to finance leases	(26)	(13)
Interest expense related to non-bank loans	(1,071)	(1,075)
Bank guarantees	(662)	(406)
Effect from unwinding discount of long-term payables and long-term receivables	(258)	(892)
Other financial expenses	(658)	(471)
Finance costs	**(5,386)**	**(4,611)**
Net finance income / (costs)	**(4,029)**	**1,068**

*) Part of the bank loan provided to the Company City Gate, s.r.o. was remitted of TEUR 3,800 on 10 October 2013 under the Appendix Nr. 4 of Contract on financing Nr. 18/ZF/2009.

3.11. Taxation

3.11.1. Income Tax Expense Recognised in the Statement of comprehensive income

In thousands of EUR	2014	2013
Current tax expense relating to		
Current year	(3,618)	(1,743)
Previous years	--	16
Total	**(3,618)**	**(1,727)**
Deferred tax expense		
Change in temporary differences	1,579	289
Effect of changes in foreign currency rates	31	87
Total	**1,610**	**376**
Total income tax expense in the statement of comprehensive income	**(2,008)**	**(1,351)**

3.11.2. Reconciliation of Effective Tax Rate

In thousands of EUR	2014	2014	2013	2013
Profit before tax (before share of profit of associate)		9,706		10,475
Income tax using the domestic corporation tax rate	25.00%	(2,427)	25.00%	(2,619)
Non-deductible expenses		(7,988)		(798)
Tax exempt revenues		7,772		1,187
Effect of unrecognised deferred tax assets related to tax losses		27		329
Effect of different tax rates used		(699)		69
Other differences		1,307		481
Total		**(2,008)**		**(1,351)**

As at 31 December 2014 the corporate tax rate in the Czech Republic is 19%, in Slovakia 22%, in the Netherlands 25%, in the USA 34% and in Russia 20%.

As at 31 December 2014 the Tax losses carried forward were TEUR 1,621 (2013 – TEUR 1,729). No deferred tax asset was recognised from these tax losses as it is not probable that future taxable profit will be available against which they can be utilised.

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3.11.3. Current Tax Assets and Liabilities

The current tax asset of TEUR 496 (2013 – TEUR 434) represents the amount of income tax recoverable in respect of current and prior periods, i.e. the amount by which the advance payments made exceed income tax payable if any.

Trade and other payables include current tax liabilities of TEUR 461 (2013 – TEUR 109) payable in respect of current or prior periods, i.e., the amount by which the income tax payable exceeds advance payments made.

3.11.4. Deferred Tax Assets and Liabilities

The deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of EUR	2014	2013	2014	2013	2014	2013
Investment property	54	169	(2,282)	(2,381)	(2,228)	(2,212)
Property, plant and equipment	--	26	(785)	(861)	(785)	(835)
Intangible assets	--	–	(3,327)	(1,235)	(3,327)	(1,235)
Finance lease	--	–	(9)	(126)	(9)	(126)
Trading property – inventory	38	334	(40)	(80)	(2)	254
Trade receivables	2,227	1,339	(199)	(237)	2,028	1,102
Trade payables	--	–	(116)	(113)	(116)	(113)
Provisions	2,798	1,473	--	–	2,798	1,473
Other items	392	145	133	(190)	525	(45)
Tax assets/(liabilities)	5,509	3,486	(6,625)	(5,223)	(1,116)	(1,737)
Set-off of tax (Note 1)	(2,576)	(2,567)	2,576	2,567	--	–
Net tax assets/(liabilities)	**2,933**	**919**	**(4,049)**	**(2,656)**	**(1,116)**	**(1,737)**

Note 1: Set-off of tax represents reclassification for purpose of the consolidated statement of financial position.

3.11.5. Movement in Deferred tax during the Year

In thousands of EUR	Balance at 1 January 2013	Change in temporary differences recognised in profit/(loss)	Acquisition through business combination	Balance at 31 December 2013
Investment property	(1,983)	(229)	–	(2,212)
Property, plant and equipment	(875)	40	–	(835)
Finance lease	(73)	(53)	–	(126)
Trading property – inventory	410	(156)	–	254
Trade receivables	1,109	(7)	–	1,102
Trade payables	(152)	39	–	(113)
Provisions	1,227	246	–	1,473)
Intangible assets	(2,017)	782	–	(1,235)
Other items	328	(373)	–	(45)
Total	**(2,026)**	**289**	**–**	**(1,737)**

In thousands of EUR	Balance at 1 January 2014	Change in temporary differences recognised in profit/(loss)	Acquisition through business combination	Balance at 31 December 2014
Investment property	(2,212)	662	(678)	(2,228)
Property, plant and equipment	(835)	659	(609)	(785)
Finance lease	(126)	117	--	(9)
Trading property – inventory	254	(256)	--	(2)
Trade receivables	1,102	1,828	(902)	2,028
Trade payables	(113)	(3)	--	(116)
Provisions	1,473	(582)	1,902	2,798
Intangible assets	(1,235)	(1,415)	(677)	(3,327)
Other items	(45)	570	--	525
Total	**(1,737)**	**1,579**	**(958)**	**(1,116)**

The change in temporary differences recognised in profit/(loss) contains a deferred tax income of TEUR 1,579 (2013 – TEUR 289) and the effect of changes in foreign currency rates of TEUR 31 (2013 – TEUR 87).

3.12. Investment Property

In thousands of EUR	PSJ, a.s.	GM, spol. s r.o.	Byty Jesenice, s.r.o.	KREMEL-SKÝ VAL	City Gate, s.r.o.	PSJ Hydro-tranzit, a.s.	AZ TOWER a.s.	Invest-ment property under con-struction	Total
Balance at 1 January 2013	8,508	2,494	2,259	547	9,285	4,299	--	1,968	29,360
Acquisitions	29	–	15	–	18	36	–	–	98
Disposals	(107)	–	–	–	–	–	--	(774)	(881)
Transfers from Trading property	–	–	–	–	–	–	–	–	–
Transfers from Property, plant & equipment	–	–	–	–	–	–	–	–	–
Fair value adjustment	214	–	–	–	(903)	(53)	--	92	(650)
Effect in movement in foreign exchange rate	(718)	(208)	(189)	(61)	98	(86)	--	(128)	(1,292)
Balance at 31 December 2013	7,926	2,286	2,085	486	8,498	4,196	--	1,158	26,635
Balance at 1 January 2014	7,926	2,286	2,085	486	8,498	4,196	--	1,158	26,635
Acquisitions	--	--	--	--	--	--	21,105		21,105
Additions	54	--	47	--	--	6	502	1	610
Disposals	(279)	--	(2,124)	--	--	--	(1,914)	(51)	(4,368)
Transfers from Trading property	1,532	--	--	--	--	--	--	--	1,532
Transfers from Property, plant & equipment	--	--	--	--	--	--	--	--	--
Fair value adjustment	(275)	--	--	--	(1,288)	(12)	(1,561)	(1)	(3,137)
Effect in movement in foreign exchange rate	(81)	(24)	(8)	88	71	6	(205)	(12)	(165)
Balance at 31 December 2014	8,877	2,262	--	574	7,281	4,196	17,927	1,095	42,212

In thousands of EUR ("TEUR")

Investment property projects cover offices building, parking spaces, storages and retail premises. The total estimated rentable and saleable space is 289,069 sq.m (2013 – 298,834 sq.m) divided as follows:

