



Dear customers, dear business partners, dear colleagues,

In 2010, our market was already fully affected by impacts of the economic crisis. Many of our longstanding partners didn't have enough work which had a direct impact also on our order contents. However, due to this fact, we could realize key, long time planned investments – general repair and change of our key manufacturing devices, i.e., big forging press and electric arc furnace.

It must be realized that in "common" market situation, this change would inevitably damage our key business partners as these key devices were out of operation for most of 2010. Therefore, the economic crisis has helped us in this point of view, timing of both perfectly taken actions couldn't have been better.

In spite of a deep market slump and putting key devices out of operation, we were able to keep the production in tunes practically at the same level as in 2009. Achieved profits in the amount of 3.176 million CZK approximately correspond to profits achieved in 2005 when the world boom began. Significant success of the

company is a fact that in spite of incredible market slump and fundamental limitations of our manufacturing capacities, we were able to maintain a positive economic result.

We may say that even in 2010 we completely utilized possibilities that the market offered us. For the period of new coming boom, we are equipped with one of the most efficient and the most modern electric arc furnace on the world, and with new 12.000 ton forging press with which very few of our European competitors can boast of.

To fully utilized forthcoming period of economic growth, our new sole company owner Mr. Igor Shamis has decided in autumn 2010 of purchase of super-efficient forging manipulator so we could effectively and economically forge also 250 ton ingots.

In 2011, we expect manufacture in tons in similar extent as in 2008. Profits should achieve the level from 2006, i.e. the increase compared to 2010 should be almost 30%.

I would like to thank all our colleagues for their commitment and professionalism which have contributed to another successful year of PILSEN STEEL company operation, and to wish them good luck in task performance in 2011.

Pilsen, May 31, 2011



Vladislav Šima
Sales director, authorized CEO



BALANCE SHEET (in CZK 000, in CAS)

	as of 31. 12. 2010	as of 31. 12. 2009
ASSETS total	3 236 728	3 553 806
Fixed assets	1 679 950	1 734 092
Current assets	1 555 937	1 819 205
Other assets	841	509
LIABILITIES total	3 236 728	3 553 806
Equity	1 465 196	1 752 548
Liabilities and reserves	1 771 474	1 801 258
Other liabilities	58	0

INCOME STATEMENT (in CZK 000, in CAS)

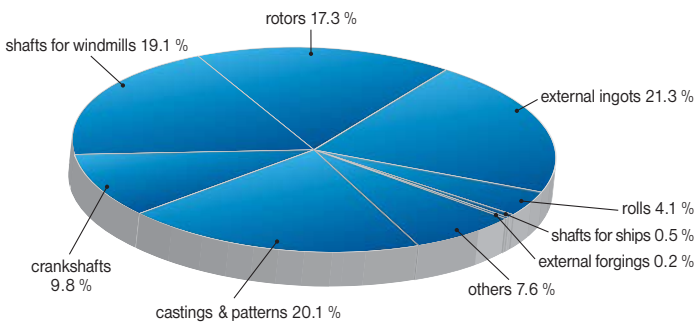
	2010
Revenues from own products, services and goods	3 175 581
Change in inventory of own production	-122 345
Capitalised costs	253 386
Production consumption	3 060 588
Value added	246 034
Personnel expenses	468 037
Taxes and fees	2 094
Depreciation of tangible and intangible fixed assets	232 286
Change in reserves and provisions	-466 184
Other operating revenues	90 227
Other operating expenses	124 502
Operating profit (loss)	-24 474
Financial revenues	63 429
Financial expenses	26 804
Profit (loss) before tax	12 151
Income tax	5 720
Profit (loss) of accounting period	6 431

SELECTED ECONOMIC PARAMETERS [in CZK 000, in CAS]

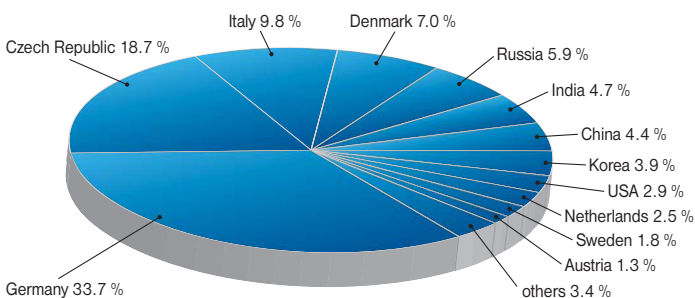
Parameter		2005	2006	2007*	2008*	2009*	2010*
Production costs of goods	Škoda HUTĚ Plzeň s.r.o.	848 159	997 455	5 809 672	6 594 270	4 393 605	3 306 622
	Škoda STEEL s.r.o.	3 049 294	3 877 459				
Total sales	Škoda HUTĚ Plzeň s.r.o.	751 926	1 095 027	5 422 712	5 959 993	4 330 736	3 175 581
	Škoda STEEL s.r.o.	2 819 451	3 494 388				
of which export	Škoda HUTĚ Plzeň s.r.o.	422 375	509 914	4 605 275	5 219 888	3 615 077	2 583 182
	Škoda STEEL s.r.o.	2 157 661	2 812 880				
Value added	Škoda HUTĚ Plzeň s.r.o.	25 780	248 651	1 656 469	1 848 923	1 550 009	246 034
	Škoda STEEL s.r.o.	756 206	1 090 744				
Profit (loss) before tax	Škoda HUTĚ Plzeň s.r.o.	-114 596	148 335	768 397	916 055	466 424	12 151
	Škoda STEEL s.r.o.	221 611	405 749				
Profit (loss) after tax	Škoda HUTĚ Plzeň s.r.o.	-114 596	264 488	608 840	694 783	397 989	6 431
	Škoda STEEL s.r.o.	211 917	305 247				
Total inventories	Škoda HUTĚ Plzeň s.r.o.	201 788	99 812	990 857	1 330 757	1 057 197	850 963
	Škoda STEEL s.r.o.	481 578	732 708				
Employees - total average	Škoda HUTĚ Plzeň s.r.o.	479	416	1 162	1 136	1 044	921
	Škoda STEEL s.r.o.	697	730				
- manufacturing average	Škoda HUTĚ Plzeň s.r.o.	354	321	795	802	743	647
	Škoda STEEL s.r.o.	492	507				
- as in Dec. 31	Škoda HUTĚ Plzeň s.r.o.	459	411	1 128	1 176	935	945
	Škoda STEEL s.r.o.	694	747				
Average monthly salary excluding social charges (in CZK)	Škoda HUTĚ Plzeň s.r.o.	20 853	22 286	27 079	29 918	28 764	29 319
	Škoda STEEL s.r.o.	25 262	26 274				
Average productivity (in CZK per head)	Škoda HUTĚ Plzeň s.r.o.	56 166	597 719	1 425 533	1 627 573	1 484 683	267 138
	Škoda STEEL s.r.o.	1 084 944	1 494 170				

*) PILSEN STEEL s.r.o.

Structure of sales by product group



Structure of sales by countries





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