



CEPS a.s.

Comprehensive Pipeline System Services

ANNUAL REPORT 2007–2008



2007–2008

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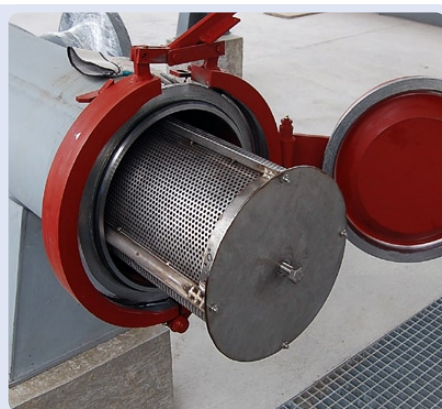
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COMPANY PROFILE

CEPS, a public limited company [CEPS, plc], is a subsidiary of the following companies: Český plynárenský servis, spol. s r. o., based in the town of Tábor, and SEPS a. s., based in Prague. CEPS was established on 1 January 1999.

The two parent companies operated in the area of the reliability of high-pressure pipeline systems, largely gas and oil pipelines, for many years. By the time CEPS was established, a number of their employees had logged a track record of more than 20 years in the reliability of pipeline systems, because from the 1970s they had been involved in research, specifically within the Czech gas industry's R & D base then existing as a part of Plynoprojekt Praha, a design and development company for the gas industry. As part of this research effort, they cooperated with some other world-class research institutions such as Ústav teoretické a aplikované mechaniky ČSAV [Institute of Theoretical and Applied Mechanics, Academy of Sciences of the Czech Republic], Státní výzkumný ústav materiálů Praha [National Research Institute for Materials, SVÚM], Faculty of Mechanical Engineering of the Czech Technical University [FS ČVUT], Institute

of Chemical Technology [VŠCHT] in Prague, and Ústav pro výzkum a využití paliv [Fuel Research Institute, ÚVP] in Prague, and also with institutions concerned with applied metering methods, for example, the companies Modřanská potrubní in Prague and ADA in Plzeň, SVÚSS [National Research Institute for Machine Design] in Prague, etc.

The parent companies transferred to CEPS all business related to high-pressure steel pipes, i.e., also complete work teams, including the equipment. The new company therefore received a strong technical and engineering backing and, above all, a broad range of expertise acquired from research work carried on over the preceding ten years and from the practical application of its results to specific high-pressure pipelines in the field. This makes it possible to assess and maintain the reliability of pipeline systems in a highly qualified manner right from their construction and for many years of their operation.

CEPS continues to closely cooperate with first-class scientific and R & D institutions, in particular the Institute of Theoretical and Applied



Mechanics, SVÚM, Ústav plynárenství, koksochemie a ochrany ovzduší VŠCHT [VŠCHT's Department of Gas Technology, Coking Chemistry and Air Protection], ÚVP, RCP Praha [a very high pressure water company] and Český svářečský ústav [Czech Welding Institute] in Ostrava.

CEPS also employs the special technologies that it normally applies to high-pressure gas pipelines, and oil and other pipelines, in its work on other installations, for example, high-pressure water pipes in nuclear energy, and high-pressure steam pipes and other types of pipework in the chemical industry.

CEPS is a member of both of the prestigious national professional organisations, [Český plynárenský svaz](#) [Czech Gas Association] and [Asociace stavitelů plynovodů a produktovodů](#) [Association of Pipeline Contractors]. In both organisations, CEPS's representatives are actively involved in their working groups and management boards.

The increasingly challenging requirements that we place on our company resulted in the certification of our quality management system under [ISO 9001:2000](#) by auditor Det Norske Veritas in December 2002. In 2005, CEPS developed an integrated management system, and auditor Det Norske Veritas certified this comprehensive system simultaneously under [ISO 9001:2000](#), [ISO 14001:2004](#) and [OHSAS 18001:1999](#). The company's welding system was certified under [ISO 3834-2:2005](#) in 2007.

In February 2003, our company's high technical standard was confirmed by certification for work on gas installations without any limitations on size or pressure, as part of the Czech system of certification and registration of gas companies known as the [GAS system](#).