Company	Project	Description	Location (City, State)	Estimated total rentable/ saleable space (sq.m)
PSJ, a.s.	Jiráskova area	Multi-purpose area currently used for generating rental income	Jihlava, Czech Republic	3,104
	Pávovská area	Multi-purpose area currently used for generating rental income	Jihlava, Czech Republic	10,817
	Křížová area	Multi-purpose building with offices, parking space, restaurant currently used for generating rental income	Jihlava, Czech Republic	1,191
	Hrotovická area	Multi-purpose area currently used for generating rental income	Třebíč, Czech Republic	6,196
	Uherčice area	Multi-purpose area currently not used for generating rental income	Jihlava, Czech Republic	1,126
	Majdalenky	Land held for long-term capital appreciation	Jihlava, Czech Republic	6,120
	City Gate	Flats for rent	Bratislava, Slovakia	1,162
	Stefánikova kasarna area	Land and building held for long-term capital appreciation	Jihlava, Czech Republic	4,439
PSJ Hydrotranzit	Vlci hrdlo area	Multi-purpose area currently used for generating rental income	Bratislava, Slovakia	11,687
GM, spol. s r.o.	Mošnov	Land held for long-term capital appreciation	Mošnov, Czech Republic	220,000
KREMEL-SKÝ VAL	KREMELSKÝ VAL	Land held for long-term capital appreciation	Rjazan, Russia	5,842
City Gate, s.r.o.	City Gate	Retail building currently used for generating rental income	Bratislava, Slovakia	4,745
AZ TOWER a.s.	AZ TOWER	Retail building currently used for generating rental income	Brno, Czech Republic	10,640

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In thousands of EUR ("TEUR")

3.12.1. Fair value measurement of investment property

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuators, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuators provide the fair value of the Group's investment property portfolio based on requirement of the Company's management. Part of portfolio is valued annually; rest of investment property is valued by external valuator on a regular basis or valued internally.

The management annually chooses the most significant investment properties and other investment properties in such a way, so that each investment property in the portfolio is subject to valuation at least once in a three-year period. The valuation is performed by external valuator.

At 1 January 2014 the fair value measurement for investment property of TEUR 26,635 has been categorized as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

Level 3 fair value

Reconciliation from the opening balances at 1 January 2014 to the closing balances at 31 December 2014 for Level 3 fair values is shown in the following table:

Balance at 1 January 2014	**26,635**
Acquisition through business combination	21,105
Additions	610
Disposals	(4,368)
Transfer from Trading property	1,532
Changes in fair value	(3,137)
Effect of changes in FX rates	(165)
Balance at 31 December 2014	**42,212**

Valuation technique and significant unobservable inputs

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Inter-relationship between key unobservable inputs and fair value measurement
				The estimated fair value would increase (decrease) if:
Commercial portfolio	Income method (refer bellow)	Estimated yearly profit from rent	65 TEUR – 428 TEUR/per year (247TEUR/year)	Estimated yearly rent were higher (lower)
		Cost growth	1%-4%(2.5%)	Cost growth were lower (higher)
		Revenue growth	1%-2%(1.5%)	Revenue growth were higher (lower)
		Capitalisation rate	7% - 8%	Capitalisation rate were lower (higher)
Commercial portfolio	Material price (refer below)	Estimated value of enclosed space per cm	93.39EUR -202.08EUR/cm (148 EUR/cm)	Estimated value of enclosed space were higher (lower)
Commercial portfolio	Market comparable method (refer below)	Sales price per sqm	1,494 EUR/sqm	Expected sales price per sqm were higher (lower)
Land bank	Market comparable method (refer below)	Sales price per sqm	10.28 EUR/sqm-289.4 EUR/sqm (60 EUR/sqm)	Expected sales price per sqm were higher (lower)

Income method of setting the property's value

Income method valuation is calculating attained annual rent lowered of annual costs for operating, alternatively comparing those costs and profits with realised costs and profits of similar properties. Average annual maintenance, property administration, property tax, insurance and other relevant expenses are included in costs. Each property type has to be valued separately and with respect to individual factors which have impact on the property value as well as considering the development of the economy as a whole.

Material price of the buildings

Material price is price of re-building the property, lowered of the wear. Material price complies with costs, which would be needed to spend at the time of the valuation for same or similar property. Market price of the property is added to this result.

Calculation of the price by THU - principle consists of finding of measure of the whole building (e.g. enclosed area, built up area, length, depts., height etc.) and for this measure the unit price of comparable object is found out in the catalogue of technical-economic indicators (THU – budgetary indicators of building objects). Material price is found out by multiplying. This material price is modified of the wear / it is necessary to determine an assumed lifetime and the height of the wear (both physical and moral).

Method of market comparison

Method is based on comparing prices of comparable estates in that area and recently paid. Price of comparable estates is modified with deductions and supplements, which reflects qualitative factor such as location, quality, building preparedness, etc.

Sensitivity analysis

As the most significant part of the portfolio is valued using market comparable method, the individual factors having effect on the valuation cannot be reasonably identified and analysed. Therefore no sensitivity analysis was performed.

3.13. Property, Plant and Equipment

In thousands of EUR	Land and buildings	Plant and equipment	Property under construction	Total
Cost				
Balance at 1 January 2013	6,526	3,405	436	10,367
Acquisitions through business combinations	–	–	–	–
Additions	17	224	–	241
Transfers to/from Investment Property	–	–	–	–
Disposals	(31)	(357)	(5)	(393)
Disposals out of the Group	–	–	–	–
Effect of movements in foreign exchange	(581)	(800)	(37)	(1,418)
Balance at 31 December 2013	**5,931**	**2,472**	394	8,797
Balance at 1 January 2014	5,931	2,472	394	8,797
Acquisitions through business combinations	5,591	3,715	135	9,441
Additions	353	1,091	10	1,454
Transfers	--	123	(123)	--
Transfers to/from Investment Property	--	--	--	--
Transfers to Trading Property	--	--	--	--
Disposals	(1,475)	(1,811)	(372)	(3,658)
Disposals out of the Group	--	--	--	--
Effect of movements in foreign exchange	(62)	(99)	(2)	(163)
Balance at 31 December 2014	**10,338**	**5,491**	**42**	**15,871**
Accumulated depreciation and impairment losses				
Balance at 1 January 2013	(221)	(353)	–	(574)
Acquisitions through business combinations	–	–	–	–
Depreciation charge for the year	(421)	(1,083)	–	(1,504)
Disposals	11	357	–	368
Disposals out of the Group	–	–	–	–
Effect of movements in foreign exchange	348	881	–	1,229
Balance at 31 December 2013	**(283)**	**(198)**	–	(481)
Balance at 1 January 2014	(283)	(198)	–	(481)
Acquisitions through business combinations	--	--	--	--
Depreciation charge for the year	(319)	(1,252)	--	(1,571)
Transfers from Investments Property	--	--	--	--
Reversals of impairment	--	--	--	--
Disposals	210	566	--	776
Disposals out of the Group	--	--	--	--
Effect of movements in foreign exchange	31	86	--	117
Balance at 31 December 2014	(361)	(798)	--	(1,159)
Carrying amounts				
At 1 January 2013	6,305	3,052	436	9,793
At 31 December 2013	**5,648**	2,274	394	8,316
At 1 January 2014	5,648	2,274	394	8,316
At 31 December 2014	**9,977**	4,693	42	14,712

