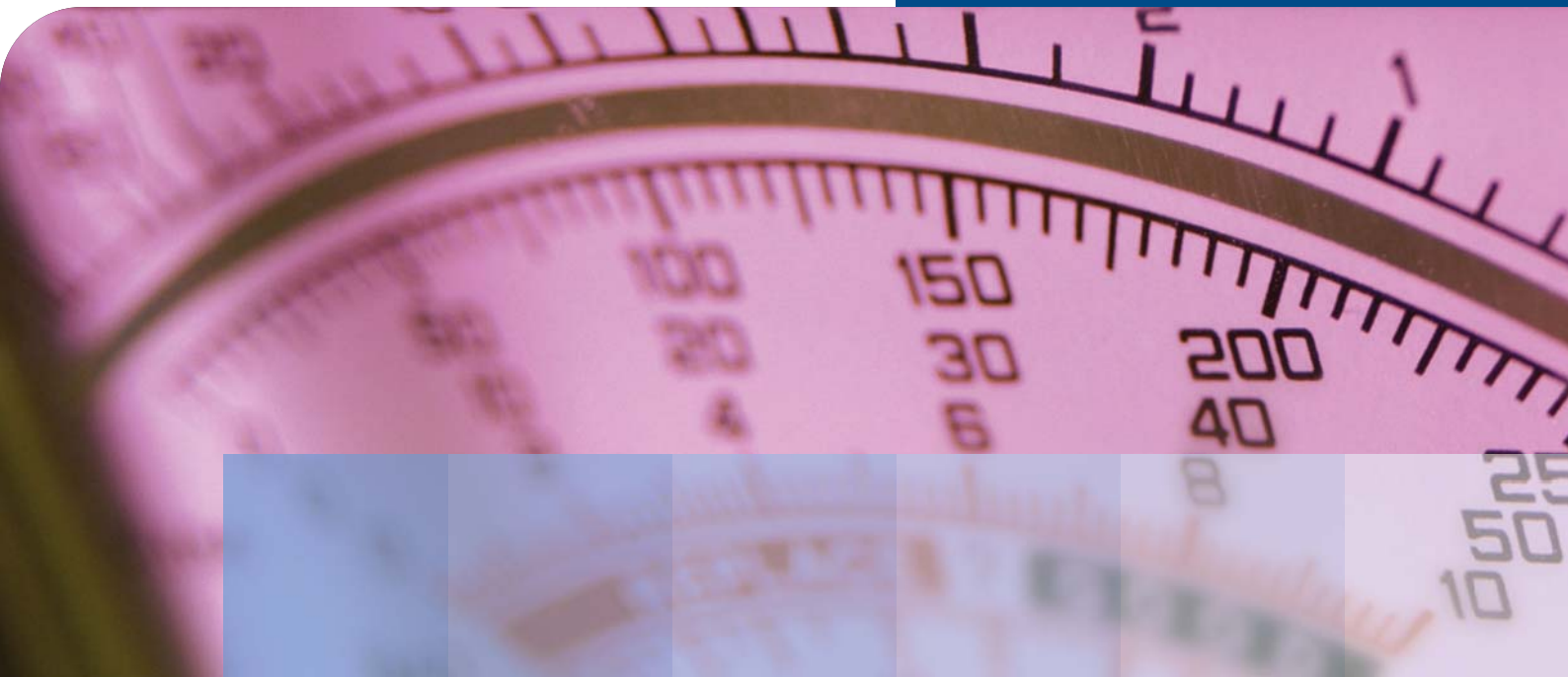


ANNUAL REPORT 2010



 **STROJÍRENSKÝ
ZKUŠEBNÍ ÚSTAV, s. p.**

Engineering Test Institute



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1

OPENING WORDS



Dear business partners,
dear colleagues

Like every year, we can state that also in the past year the financial indicators and determined objectives of our Institute were met. If we should particularize this given statement, the main feature would be then characterized as so called "return to normalcy". By that I mean that the turbulent years of economic growth in the previous years, resulted in economic crisis, were rather non-standard from the perspective of the economy and achieved sales.

Our Institute, however, did not neglect anything, nor misspent. On the contrary, it was purposefully preparing for the moment that any potential inhibition activities will be supplemented or replaced by the new ones. In this connection, we should mention the start of the construction of a heat pump test station, test room for solar panels as well as retrofitting of stations for testing of heat appliances burning solid fuels from renewable sources of heat in relation to the more stringent environmental criteria. Further, there was also launched the reconstruction of the chamber for testing of the electromagnetic compatibility.