CORE BUSINESS

CEPS provides its clients with comprehensive servicing of pipeline systems intended for the transport and distribution of gases, crude oil and oil products, and chemical substances, in particular the following:

- pipeline construction and renovation;
- repair and renovation of above-ground pipeline sections running across water streams and other structures;
- pipe repair without service interruption using sleeves and other special technologies;
- stress tests, pressure tests, and pipeline inspection;
- pipeline cleaning and calibration after construction;
- pipeline drying before commissioning;
- trouble-shooting without service interruption—occurrence of water in low-pressure and intermediate-pressure gas pipeline networks;
- pipeline rehabilitation after a long time of operation;
- overload tests of pipelines intended for carrying hazardous liquids;
- interventions in pipelines under full operating pressure using T. D. Williamson hot tapping and stopple technologies;
- purging, cleaning and decontamination of pipelines for oil and oil product transport;
- measurement of hydraulic parameters of high-pressure gas pipelines without service interruption;
- tests of pipe materials and qualified acceptance of pipes directly from manufacturers;
- assessment of the reliability and remaining life of pipeline systems; development of high-pressure pipeline reliability management systems;
- safety and environmental analyses; and
- emergency services.

Work for high-pressure pipeline operators accounts for more than 90% of the company's output. We provide this work throughout the country. These services involve specialised operations on high-pressure pipelines, which differ from the ordinary technologies used by various companies in construction and repair.

The company provides its services not only throughout the Czech Republic but also in other countries. This past year we worked, traditionally, in Slovakia and Slovenia, where we applied our sleeves with composite filling to repair the defects identified by means of in-line inspection. In addition, in Slovakia we assessed the condition of pipework at an underground gas storage facility.

In Belgium, in February and March 2007 we carried out a project for T.D. Williamson, involving the cleaning and calibration of a petrochemical pipeline, about 70 km long, and subsequently used high-pressure water to drive an intelligent pig for the purpose of in-line inspection of this pipeline.

In early 2007 we launched a project in Israel—the cleaning, calibration, pressure tests and drying of two pipeline hubs and a DN 750 gas pipeline that were being built by a Chemo Aharon / Hydrotranzit consortium for supplying the Hagit power station near Haifa. This extensive project continued in 2008 and offered our company a foothold for expanding its operations in this region in the future.

Subsequently, CEPS won a public bidding competition opened by state-owned Israel Electricity Corporation (IEC) for the cleaning, pressure testing and drying of backbone pipe distributions at the Hagit and Gezer power stations. Due to the increasing volume of IEC's requirements, this project, originally medium-sized, expanded significantly—not only the backbone gas pipelines but also the regulating stations and internal gas

pipework, down to each individual turbine, were gradually tested. This caused the original financing of the project, approximately CZK 5 million, to increase almost ten times and the project continued in the autumn of 2008.

At the end of 2007 and the beginning of 2008 CEPS, with technical support provided by Chemo Aharon, cleaned, calibrated, pressure tested and dried another three large-capacity gas pipelines, which are key for supplying Israel with natural gas: the connector to the off-shore gas pipeline in Ashkelon and the connector to the off-shore gas pipeline in Ashdod.

The future operator of the tested gas pipelines is state-owned Israel Natural Gas Lines Company, and CEPS therefore won its appreciation too, which soon transformed into a special contract related to the joining itself of the tested gas pipelines to the off-shore supply lines. Our company was the first in Israel's short gas industry history to perform hot tapping.



Repair of pipe defects detected by in-line inspection

Work on pipelines focuses on assessing and repairing damage caused by operation and detected by in-line inspection. Cold sleeves, with the annulus filled by epoxy resin, are mainly used for repairs. Many hundreds of these sleeves have been installed; several dozen pieces are mounted on pipes every year.

Providing conditions for welding on gas, oil and other pipelines

For the purpose of valve replacement (for example, in repairs of high-pressure gas, oil and other pipelines), CEPS helps to create the conditions for welding using T. D. Williamson stopple technology; the company is also able to flush pipes with nitrogen and remove crude oil from the working area, including environmental assistance.

Pipe joining without service interruption

CEPS is able to join pipes under full operating pressure (for example, gas and oil pipelines and other pipelines operated under pressure, for example, water pipes at nuclear installations) using T. D. Williamson hot tapping technology. Hot tapping can be used for joining branch pipes and also for mounting metering taps and similar purposes.

Pipeline rehabilitation after long-term operation and assessment of the pipeline's remaining life

High-pressure gas pipeline rehabilitation and pipeline overload tests involve a comprehensive examination of the condition, and subsequent repair, of the pipeline. This includes removal of defects caused by long operation using a highly specialised method of pressure-induced repair, repair of anti-corrosion coating and cathodic protection systems, replacement of valves, overhauls of, for example, pipeline crossings over water streams and other obstacles, addressing points of collision, etc.