Land and Buildings

In thousands of EUR	31 December 2014	31 December 2013
PSJ, a.s.	1,217	1,389
GM, spol. s r.o.	1,756	1,853
PSJ Hydrotranzit, a.s.	1,933	2,010
EKOKLIMA akciová společnost	376	396
Inovat SE	3	--
Alpine SLOVAKIA, spol. s r.o.	968	--
Alpine Bau CZ a.s.	3,724	--
Total	9,977	5,648

Property, Plant and Equipment

In thousands of EUR	31 December 2014	31 December 2013
PSJ, a.s.	1,108	881
GM, spol. s r.o.	54	28
PSJ Hydrotranzit, a.s.	433	523
D.I.S., spol. s r.o.	505	701
EKOKLIMA akciová společnost	77	141
Inovat SE	16	--
Alpine SLOVAKIA, spol. s r.o.	1,071	--
Alpine Bau CZ a.s.	1,301	--
SCF SERVIS, s.r.o.	128	--
Total	4,693	2,274

Property under Construction

In thousands of EUR	31 December 2014	31 December 2013
PSJ, a.s.	40	392
PSJ Hydrotranzit, a.s.	--	--
EKOKLIMA akciová společnost	2	2
Total	42	394

3.14. Intangible Assets

In thousands of EUR	Software	Other intangible assets	Total Intangible fixed assets	Goodwill
Cost				
Balance at 1 January 2013	231	15,545	15,776	1,095
Acquisitions through business combinations	--	--	--	--
Additions	33	--	33	--
Disposals	--	(51)	(51)	--
Disposals out of Group	--	--	--	(5)
Effect of movements in foreign exchange rate	(24)	(730)	(754)	(90)
Balance at 31 December 2013	**240**	**14,764**	**15,004**	**1,000**
Balance at 1 January 2014	240	14,764	15,004	1,000
Acquisitions through business combinations	6	3,562	3,568	2,204
Additions	182	414	596	--
Disposals	(12)	(402)	(414)	--
Disposals out of Group	--	--	--	--
Effect of movements in foreign exchange rate	124	(459)	(335)	(10)
Balance at 31 December 2014	**540**	**17,879**	**18,419**	**3,194**
Accumulated amortisation and impairment losses				
Balance at 1 January 2013	(62)	(4,837)	(4,899)	–
Acquisitions through business combinations	–	–	–	–
Amortisation for the year	(44)	(4,109)	(4,153)	–
Impairment	–	–	–	–
Disposal	--	2	2	–
Disposals out of Group	–	–	–	–
Effect of movements in foreign exchange rate	40	738	778	–
Balance at 31 December 2013	**(66)**	**(8,206)**	**(8,272)**	–
Balance at 1 January 2014	(66)	(8,206)	(8,272)	–
Acquisitions through business combinations	--	--	--	--
Amortisation for the year	(111)	(480)	(591)	--
Impairment	--	--	--	--
Disposal	79	366	445	--
Disposals out of Group	--	--	--	--
Effect of movements in foreign exchange rate	(126)	86	(40)	--
Balance at 31 December 2014	**(224)**	**(8,234)**	**(8,458)**	**--**
Carrying amounts				
At 1 January 2014	174	6,558	6,732	1,000
At 31 December 2014	**316**	**9,645**	**9,961**	**3,194**

3.15. Investments in associates

Joint ventures and associates

	Country	Ownership		Investment	
		2014	2013	2014	2013
Silasfalt s.r.o.	Czech Republic	50.00%	--	3,423	--
Soco Connect	USA	21.54%	21.54%	2,253	1,671
AZ TOWER a.s.	Czech Republic	--	40,00%	--	1,412
TOTAL				5,676	3,083

The Group's share of the post-acquisition profit or loss of the above joint ventures recognised as at 31 December 2014 is TEUR 1,603 (2013 – TEUR 1,491).

The financial information relating to joint ventures and associates is summarised below:

31 December 2014	Assets	Liabilities	Equity	Profit
Soco Connect	14,095	(1,004)	(13,091)	7,250
Silasfalt s.r.o.	10,499	(3,653)	(6 846)	1,169

31 December 2013	Assets	Liabilities	Equity	Profit
Soco Connect	10,687	(2,931)	(7,756)	--
AZ TOWER a.s.	27,727	(25,002)	(2,725)	2,941

3.16. Other investments

In thousands of EUR	2014	2013
Other financial investments	1,608	1,711
Time deposits	50	25
Total	**1,658**	**1,736**

3.16.1. Other financial investments

Non-consolidated entities as at 31 December 2014	Acquisition price	Ownership interest	Equity	Turnover	Total assets
PSJ-Minskprojekt, s.r.o.	3	80%	1	--	1
REALITY INVEST spol. s r.o.	504	80%	(6)	--	179
AB - CONTROL s.r.o.	9	42%	--	--	--
FC VYSOČINA JIHLAVA, a.s.	101	40%	63	208	2,125
ISD - NOE, spol. sr.o.	131	34%	15	3	22
TENISCENTRUM JIHLAVA, a.s.	738	42%	1,699	208	2,125
Nadace Jindřicha a Ičky Waldesových	107	--	104	7	104
Sportovní služby, s.r.o.	--	70%	--	--	--
S.M.U., s. r. o. (former START ME UP, s.r.o.)	5	100%	4	--	4
RONELI GEORGIA LLC	--	51%	--	110	1,209
Other non-consolidated entities (especially non-profit entities)*	--	--	--	--	--
Total	**1,608**				

Non-consolidated entities as at 31 December 2013	Acquisition price	Ownership interest	Equity	Turnover	Total assets
PSJ-Minskprojekt, s.r.o.	3	80%	1	–	1
REALITY INVEST spol. s r.o.	509	80%	(1)	–	165
SOU stavební PSJ, s.r.o.	4	100%	13	–	13
AB - CONTROL s.r.o.	9	42%	*)	*)	*)
FC VYSOČINA JIHLAVA, a.s.	102	40%	177	2,697	1,011
ISD - NOE, spol. s r.o.	132	34%	460	59	627
TENISCENTRUM JIHLAVA, a.s.	797	42%	1,745	187	2,157
Nadace Jindřicha a Ičky Waldesových	108	n/a	115	15	115
Other non-consolidated entities (especially non-profit entities)*	47	n/a	n/a	n/a	n/a
Total	**1,711**				

*) Financial statements are not available as at the date of signing these financial statements.

3.17. Long-Term Loan Receivable

In thousands of EUR	2014	Average interest rate	2013	Average interest rate
Provided loans	188	5%	556	5%
Total	**188**	**5%**	**556**	**5%**

None of the provided loans have a maturity in more than 5 years.

3.18. Restricted cash

As at 31 December 2014, bank balances contain restricted cash of TEUR 3,762 (2013 – TEUR 5,039). Restricted cash is connected with bank guarantees, retention related construction projects and deposits to export loans.

3.19. Long-Term Receivables

As at 31 December 2014 there were other long-term receivables of TEUR 3,894 (2013 – TEUR 2,382), which represent warranty amounts retained by customers and investors.

Long-term receivables with maturity over five years amount to TEUR 356 (2013 – TEUR 192).

3.20. Trading Property and Inventory

In thousands of EUR	2014	2013
Trading property including goods for resale	15,969	19,975
Work in progress	1,995	494
Raw material	731	105
Total	**18,695**	**20,574**

Raw material primarily represents materials used for construction work.