In the section of inspection activity, our Institute has established the authorization pursuant to Decree No. 309/2005 Coll. by constituting a new Department of Nuclear Power Plants.

In our branch factory in Jablonec nad Nisou, which centrally provides the international activities of our Institute, there were developed further services aimed at extending the supply of services for domestic exporters, whose export countries are Russia, Belarus, Ukraine, Turkey, South Korea and China.

As a Center of technical standardization, our Institute has successfully participated in the process of drafting and commenting on standards from the fields of heating technology.

I am convinced that in 2010 we succeeded in meeting the core mission of our Institute, mainly for the domestic manufacturing sector, by expansion and quality improvements of professional activities, and thus meeting the Engineering Test Institute's motto "Positive approach to customers - comprehensive range of services".

Finally, I would like to thank to all employees of our Institute, but also to our business partners, members of the Supervisory Board and staff of the Ministry of Industry and Trade, who have contributed to meeting the determined objectives as well as the development of the Engineering Test Institute.

Petr Mašek

Director of the Engineering Test Institute, Public Enterprise



The economic situation of our Institute in 2010 was basically reflecting the state of the economy of the Czech Republic. After the period of a certain decline and subsequent stagnation in the sense of performance activities, the end of the year was a period of a noticeable growth in demand for our services, which was markedly reflected also in the quality of economic parameters. This again supported the provision of the business profitability, as in many previous years. From an analytical point of view, the Institute was evaluated as a reputable organization with good payment habits and complete financial independence from banking institutions.

The Engineering Test Institute enters the year 2011 with a sufficient supply of labor to be able to manage successfully the activities in the first few months as well as with a clear objective, which is again to ensure the profitable operations throughout the whole year.

Jiří Rozsíval, MBA

Economic and Operations Director

2 PROFILE OF THE STATE ENTERPRISE

Engineering Test Institute (hereafter only SZÚ) with its basic working place in Brno and branch in Jablonec nad Nisou is one of the largest accredited testing and certifying bodies in the Czech Republic.

The former Ministry of Engineering established it in 1965, January the 1st as a business organization of non-productive character. Actually it is subordinated to the Ministry of Industry and Trade of the Czech Republic that is a central state authority responsible for technical standardization, metrology and state testing. The Czech Office for Standards, Metrology and Testing seating in Prague is in charge of the co-ordination and methodical control of the SZÚ.

SZÚ is Authorized Body No. 202 and Notified body No. 1015 in the system of conformity assessment to governmental decrees (EC Directives) on mechanical and pressure devices, simple pressure bottles, transportable pressure devices, devices burning gaseous combustibles, effectiveness of hot water boilers, lifts, CE-marking construction products, selected building products, electrical low voltage devices, EMC, medical devices, personal protective aids, products from the point of view of noise emissions, selected products, toys, ski lifts and products for peaceful use of nuclear and ionizing radiation.

Czech Accreditation Institute accredited the SZÚ as testing laboratory, as certification body for product certification, for certification of quality management systems, for personal certification, as well as inspection body and as calibration laboratory. SZÚ is the only international accredited laboratory of DVGW (Deutsche Vereinigung des Gas-und Wasserfaches), an accredited testing laboratory of UIAA for all climbing equipment and also a recognized laboratory of the Russian Maritime Register of Shipping.

The essential activity of the SZÚ comprises conformity assessment of products within the Act No. 22/1997 Coll., on technical requirements at products, in valid wording, and according to linking-up governmental decrees (EC Directives), testing and measurement of chosen technical parameters of product, certification of products for both the inland and foreign markets, technical inspection, certification activities in the field of the quality and safety management system, personal certification, calibration of measurement devices, training, seminars, information and guidance services.

Ministry of Transport of the Czech Republic authorized the SZÚ as a body for approval and testing of bottles for transportation of class 2 gases, in the framework of European Agreement on International Carriage of Dangerous Goods, ADR and RID.

SZÚ provides to its customers documents that are necessary for launching of their products on the market of the EU countries and certificates that are necessary for exportations to many other countries all over the world, as for example to Russian Federation, Ukraine and Turkey. It co-operates with numerous notified bodies within the EU countries and it also closed bilateral agreements with many partner test laboratories on mutual recognition of test results.