Stress tests on newly built pipelines

To enhance the reliability of newly built steel pipelines during their future operation CEPS carries out, in line with the latest European technical standards, stress tests (which help to stabilise the pipes thanks to the effects of overloading pipe walls with pressure) on pipelines ranging from DN 50 to DN 1000, and is also able to work on up to DN 1400 pipes.

Building pipelines from pipes made of materials featuring higher qualitative parameters in combination with stress tests is one of the options for reducing the distance separation between the gas pipeline and other structures, and CEPS therefore carries out several stress tests every year.

Pipeline cleaning prior to commissioning

One of CEPS's standard services is mechanical cleaning and calibration of pipelines following their construction (by any third-party building company) and before their commissioning. In doing so, CEPS provides the future operator with a letter of guarantee warranting both perfect cleaning itself and a "clean" connection to the system, because after cleaning CEPS performs personal supervision until the completion of the connection. CEPS is hired to provide these services by installation companies on the basis of requests from gas companies—future operators, who also apply this condition to third-party investors. CEPS also provides this service to operators of other types of high-pressure steel pipelines, such as oil and other pipelines.

Drying of gas pipelines and process equipment

CEPS is the only Czech company to own and operate equipment that helps to dry pipes or other process installations after erection and/or repair not only to the level of Western European

standards, i.e., temperature of the dew point of water in the air -20°C , but also, upon the operator's request, to a level of -80°C . This method can be employed for drying pipes and apparatus, and also, for example, high-voltage electrical installations, which are sensitive to humidity prior to commissioning.

CEPS helped to dry almost all high-pressure gas pipelines that were built or rehabilitated throughout the Czech Republic over the past year.

Pipeline cleaning after shutdown

CEPS cleans and decontaminates pipelines that transport substances hazardous for the environment, for example, oil, petrochemical and other pipelines, with a view to preventing future environmental damage. For this purpose, CEPS uses a special biodegradable solvent, Petrosol; CEPS was involved in the development of its application for these purposes.

The most important project of this type has been repair of the Družba oil line: replacement of 32 pipes with unsatisfactory parameters.



Employing our method of perfect cleaning of pipes before the replacement process was the only viable approach to completing this challenging project within an unimaginably short timeframe of 96 hours allowed by the operating needs of crude oil transport through this major pipeline.

Measuring hydraulic parameters of natural gas pipelines without service interruption

Knowing exactly the values of pipeline hydraulic properties is one of the key preconditions for correctly calculating a gas pipeline's operating parameters at the designing stage and also for determining the working modes in the management of the pipeline's operation. Between 1996 and 1998 CEPS measured the hydraulic parameters of a new, more than 400 km long DN 1000 pipeline in the transit system. The measurements proved the benefits of pipe lining for this pipeline's transmission capacity. In late 2004 measurements on this pipeline were repeated to check whether the favourable effect of pipe lining was lasting, and at the same time measurements were taken on a pipeline of the same diameter, but without lining, to compare the operating parameters of the two types of pipework. In 2005, a DN 1400 line, in 2006 a DN 1000 line, and in mid-May 2007 a DN 800 line were subjected to these measurements.



Pipe material tests

CEPS has been working with the key Czech manufacturer of steel pipes for the construction of high-pressure lines, Ostrava-based Arcelor Mittal (Nová huť, NH), for many years. Between 2001 and 2003 CEPS, supported by a grant from the Ministry of Industry and Trade, took part in NH's research programme, the objective of which was to fundamentally increase the resistance of their pipes to stress corrosion cracking (SCC). Under a development programme run by Ostrava-based JINPO Plus, a manufacturer of pipe bends, CEPS carried out long-term tests of newly developed types of helically welded pipe bends. In the past year, CEPS again received a grant from the Ministry of Industry and Trade to take part in research focused on the manufacture of pipes made of high-strength steel grades.

STRUCTURE

The company operates from its head office in the Jesenice u Prahy industrial zone east of Prague. The company's management and its technical and technology centre are located in the operations building, while a special testing room can be found in the process section of the premises; the special testing room is the only test facility in the Czech Republic to enable long-term pipe testing under high pressures. The building of this test facility and its putting into operation is one of the major goals achieved by the company in its technological development. Tests of some fracture properties of steel are also performed in the test room. The test room mainly serves for testing large pipes, i.e., samples with a length of 10D and more, which makes it possible to assess the behaviour of pipes and their defects without any limiting factors. These tests simulate the compressive stress on the pipe for 20 to 50 years of its operation. The results of the tests help to evaluate the pipe material in terms of its suitability for use in high-pressure systems, behaviour (development over time) of pipe defects and their impact on the operating

reliability of the pipeline, and the reliability and stability of various pipe defect repair systems. The tests also check the options for performing pressure-induced repair on pipe samples cut out from specific operated pipelines.