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Trading Property including goods for resale

In thousands of EUR	GM, spol. s r.o.	EKO KLIMA akciová společnost	Hastal Apart-ments, s.r.o.	City Gate, s.r.o.	Byty Hůrka s.r.o.	RM Invest CZ s.r.o.	Na Dolinách 24, s.r.o.	Metis Property, s. r. o.	AZ TOWER a.s.	Total
Balance at 1 January 2013	**25**	**210**	**2,416**	**14,697**	**7,672**	**35**	**995**	--	--	**26,050**
Additions	1	208	–	–	4,578	–	–	83	--	4,870
Additions through acquisitions	–	–	–	–	–	–	–	736	--	736
Transfer to Investment property	–	–	–	–	–	–	–	–	--	–
Disposals	–	–	(2,214)	–	(9,459)	–	(4)	–	--	(11,677)
Reversal of impairment to Trading property	–	–	–	1,098	–	–	–	–	--	1,098
Effect of movement in foreign exchange rate	(2)	(26)	(202)	(143)	(643)	(3)	(83)	–	--	(1,102)
Balance at 31 December 2013	**24**	**392**	--	**15,652**	**2,148**	**32**	**908**	**819**	--	**19,975**
Balance at 1 January 2014	**24**	**392**	--	**15,652**	**2,148**	**32**	**908**	**819**	--	**19,975**
Additions	--	--	--	--	350	--	--	93	--	443
Additions through acquisitions	--	--	--	--	--	--	--	--	1,560	1,560
Transfer to Investment property	--	--	--	(1,532)	--	--	--	--	--	(1,532)
Disposals	(3)	(333)	--	--	(2,361)	(19)	(561)	--	(516)	(3,793)
Reversal of impairment to Trading property	--	--	--	(553)	--	--	--	--	--	(553)
Effect of movement in foreign exchange rate	--	(4)	--	4	(100)	--	(6)	(12)	(13)	(131)
Balance at 31 December 2014	**21**	**55**	--	**13,571**	**37**	**13**	**341**	**900**	**1,031**	**15,969**

Document to which our report dat
Trading property Byty Hůrka s.r.o represents a residential project in Prague, Czech Republic.

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3.21. Trade and Other Receivables

In thousands of EUR	2014	2013
Trade receivables	43,271	58,606
Construction contracts in progress	12,764	1,049
Value added tax receivables	1,535	297
Pre-payments	22,464	10,437
Prepaid expenses	1,132	738
Receivables from employees	640	5
Accrued revenues	215	584
Estimated receivables	14,646	6 971
Other receivables *	2,124	6,587
Total	98,791	85,274

*) The account balance comprises mainly of short-term loans provided to investors and customers of TEUR 877 (2013 – TEUR 6,486).

Trade receivables are shown net of a bad debt provision of TEUR 11,766 (2013 – TEUR 3,967).

3.22. Cash and Cash Equivalents

In thousands of EUR	2014	2013
Cash in Bank	29,529	19,458
Cash on hand	200	351
Cash in transit	(2)	--
Term deposit	--	273
Cash and cash equivalents in the cash-flow statement	29,727	20,082

3.23. Changes in Equity

The consolidated statement of changes in equity is presented on the face of the financial statements.

3.23.1. Share Capital

As at 31 December 2014 the subscribed capital of the Company was TEUR 30,418 and was fully paid.

In thousands of EUR	2014	2013
Number of shares / Nominal value		
30,418,000 shares per 1 euro	30,418	30,418
Total	30,418	30,418

3.23.2. Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements from the functional to the presentation currency (see accounting policy (r)).

3.23.3. Reserves

Reserves comprise statutory legal fund of TEUR 369 (2013 – TEUR 327).

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3.24. Non-controlling Interest

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As at 31 December 2014 non-controlling interest in the consolidated companies of the Group was TEUR 5,659 (2013 – TEUR 3,460).

3.25. Interest-Bearing Loans and Borrowings

The contractual terms of the Group's interest-bearing loans and borrowings are summarised below. For more information about the Group's exposure to interest rates, please refer to Note 3.29.

In thousands of EUR	2014	2013
Current liabilities		
Bank loans	22,184	12,784
Related parties	2,137	--
Total	**24,321**	**12,784**

As at 31 December 2014 the Group had bank overdraft TEUR 455 (2013 – TEUR 245) included in current liabilities.

In thousands of EUR	2014	2013
Non-current liabilities		
Bank loans	17,672	24,585
Bonds	14,428	14,584
Total	**32,100**	**39,169**

On 17 December 2012, the Company PSJ, a.s. issued CZK 400 million bonds in nominal value of 1 CZK each. The bonds are issued as subordinated, with fix interest rate 8% and bonds are due on 17 December 2020. The bonds are held by four individual.

Non-current interest bearing loans and borrowings are payable as follows:

In thousands of EUR	Amount as at 31 December 2014	Payable in 1-5 years	Payable after 5 years
Bank loans	17,672	17,672	--
Bonds	14,428	--	14,428
Total	**32,100**	**17,672**	**14,428**

In thousands of EUR	Amount as at 31 December 2013	Payable in 1-5 years	Payable after 5 years
Bank loans	24,585	24,585	–
Bonds	14,584	--	14,584
Total	**39,169**	**24,585**	**14,584**

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The bank loans are secured as follows:

In thousands of EUR			
Entity	**Assets pledged by the entity**	**Carrying amount of pledged assets**	
		2014	**2013**
PSJ Holding B.V.	PSJ Holding B.V. shares, PSJ, a.s. shares	7,200	12,800
PSJ, a.s.	Trade receivables, bank accounts, fixed assets, investment property, trading property	12,878	9,084
PSJ Hydrotranzit, a.s.	Fixed assets, investment property, trading property	1,933	4,196
EKOKLIMA, a.s.	Fixed assets, trading property	155	539
City Gate, s.r.o.	Investment property, trading property	13,571	24,150
ALPINE Bau CZ a.s.	Trade receivables, bank accounts, fixed assets, Guarantee provided by PSJ Holding B.V.	2,274	
ALPINE SLOVAKIA, spol. s r.o.	Fixed assets, bill of exchange	636	--
AZ TOWER a.s.	Fixed assets	5,185	--
Na Dolinách 24, s.r.o.	Fixed assets	881	--
SCF SERVIS, s.r.o.	Fixed assets	65	--
D.I.S., spol. s r.o.	Fixed assets, trading property	105	689
Total		**44,883**	**51,458**

Bank covenants

Long Term Loans - Variable Facility 2 (see note 3.29) provided to PSJ Holding B.V.

The loan covenants are stipulated as the Equity Ratio to be ensured by:

1. PSJ Holding B.V. – tested once a year based on the audited consolidated financial statements for each financial year
2. PSJ, a.s. – tested once every half a year based on the unaudited semi-annual financial statements of PSJ, a.s.

The Equity Ratio c below thresholds in the relevant years:

	2012	2013	2014	2015-2017
PSJ Holding B.V.	10%	13%	16%	19%
PSJ, a.s.	18%	20%	20%	20%

Calculation of the Equity Ratio is following:
A = (B/C)*100, where
A = Equity Ratio expressed in per cents
B = Equity (plus subordinated debt - refer to note 3.25)
C = Total Assets

Current bank loan 2 (see note 3.29) provided to PSJ, a.s.