3

BODIES OF THE STATE ENTERPRISE

BODIES OF THE STATE ENTERPRISE

Ing. Petr Mašek	– Managing Director
Ing. Jiří Rozsívál, MBA	– Financial Manager, Deputy Director
Ing. Aleš Onderek	– Manager for Testing
Ing. Alois Randýsek	– Certification Manager
Ing. Jaroslav Šrámek	– Inspection Manager
Jiří Malach	– Managing Director of Branch in Jablonec nad Nisou

Supervisory Board

JUDr. Jaroslav Kopeček	– Chairman of the Supervisory Board SZÚ
Ing. Jaroslav Šrámek	– Vicechairman of the Supervisory Board
Ing. Vojtěch Petřík, CSc.	– Member of the Supervisory Board
Ing. Karel Vaverka	– Member of the Supervisory Board
Ing. Miroslav Pakosta	– Member of the Supervisory Board
Jiří Malach	– Member of the Supervisory Board

Certification Body for Products

Doc. Ing. Vasilij Teš, CSc.	– Chairman of the Board of Certification Body, VUT, FSI Brno
Ing. Alois Randýsek	– Secretary of the Board of Certification Body, SZÚ Brno
Ing. Vojtěch Petřík, CSc.	– Member of the Board of Certification Body, ÚNMZ Praha
JUDr. Jaroslav Kopeček	– Member of the Board of Certification Body, production sphere Brno
Ing. Jaroslav Bahula	– Member of the Board of Certification Body, Thermal Engineering Enterprise Association, Moravský Písek
RNDr. Miroslav Kawalec	– Member of the Board of Certification Body, BQ Consulting, Ostrava

Certification Body for Quality Management Systems

Doc. Ing. Vasilij Teš, CSc.	– Chairman of the Board of Certification Body, VUT, FSI Brno
Ing. Alois Randýsek	– Secretary of the Board of Certification Body, SZÚ Brno
JUDr. Jaroslav Kopeček	– Member of the Board of Certification Body, production sphere, Brno
Ing. Jaroslav Bahula	– Member of the Board of Certification Body, Thermal Engineering Enterprise Association, Moravský Písek
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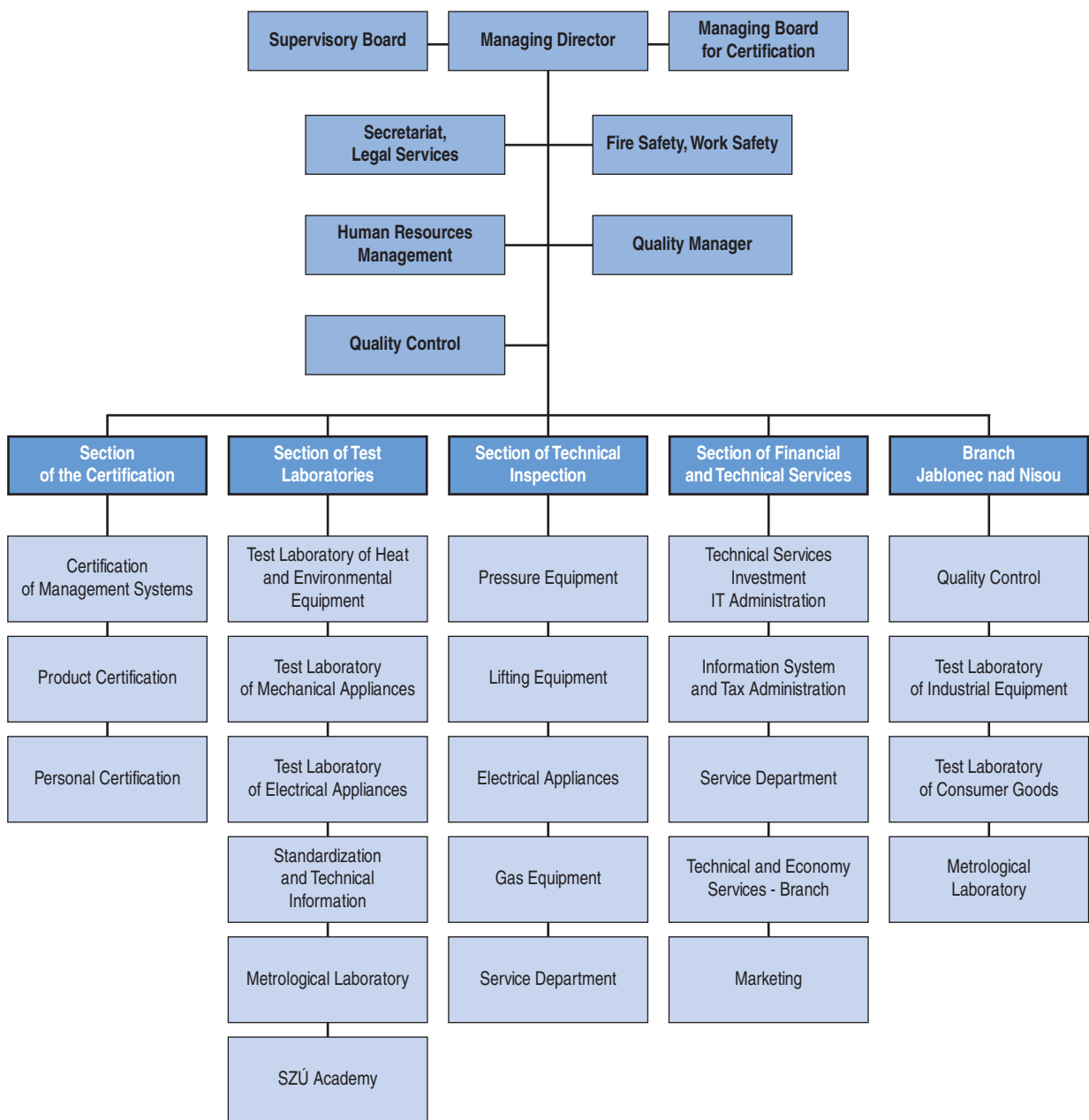
Program Commission of the Certification Body for Personnel