The loan covenants are stipulated as the Equity Ratio to be ensured by:

1. PSJ, a.s. – tested once every quarter a year based on the unaudited quarter financial statements. Tested once a year based on the audited financial statements for each financial year.
2. Ekoklima a.s - tested once every quarter a year based on the unaudited quarter financial statements. Tested once a year based on the audited financial statements for each financial year.

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In thousands of EUR ("TEUR")

3. PSJ Hydrotanzit a.s. - tested once every quarter a year based on the unaudited quarter financial statements. Tested once a year based on the audited financial statements for each financial year.
4. D.I.S., spol. s r.o. - tested once every quarter a year based on the unaudited quarter financial statements. Tested once a year based on the audited financial statements for each financial year.

	2014	2015
PSJ, a.s.	25%	25%
Ekoklima, a.s.	15%	15%
PSJ Hydrotranzit a.s.	25%	25%
D.I.S., spol. s r.o.	25%	25%

Calculation of the Equity ratio is following:
A = (B-C+D-E-F)/(G - C)*100, where
A = Equity ratio expressed in per cents
B = Equity
C = Receivables for subscribed registered capital
D = Bonds issued
E = Receivables overdue more than 90 days
F = Intercompany receivables
G = Total assets

The loan covenants are stipulated also based on the EBITDA calculated from consolidated financial statements of PSJ Holding B.V. group, which shall not to be lower than CZK 250 000 000.

EBITDA will be tested every quarter a year based on unaudited quarter pro forma financial statements of PSJ Holding B.V. group and once a year based on audited financial statements prepared for 12 months period.

Non-Current Bank Loan 5 and ST part of Non-Current Bank Loan 5 (see note 3.29) provided to Alpine BAU CZ a.s..

The loan covenants are stipulated as the Tangible net worth ratio, which shall not to be lower than the below thresholds in the relevant years:

	2014	2015	2016	2017
Alpine BAU CZ a.s.	2,5%	10%	15%	25%

Calculation of the Tangible net worth ratio is following:
A = (B/C)*100, where
A = Tangible net worth ratio expressed in per cents
B = Bank debt
C = EBITDA

The loan covenants were complied as per year ended 31 December 2014.

3.26. Other Long-Term Payables

As at 31 December 2014 long-term liabilities amounted to TEUR 10,918 (2013 – TEUR 8,957), of which TEUR 83 (2013 – TEUR 64) related to finance lease liabilities.
The remaining part of other long-term payables represents retentions to suppliers of construction contracts.
Long-term payables with maturity over five years amount to TEUR 3,569 (2013 – TEUR 1,395).

Non-cancellable finance lease rentals are payable as follows:

In thousands of EUR	2014	2013
Less than one year	--	–
Between one and five years	(83)	(64)
More than five years	--	–
Total	**(83)**	**(64)**

During the year ended 31 December 2014, TEUR 26 (2013 – TEUR 13) was recognised as an interest expense in the statement of comprehensive income in respect of finance leases.

3.27. Provisions

The Group creates provisions mainly for: warranty repairs and other expected business risks and penalties, loss-making projects and staff remunerations. The provisions recorded by the Group as at 31 December 2014 amounted to TEUR 16,384 (2013 – TEUR 6,911), out of which TEUR 287 (2013 – TEUR 403) represents provision for bonuses related to construction projects, TEUR 556 (2013 – TEUR 823) is bank guaranties provision, TEUR 6,754 (2013 – TEUR 4,429) is warranty provision, TEUR 4,755 (2013 – TEUR 887) represents provisions for legal claims, TEUR 2,684 (2013 – TEUR 0) comprises provisions relating to loss making contracts and TEUR 1,348 (2013 – TEUR 369) are other provisions.

In thousands of EUR	
Balance at 1 January 2013	6,935
Acquisitions through business combinations	–
Disposal through sale of subsidiary	–
Provisions created during the year	667
Release of provisions	(35)
Provisions used during the year	(101)
Effect of movement in foreign exchange rate	(555)
Balance at 31 December 2013	**6,911**
Non-current	–
Current	6,911
Total at 31 December 2013	**6,911**
Balance at 1 January 2014	6,911
Acquisitions through business combinations	15,784
Disposal through sale of subsidiary	--
Provisions created during the year	4,734
Release of provisions	(2,936)
Provisions used during the year	(8,149)
Effect of movement in foreign exchange rate	40
Balance at 31 December 2014	**16,384**
Non-current	--
Current	16,384
Total at 31 December 2014	**16,384**

Provisions acquired through business combination related chiefly to Alpine CZ, where provisions for loss-making projects, legal claims and expected repairs were created to cover expected risks to be incurred by the business.

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3.28. Trade and Other Payables

In thousands of EUR	2014	2013
Trade payables	49,040	33,289
Construction under progress	4,544	1,550
Advances received	22,161	20,609
Estimated payables	14,298	10,667
Income tax payables	461	109
Payables to employees, social security and health insurance, employees income tax	1,793	1,255
Payables to the shareholders	108	--
Deferred revenues	1,594	455
Other payables	5,270	3,719
Total	**99,270**	**71,653**

Advance payments represent mainly advances for construction work.

3.29. Financial Instruments and Fair Values

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business.

Credit Risk

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Investments can be made only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties that have a sound credit rating and with whom the Group has a signed a netting agreement.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit Risk Concentration

	Total exposure		
	In the statement of financial position	Out of the statement of financial position	Total credit exposure
Amounts due from banks	33,291	--	33,291
Amounts due from customers and other receivables	98,791	--	98,791
Total	**132,280**	--	**132,280**

The Group has bank accounts with a prestigious banking institution; no risk is expected.

Amounts due from customers consist mainly of amounts due from customers under construction projects and receivables from finished projects.

In thousands of EUR ("TEUR")

Foreign Currency Risk

The Group is exposed to foreign currency risk on payables and receivables that are denominated in a currency other than the currency in which the accounting is kept in the country of the Group's company residence; i.e. Czech crowns applicable for the Czech based Group's companies, EUR applicable to Slovakia and Netherlands based Group's companies, USD in the USA and RUB in Russia. The currency risk is managed where possible by making investments in the same currency as the financing sources utilised.

The currency risk during the period of repayment of liabilities to third parties is usually offset by generating revenues denominated in the same underlying currency, which is applicable to both sales revenues and operating revenues.

Overview of Foreign Currency Receivables and Payables as at 31 December 2014

		Total	Less than 1 year	1-5 years	More than 5 years
Items in the statement of financial position					
Trade and other receivables	TEUR	31,798	28,938	867	1,993
	TUSD	1,083	1,083	--	--
	TRUB	1,154,196	1,109,558	44,638	--
	TPLN	110	110	--	--
	TGPP	--	--	--	--
	TGEL	--	--	--	--
	TCHF	--	--	--	--
Trade and other payables	TEUR	(17,675)	(16,902)	(747)	(26)
	TUSD	(615)	(615)	--	--
	TRUB	(235,745)	(152,859)	(77,080)	(5,806)
	TPLN	(226)	(226)	--	--
	TGBP	(11)	(11)	--	--
	TGEL	--	--	--	--
	TCHF	(270)	(270)	--	--
Total	**TEUR**	**14,123**	**12,036**	**120**	**1,967**
	TUSD	**468**	**468**	**--**	**--**
	TRUB	**918,451**	**956,699**	**(32,442)**	**(5,806)**
	TPLN	**(116)**	**(116)**	**--**	**--**
	TGBP	**(11)**	**(11)**	**--**	**--**
	TGEL	**--**	**--**	**--**	**--**
	TCHF	**(270)**	**(270)**	**--**	**--**

Overview of Foreign Currency Receivables and Payables as at 31 December 2013

		Total	Less than 1 year	1-5 years	More than 5 years
Items in the statement of financial position					
Trade and other receivables	TEUR	15,172	14,785	386	1
	TUSD	749	749	–	–
	TRUB	747	747	–	–
	TPLN	209	209	–	–
	TGBP	–	–	–	–
Trade and other payables	TEUR	(7,380)	(6,955)	(346)	(79)
	TUSD	(407)	(407)	–	–
	TRUB	(7,913)	(5,718)	(2,195)	–
	TPLN	(2)	(2)	–	–
	TGBP	(10)	(10)	–	–
Total	**TEUR**	**7,792**	**7,830**	**40**	**(78)**
	TUSD	**342**	**342**	**–**	**–**
	TRUB	**(7,166)**	**(4,971)**	**(2,195)**	**–**
	TPLN	**207**	**207**	**–**	**–**
	TGBP	**(10)**	**(10)**	**–**	**–**

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Gearing ratio ***In thousands of EUR***	**2014**	**2013**
Debt (1)	56,421	51,953
Less: Cash and cash equivalents	(29,727)	(20,082)
Net debt	26,694	31,871
Equity (2)	41,151	37,251
	64.87%	**85.56%**

(1) Debt is defined as long- and short-term borrowings as detailed in Note 3.25.

(2) Equity includes all capital, reserves and retained earnings of the Group.

Operational Risk

Operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Company assesses these risks on a regular basis and undertakes measures aimed at systematic detection and minimisation of these risks. Operational risk management activities focus on the utilization and improvement of the management information system consisting of information about individual projects and legal documentation in force.

In respect of areas with an identified significant risk, the Group has implemented a set of key risk indicators that serve as an early warning system and as a measure of operational risk taken.

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Interest Rate Risk

The interest rate risk is applicable generally to those business activities and development projects where floating interest rates for debt financing are used. Bank loans usually have flexible interest rates in a vast majority of senior financing cases depending on the EURIBOR, PRIBOR or BRIBOR rates for the reference period from 1 month to 6 months, increased by a fixed margin.

Effective Interest Rates and Repricing Analysis

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice. (Letters A-K are used for referencing and identification of loans within the notes).

In thousands of EUR	2014					
	Effective interest rate	Total	6 months or less	6-12 months	1-5 years	Fixed interest rate
Non-current bank loan 1	3.20% + EURIBOR 3M	(643)	(643)	--	--	--
Non-current bank loan 2	2.60% + EURIBOR 3M	(8,443)	(8,443)	--	--	--
Non-current bank loan 3	1.95%+ PRIBOR 3M	(1,365)	(1,365)	--	--	--
ST part of Non-current bank loan 1	3.20% + EURIBOR 3M	(463)	(463)	--	--	--
ST part of Non-current bank loan 2	2.60% + BRIBOR 3M	(3,381)	(3,381)	--	--	--
Current bank loan 1	2.70%+ PRIBOR 1M	(5,483)	(5,483)	--	--	--
Current bank loan 2	1.775%+ PRIBOR 1M	(4,886)	(4,886)	--	--	--
ST part of Non-current bank loan 3	1.95%+ PRIBOR 3M	(607)	(607)	--	--	--
Long Term Loans - Variable Facility 2	3.5% + EURIBOR 3M	(8,102)	(8,102)	--	--	--
Non-current bank loan 4	2.90%+ PRIBOR 3M	(918)	(918)	--	--	--
Non-current bank loan 5	2.50%+ PRIBOR 1M	(1,435)	(1,435)	--	--	--
ST part of Non-current bank loan 5	2.50%+ PRIBOR 1M	(478)	(478)	--	--	--
Current bank loan 3	3.70%+ PRIBOR 1M	(3,478)	(3,478)	--	--	--
Current bank loan 6	6.87%	(175)	--	--	--	(175)
Bonds	8%	(14,428)	--	--	--	(14,428)
Related party loan 1	8%	(1,956)	--	--	--	(1,956)
Related party loan 2	1%	(180)	--	--	--	(180)
Total		**(56,421)**	**(39,682)**	--	--	**(16,739)**

In thousands of EUR	2013					
	Effective interest rate	Total	6 months or less	6-12 months	1-5 years	Fixed interest rate
Non-current bank loan 1	3.20% + EURIBOR 3M	(1,171)	(1,171)	–	–	–
Non-current bank loan 2	2.60% + EURIBOR 3M	(11,822)	(11,822)	–	–	–
ST part of Non-current bank loan 1	3.20% + EURIBOR 3M	(401)	(401)	–	–	–
Current bank loan 2	2.60% + BRIBOR 3M	(1,691)	(1,691)	–	–	–
Non-current bank loan 3	1.75%+ PRIBOR 3M	(1,993)	(1,993)	–	–	–
Current bank loan 4	2.05%+ EURIBOR 3M	(1,300)	(1,300)	–	–	–
Current bank loan 5	1.75%+ PRIBOR 3M	(6,062)	(6,062)	–	–	–
Long Term Loans - Variable Facility 2	3.5% + EURIBOR 3M	(12,800)	(12,800)	–	–	–
Current bank loan 7	6.87%	(143)	–	–	–	(143)
Bonds	8%	(14,586)	–	–	–	(14,586)
Total		**(51,969)**	**(37,240)**	–	–	**(14,729)**

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Liquidity Risk

With respect to the nature of its business and its assets, the Group is, to some extent, naturally exposed to liquidity risk. This risk is mitigated by the business strategy adopted and carried out by the Group – to undertake construction projects and obtain continuous streams of cash flows from partial billings on construction services provided up to date.

In thousands of EUR ("TEUR")

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk exposures are measured using sensitivity analysis.

Sensitivity Analysis - Exposure to Currency Risk

The following exchange rates of CZK, RUB and USD to EUR were used during translation:

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the reporting period
31 December 2014	27.725	27.533
31 December 2013	27.425	25.974

Date	Closing exchange rate RUB/EUR	Average exchange rate RUB/EUR for the reporting period
31 December 2014	72.337	50.952
31 December 2013	45.325	42.337

Date	Closing exchange rate USD/EUR	Average exchange rate USD/EUR for the reporting period
31 December 2014	1.214	1.329
31 December 2013	1.379	1.328

The Group's exposure to foreign currency risk based on notional amounts was as follows:

FX rate as at 31/12/2014		10%	-10%
EUR	27.725	30.498	24.953
USD	22.834	25.117	20.551
RUB	0.383	0.421	0.345
PLN	6.492	7.141	5.843
GBP	35.591	39.150	32.032
GEL	2.281	2.509	2.053
CHF	23.058	25.364	20.752

Average FX rate for 12 months 2014			
EUR	27.533	30.286	24.780
USD	20.746	22.821	18.671
RUB	0.549	0.604	0.494
PLN	6.582	4.240	5.924
GBP	34.164	37.580	30.748
GEL	2.344	2.578	2.110
CHF	22.667	24.934	20.400

In thousands of EUR ("TEUR")