JUDr. Jaroslav Kopeček	– Chairman of the Board of Certification Body, BMT Brno
Ing. Jaroslav Růžička	– Secretary of the Board of Certification Body, SZÚ Brno
Ing. Jan Dubský	– Member of the Board of Certification Body, Representative of governmental agencies, ITI Praha
Doc. Ing. Vasilij Teš, CSc.	– Member of the Board of Certification Body, Representative of Education, VUT, FSI Brno
Mgr. Lumír Zezulka	– Member of the Board of Certification Body, Representative of associations operating in department of the Certification Body for Personnel, ZEKA plus, s.r.o. Slavičín



4

ORGANIZATION CHART





5

ACTIVITIES IN 2010



The activities of the SZÚ in 2010 were aimed particularly in the field of product conformity assessment, in the framework of the Act No. 22/1997 Coll., in wording of later regulations, EC Directives, namely both in regulated and non-regulated areas, as well as in testing and certification for national and foreign markets. In the range stated by the SZÚ authorizations, it realized totally 3016 cases for products by the product conformity assessment according to individual governmental decrees in regulated area, and granted 117 building technical certificates. From the total number of realized tasks, only 10 was finished with negative result. To realize these performances, sub-deliveries from other Authorized Bodies were used in 30 cases.

Concerning certification for foreign markets, our customers have obtained from the SZÚ mediation whole range of certificates necessary for exportation to the third countries, for example to Russian Federation, Ukraine and Turkey.

The Institute initiated 6 coordination deliberations to unify the procedures of conformity assessment with the other Authorized Bodies acting in the same field; the Institute delegates took part in 34 actions performed by other subjects.

In context of incorporation of the Czech Republic to EU structures, the SZÚ authorized employees kept taking active part in coordinating sessions of notified bodies for particular Council Directives. Information and experiences from those sessions have been transferred to co-ordination deliberations as well as to other Authorized Bodies.

In the course of 2010, the Certification Body for management quality systems CQS of the SZÚ has accomplished system certifications and delivered certificates for 22 organizations; the CQS authorized the SZÚ to execute certification audits in 45 organizations and also monitoring audits in 85 organizations totally.

In the range of certification of quality systems in companies in Turkey was in the course of the year 2010 issued totally 3 certificates.

SZÚ became a Center of technical standardization for appliances burning gaseous and solid fuels, for boilers and pressure vessels since 1 January 2009. Within its activities, the Engineering Test Institute participates in international cooperation in total of 16 committees of CEN/TC and ISO/TC. The Engineering Test Institute has got its representation in total of 27 technical standardization committees (TNK), including 17 of them in the main plant and 10 of them in a branch plant. In the main plant in Brno as well as in the branch plant in Jablonec there were prepared comments on 183 drafts of technical standards and 164 documents of CEN and CENELEC. Within the bound of its norm-setting activity, the Engineering Test Institute as the processor ensured the appropriate solution and completion altogether of 11 tasks of ČSN development. In the framework of an international cooperation, there were produced professional term standpoints on behalf of the Czech Republic to 39 documents out of total number of 363 documents submitted.