2014		Orig. curr.	TCZK	TCZK +10%	Change	TCZK - 10%	Change
Items in the statement of financial position							
Trade and other receivables	TEUR	31,797	881,572	969,729	88,157	793.415	(88,157)
	TUSD	1,083	24,729	27,202	2,473	22,256	(2,473)
	TRUB	1,154,196	442,057	486,263	44,206	397,851	(44,206)
	TPLN	110	714	786	72	643	(71)
	TGBP	--	--	--	--	--	--
	TGEL	--	--	--	--	--	--
	TCHF	--	--	--	--	--	--
Trade and other payables	TEUR	(17,675)	(490,039)	(539,043)	(49,004)	(441,035)	49,004
	TUSD	(615)	(14,043)	(15,447)	(1,404)	(12,639)	1,404
	TRUB	(235,745)	(90,290)	(99,319)	(9,029)	(81,261)	9,029
	TPLN	(226)	(1,467)	(1,614)	(147)	(1,320)	147
	TGBP	(11)	(392)	(431)	(39)	(353)	39
	TGEL	--	--	--	--	--	--
	TCHF	(270)	(6,226)	(6,849)	(623)	(5,603)	623
(Net exposure to currency risk)	TEUR	14,122	391,533	430,686	39,153	352,380	(39,153)
	TUSD	468	10,686	11,755	1,069	9,617	(1,069)
	TRUB	918,451	351,767	386,944	35,177	316,590	(35,177)
	TPLN	(116)	(753)	(828)	(75)	(677)	76
	TGBP	(11)	(392)	(431)	(39)	(353)	39
	TGEL	--	--	--	--	--	--
	TCHF	(270)	(6,226)	(6,849)	(622)	(5,603)	623
				TCZK	74,663	TCZK	(74,661)
				TEUR	**2,712**	**TEUR**	**(2,712)**

FX rate as at 31/12/2013		10%	-10%
EUR	27.425	30.168	24.683
USD	19.894	21.883	17.905
RUB	0.605	0.666	0.545
PLN	6.603	7.263	5.943
GBP	32.911	36.202	29.620

Average FX rate for 12 months 2013			
EUR	25.974	28.572	23.377
USD	19.565	21.521	17.608
RUB	0.614	0.676	0.553
PLN	6.189	6.808	5.570
GBP	30.595	33.654	27.535

2013		Orig. curr.	TCZK	TCZK +10%	Change	TCZK -10%	Change
Items in the statement of financial position							
Trade and other receivables	TEUR	15,172	416,092	457,701	41,609	374,483	(41,609)
	TUSD	749	14,901	16,391	1,490	13,411	(1,490)
	TRUB	747	452	497	45	407	(45)
	TPLN	209	1,380	1,518	138	1,242	(138)
	TGBP	--	--	--	--	--	--
Trade and other payables	TEUR	(7,380)	(202,397)	(222,636)	(20,240)	(182,157)	20,240
	TUSD	(407)	(8,097)	(8,907)	(810)	(7,287)	810
	TRUB	(7,914)	(4,788)	(5,267)	(479)	(4,309)	479
	TPLN	(2)	(13)	(15)	(1)	(12)	1
	TGBP	(10)	(329)	(362)	(33)	(296)	33
(Net exposure to currency risk)	TEUR	7,792	213,696	235,065	21,369	192,326	(21,370)
	TUSD	342	6,804	7,484	680	6,124	(680)
	TRUB	(7,167)	(4,336)	(4,770)	(434)	(3,902)	434
	TPLN	207	1,367	1,503	136	1,230	(137)
	TGBP	(10)	(329)	(362)	(33)	(296)	33
				TCZK	21,719	TCZK	(21,720)
				TEUR	836	**TEUR**	(836)

A 10% strengthening (devaluation) of the Czech crown against the above currencies at 31 December 2014 would have decreased (increased respectively) the profit and loss account by TEUR 2,712 (2013 – TEUR 836). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

Sensitivity Analysis - Interest Rate Risk

The interest rate profile of the Group's interest-bearing financial instruments is described in Notes 3.17, 3.25 and 3.29 for financial assets and financial liabilities, respectively.

In thousands of EUR	Average amounts		
2014	Effective interest rate	Total	Interest (calculated)
Bank Loan – PSJ, a.s.	2,30%	(10,198)	(234)
Bank Loan – PSJ Hydrotranzit, a.s.	3,15%	(1,988)	(63)
Bank Loan – City Gate, s.r.o.	2,78%	(12,668)	(352)
Bank Loan – Byty Hůrka s.r.o.	2,53%	--	--
Bank Loan – Na Dolinách 24, s.r.o.	1,62%	(459)	(7)
Bank Loan – GM, spol. s r.o.	2,00%	--	--
Bank Loan – AZ TOWER a.s.	1,98%	(1,739)	(34)
Bank Loan – PSJ Holding B.V.	3,16%	(10,451)	(331)
Bank Loan – ALPINE Bau CZ a.s.	1,38%	(957)	(13)
Total		(38,460)	(1,034)

Increase of rate by 10%			Decrease of rate by 10%		
increase of rate by 10%	Interest (calculated)	PL effect	decrease of rate by 10%	Interest (calculated)	PL effect
2,53%	(258)	(23)	2,07%	(211)	23
3,46%	(69)	(6)	2,83%	(56)	6
3,06%	(388)	(35)	2,50%	(317)	35
2,78%	--	--	2,28%	--	--
1,78%	(8)	(1)	1,46%	(7)	1
2,20%	--	--	1,80%	--	--
2,17%	(38)	(3)	1,78%	(31)	3
3,48%	(364)	(33)	2,85%	(298)	33
1,51%	(14)	(1)	1,24%	(12)	1
	(1,139)	(102)		(932)	102

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In thousands of EUR	Average amounts		
2013	Effective interest rate	Total	Interest (calculated)
Bank Loan – PSJ, a.s.	2.19%	(11,420)	(250)
Bank Loan – PSJ Hydrotranzit, a.s.	2.89%	(3,432)	(99)
Bank Loan – Hastal Apartments, s.r.o.	1.23%	(1,488)	(18)
Bank Loan – City Gate, s.r.o.	2.49%	(15,413)	(384)
Bank Loan – Byty Hůrka s.r.o.	2.53%	(1,166)	(29)
Bank Loan – D.I.S., spol. s r.o.	3.83%	(154)	(6)
Bank Loan – GM, spol. s r.o.	2.00%	(845)	(17)
Bank Loan – PSJ Holding B.V.	3.74%	(14,400)	(539)
Total		**(48,318)**	**(1,342)**

Increase of rate by 10%			Decrease of rate by 10%		
increase of rate by 10%	Interest (calculated)	PL effect	decrease of rate by 10%	Interest (calculated)	PL effect
2.41%	(275)	(25)	1.97%	(225)	25
3.18%	(109)	(10)	2.60%	(89)	10
1.35%	(20)	(2)	1.10%	(16)	2
2.74%	(423)	(38)	2.24%	(345)	38
2.78%	(32)	(3)	2.28%	(27)	3
4.21%	(6)	(1)	3.45%	(5)	1
2.20%	(19)	(2)	1.80%	(15)	2
4.11%	(592)	(54)	3.36%	(485)	54
	(1,476)	**(135)**		**(1,207)**	**135**

An increase (decrease) in interest rates by 10% at the reporting date would have decreased (increased respectively) the profit and loss account by TEUR 102 (2013 - TEUR 135) as shown in the above table. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value hierarchy

A number of the Company's accounting policies and disclosures require the measurement of fair value, both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair values are categorized, in accordance with the requirements of IFRS 13, into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(1) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
(2) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
(3) Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is observable.