In coaction with ČOI, there was implemented a total number of 16 contracts in the course of the year 2010.

The Institute's Training Center SZÚ Academy and department No. 0223 of Testing laboratory of mechanical appliances has accomplished 14 training actions for individual organizations with 160 participants.

SZÚ offered many services to Czech manufacturers concerning exportation of their products to foreign markets. It delivered to its clients counseling and information services on legislation joined with free access of the products to the foreign markets, both on the EU-legislation - the so called global conception of certification and testing, on the module approach to conformity assessment - and also on individual national certification systems that still exist in the EU countries. Apart from that SZÚ has provided its counseling and information services related to certification systems in the countries out of EU (for example the product certification in the GOST-R system).



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ECONOMIC OUTCOME

Balance Sheet to 2010-12-31

Assets (thousand CZK)	12/09	12/10
Long-term intangible assets	3 061	2 666
Long-term tangible assets	70 817	72 419
Non-fixed assets	49 579	48 264
Current receivables	9 365	9 414
Current liquid assets	36 116	34 075
Other assets	1 557	1 360
Total assets	125 014	124 709

Liabilities (thousand CZK)		
Legal capital	78 886	78 886
Reserves	5 914	5 976
Retained earnings	11 969	11 969
Net income/loss for fiscal period	+ 1 113	+ 1 020
Current liabilities	19 000	18 319
Bank loans and other credits	0	0
Other liabilities	179	258
Total liabilities and equity	125 014	124 709



EKONOMICKÉ VÝSLEDKY

Profit and Loss Statement to 2010-12-31 (thousand CZK)

	12/09	12/10
Production	111 390	106 322
Merchandise revenue	24	24
Costs of merchandise sold	8	9
Raw materials and services used	38 482	34 603
Value added	72 924	71 734
Payroll	61 457	61 567
Taxes and fees	224	291
Amortization of intangible and depreciation of PP&E	9 621	8 899
Interests received	165	72
Net income/loss fiscal period	+ 1 113	+ 1 020

The complex analysis of the financial situation in 2010 has been carried out on the basis of financial analysis and review of numerical data of the annual final assets. Successful trends of the enterprise's management during the last years have been maintained. Profit was produced during the accounting period. The enterprise settled up its payments in determined terms to suppliers, revenue authorities and social insurance authorities. It did not use any credits or loans for its activities.



7

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of SZÚ reviewed at its ordinary deliberation held on 2011-05-12, the annual final accounts of SZÚ. It made itself familiar with the content of auditor's statement on verification of annual final accounts SZÚ for year 2010 elaborated by auditor No. 222 BETA Audit, s.r.o.

After reviewing the annual final accounts and the annual report the Supervisory Board:

1. approves the submitted annual report to the annual final account and coherent materials and approves the SZÚ annual final accounts for year 2010,
2. approves suggestions for the apportionment of the profit from the accounting period of the year 2010.



8

AUDITOR'S REPORT

**ZPRÁVA NEZÁVISLÉHO
AUDITORA**

**pro zakladatele společnosti
Strojírenský zkušební ústav, s.p.**

**o ověření výroční zprávy
k 31. prosinci 2010**



BETA Audit, spol. s r.o., Palackého třída 159, 612 00 BRNO
tel.: 541 241 946, www.betabrno.cz, info@betabrno.cz

Ověřili jsme soulad výroční zprávy společnosti **Strojírenský zkušební ústav, s.p.** k 31.12.2010 s účetní závěrkou, která je obsažena v této výroční zprávě. Za správnost výroční zprávy je zodpovědný statutární orgán společnosti Strojírenský zkušební ústav, s.p.. Naším úkolem je vydat na základě provedeného ověření výrok o souladu výroční zprávy s účetní závěrkou.

Ověření jsme provedli v souladu s mezinárodními auditorskými standardy a souvisejícími aplikačními doložkami Komory auditorů České republiky. Tyto standardy vyžadují, aby auditor naplánoval a provedl ověření tak, aby získal přiměřenou jistotu, že informace obsažené ve výroční zprávě, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných (materiálních) ohledech v souladu s příslušnou účetní závěrkou. Jsme přesvědčeni, že provedené ověření poskytuje přiměřený podklad pro vyjádření výroku auditora.

Podle našeho názoru jsou informace uvedené ve výroční zprávě společnosti Strojírenský zkušební ústav, s.p. k 31.12.2010 ve všech významných (materiálních) ohledech v souladu s výše uvedenou účetní závěrkou.



Jméno a sídlo auditora:
BETA Audit spol. s r.o.
se sídlem Brno, Palackého třída 159
číslo auditorského oprávnění 222

Auditor:
Ing. Jiří Gawel
číslo auditorského oprávnění 1457

BETA Audit spol. s r.o.
Palackého třída 159
612 00 Brno

Datum vypracování zprávy: 26.4.2011

Přílohy: Výroční zpráva



BETA Audit, spol. s r.o., Palackého třída 159, 612 00 BRNO
tel.: 541 241 946, www.betabrno.cz, info@betabrno.cz



9

OFFER OF SERVICES

To fulfill the needs of manufacturers, importers, distributors and exporters of machinery and other products of all kind, we offer the following:

- testing and verification of the main technical and safety parameters of products
 - measurement of selected technical parameters of products
 - product certification
 - services of Authorized Body No. 202 and Notified Body No. 1015 in assessment of product compliance according to the Act No. 22/1997 Coll., in wording of later regulations, linking up Governmental Decrees and EC Directives:
- | | | |
|------------------|---------------|---|
| - 9/2002 Coll. | (200/14/EC) | for products, from the point of view of noise emissions |
| - 17/2003 Coll. | (2006/95/EC) | for low voltage electrical equipment |
| - 18/1997 Coll. | | Peaceful use of nuclear energy and ionizing radiation (Atomic Act) |
| - 19/2003 Coll. | (88/378/EEC) | for toys |
| - 20/2003 Coll. | (2009/105/EC) | for simple pressure vessels |
| - 21/2003 Coll. | (89/686/EEC) | for personal protective equipment |
| - 22/2003 Coll. | (2009/142/EC) | for appliances burning gaseous fuels |
| - 25/2003 Coll. | (92/42/EEC) | for efficiency of hot water boilers |
| - 26/2003 Coll. | (97/23/EC) | for pressure equipment |
| - 27/2003 Coll. | (95/16/EC) | for lifts |
| - 42/2003 Coll. | (2010/35/EU) | for transportable pressure equipment |
| - 70/2002 Coll. | (2000/9/EC) | for ski lifts |
| - 163/2002 Coll. | | for selected building products |
| - 173/1997 Coll. | | for selected products |
| - 176/2008 Coll. | 2006/42/EC | for machinery |
| - 190/2002 Coll. | (89/106/EEC) | for building products signed CE |
| - 336/2004 Coll. | (93/42/EEC) | for medical technique devices |
| - 378/2001 Coll. | (89/655/EEC) | for save operation and use of machines, technical equipment instruments and tools |
| - 616/2006 Coll. | (2004/108/EC) | for EMC |
| - 309/2005 Coll. | | for nuclear facilities |

to the here-above mentioned, we offer:

- complete realization of the whole conformity assessment procedure including type testing
- realization of individual partial steps of the procedure selected by the customer
- carrying out a list of linking up Governmental Decrees to the given product, including the harmonized Czech technical standards and technical regulations
- the aid in elaborating the technical documentation (set of documents needed for declaration of conformity)
- the aid in issuing the declaration of conformity
- the aid in carrying out the risk analysis and instructions for use

We further offer:

- TI inspection services for technical and process units
- informative assessment of product functional characteristics
- assessment of conformity with the standards in the ČSN TEST system
- conformity assessment to the in abroad valid standards and regulations
- obtaining the certification and approval markings valid in EU countries
- ensuring of certificates for product exportation to EU countries, Russian Federation, Ukraine, etc.
- certification of management systems, in accordance with the ISO 9001, ISO 13845, EN ISO 3834-2, OHSAS 18001
- staff certification
- certification of products and awarding the mark SZUTEST-Product Tested within the program Czech quality
- authorized measuring of emission
- checking of the state of medical devices according to the Act No. 346/2003 Coll. (full version of the Act No. 123/2000 Coll.)
- special expert's account statements to difference use inclusive claims proceedings
- calibration of measuring devices parameters relating to measurement of temperature, pressure, length and selected electrical quantities
- technical assistance in the design and product operation phase
- trainings, specialized consultation and workshops.



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fax: 541 211 225

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