Information regarding the fair value measurement and fair value hierarchy of investment property refer to Note 3.12.1.

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Comparison of carrying values and fair values of assets a liabilities

2014

Assets/liabilities *In thousands of EUR*	**Carrying value**	**Fair value adjustment**	**Fair value**
Other investments	1,658	--	1,658
Long-term receivables	4,203	(309)	3,894
Trade and other receivables	98,791	--	98,791
Interest bearings loans and borrowings	(56,421)	--	(56,421)
Other long-term payables	(11,669)	751	(10,918)
Trade and other payables	(99,270)	--	(99,270)

2013

Assets/liabilities *In thousands of EUR*	**Carrying value**	**Fair value adjustment**	**Fair value**
Other investments	1,798	--	1,798
Long-term receivables	2,569	(187)	2,382
Trade and other receivables	85,255	--	85,255
Interest bearings loans and borrowings	(44,640)	--	(44,640)
Other long-term payables	(9,628)	671	(8,957)
Trade and other payables	(75,467)	--	(75,467)

3.30. Contingencies

The Group identified the following contingencies as at 31 December 2014:

- EKOKLIMA, akciová společnost provided bank guarantees to investors of TEUR 1,648 (2013 – TEUR 2,102).
- As at the reporting date, PSJ, a.s. provided bank guarantees of TEUR 35,889 (2013 – TEUR 34,716), which relate to security payments made in accordance with the conditions of public tenders, adequate fulfilment of contracts and warranty periods set by contracts.
- As at the reporting date, PSJ Hydrotranzit, a.s. provided bank guarantees of TEUR 9,389 (2013 – TEUR 4,492), which relate to security payments made in accordance with the conditions of public tenders, adequate fulfilment of contracts and warranty periods set by contracts.
- As at the reporting date, D.I.S., spol. s r.o. provided bank guarantees of TEUR 11,880 (2013 – TEUR 9,898), which relate to security payments made in accordance with the conditions of public tenders, adequate fulfilment of contracts and warranty periods set by contracts.
- As at the reporting date, ALPINE SLOVAKIA, spol. s r.o. provided bank guarantees of TEUR 2,723 (2013 – TEUR 0), which relate to security payments made in accordance with the conditions of public tenders, adequate fulfilment of contracts and warranty periods set by contracts.
- As at the reporting date, ALPINE Bau CZ a.s. provided bank guarantees of TEUR 52 (2013 – TEUR 0), which relate to security payments made in accordance with the conditions of public tenders, adequate fulfilment of contracts and warranty periods set by contracts.
- As at the reporting date, Inovat SE provided bank guarantees of TEUR 2,442 (TCZK 67,689) (2013 – TEUR 0), which relate to security payments made in accordance with the conditions of public tenders, adequate fulfilment of contracts and warranty periods set by contracts

- PSJ Hydrotranzit, a.s. is one of the defendants in a legal dispute regarding the payment of TEUR 1,890 and accrued interest. The legal dispute was lodged in respect of the payment of a discount on the fee payable. A payment order was issued as part of the legal dispute, which was appealed on a timely basis and no further proceedings have as yet been determined by the court of first instance. The Company established a bad debt provision and additional provision totalling TEUR 158 (2013 – TEUR 158), which is, according to an expert opinion prepared for the Company, sufficient.

3.31. Related parties

3.31.1. Identity of Related Parties

The Group has a related party relationship with its subsidiaries, associates, joint ventures and with its directors and executive officers.

Key management persons are the Chairman of the Board of Directors, members of the Board of Directors of individual subsidiaries, Finance Director and Chief Project Managers and Project Managers. The remuneration of the key management personnel in 2014 and 2013 includes salaries, bonuses and social and health insurance cost are as follows:

In thousands of EUR	2014	2013
Remuneration and benefits paid to key management	2,987	2,791
Total	**2,987**	**2,791**

3.31.2. Transactions with Related Parties

The Group identified the following transactions with related parties in 2014 and 2013:

In thousands of EUR		2014	2013
FC VYSOČINA JIHLAVA, a.s.	Receivables from the Group	110	26
	Payables to the Group	12	–
	Services provided to the Group	459	36
	Purchases from the Group	41	347
TENISCENTRUM JIHLAVA, a.s.	Services provided to the Group	--	832
	Purchases from the Group	--	7
Nadace Jindřicha a Ičky Waldesových	Services provided to the Group	--	1
ISD NOE, spol. s r.o.	Payable to the Group	--	5
REALITY INVEST, spol. s r.o	Payables to the Group	2	3
	Services provided to the Group	--	3
SILASFALT s.r.o.	Receivables from the Group	895	--
	Payables to the Group	26	--
	Services provided to the Group	5,880	--
	Purchases from the Group	429	--
Roneli LLC	Payables to the Group	48	--
	Purchases from the Group	83	--
Devontaine N.V.	Receivables from the Group	--	1,329
	Purchases from the Group	--	40
Inovat SE	Receivables from the Group	--	34
	Purchases from the Group	--	36
PSJ Ukraine LLC	Receivables from the Group	--	46
AZ TOWER a.s.	Receivables from the Group	--	–
	Payables to the Group	--	1,094
	Granted loans	--	8,669
	Services provided to the Group	--	4,842
	Purchases from the Group	--	32

Transactions with related parties includes also balances disclosed in 3.25 and 3.31.1.

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3.32. Subsequent Events

In January 2015 PSJ, a.s. sold its 100% ownership in Metis Property s.r.o. to PSJ Investors, N.V.

In January 2015 the PSJ Holding B.V. received a loan from PSJ Investors N.V. in the amount of EUR 1.85 mil.

In January 2015 the PSJ Holding B.V. signed SPA for purchase of 35% of shares in D.I.S. spol. s r.o. (D.I.S.) for the purchase price of CZK 100 million. Half of the purchase price was paid in January 2015, the other half is due upon approval of the 2014 statutory financial statements of D.I.S. by the General Meeting.

In March 2015 the PSJ Holding B.V. repaid the CZK 25 million (originally up to CZK 120 mil) loan to UCB.

In April 2015 the PSJ Holding B.V. provided a financial guarantee in favour of Raiffeisenbank up to the total amount of CZK 1,554.6 million (EUR 56 mil) in relation to provided financing of PSJ, a.s.

In June 2015 PSJ Holding B.V. received a bank loan from UniCredit Bank Czech Republic and Slovakia, a.s. in the amount of CZK 150 million; purpose of the loan is (i) financing of the acquisition of 35% shares in D.I.S. and (ii) refinancing of the remaining bank loan provided by Raiffeisenbank a.s. to PSJ, a.s. for the initial acquisition of 65% shares in D.I.S.

In March 2015 PSJ Holding B.V. provided a financial guarantee in favour of Všeobecná úverová banka, a.s. up to the total amount of EUR 4.5 million in relation to provided financing of ALPINE SLOVAKIA, spol. s r.o.

The financial statements were prepared on 26 June 2015.

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Signature of the authorised representatives:

Roelof Leendert van Echten
Managing Director

František Vaculík
Chairman of the Supervisory board

Miroslav Horňák
Member of the Supervisory board

Martin Höfler
Member of the Supervisory board

Mavlit Bazhaev
Member of the Supervisory board

Sergey Chizhov
Member of the Supervisory board

Prague, 26 June 2015, Supervisory Board