The company's technical facilities also include a base in Cítoliby near the town of Louny in the North Bohemian Region, and a small facility in the town of Tábor in the South Bohemian Region. The Cítoliby base keeps stocks of process equipment for work on pipelines, which includes dozens of tonnes of material and equipment, emergency stocks of pipes for ad hoc pipeline interventions, heavy-duty vehicles, and other machinery.

The two parent companies, Český plynárenský servis, spol. s r. o. and SEPS a. s., and also the affiliated company Advisa, s. r. o., now also have their head offices in the operations building in Jesenice u Prahy.



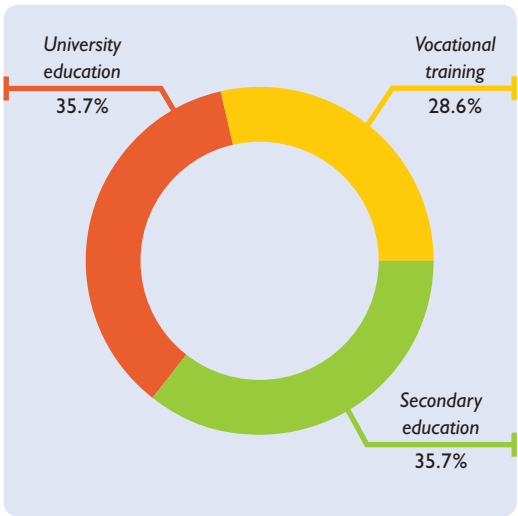
DEVELOPMENT OF EMPLOYEES' QUALIFICATIONS AND THE COMPANY'S CAPABILITIES

The company's management place great emphasis on the employees' professional development and qualities. Achieving this objective is supported by employees' continuous education, by means of the company's internal training schemes as well as their attendance of high-quality training courses and post-graduate education. Our employees' participation in various conferences, in the role of both listeners and speakers, also helps to enhance their professional qualifications. CEPS staff regularly attend the international colloquia on pipeline reliability that are organised by the Czech Gas Association every year. They have delivered keynote papers at events organised by the Slovak Gas Association, Gas s. r. o., and the Association of Pipeline Contractors.

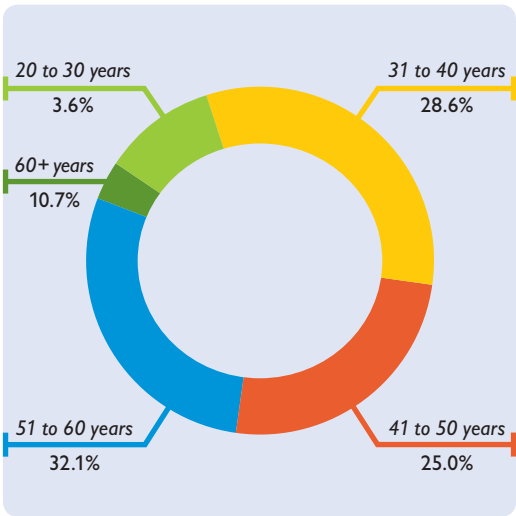
Employee structure by education illustrates the company's qualification policy.

The company's management also focus on the gradual transfer of experience from the older to the younger generation. In the past years, university students took their practical exercises at CEPS; the best of them then had an opportunity to rely on CEPS's technical and technological expertise and facilities when writing their diploma theses, for which the company provided technical and/or economic specification of the subject matter to be treated in their theses. The company uses the results of these diploma theses (in mechanical engineering, chemical–gas engineering, and economics) in its operations. Some of the university graduates to whose professional development CEPS had contributed then had an opportunity to join the company. They now work in positions carrying great responsibility.

Employee structure by education



Employee structure by age



ENVIRONMENTAL PROFILE



CEPS is aware that its operations have an impact on the quality of the environment. The company's development is based on aligning its economic growth with environmental protection. In carrying on its business, CEPS is aware of its responsibility to the future generations. The path to the application of this responsibility is set out in its *Quality, Safety and Environmental Protection Policy*, which also declares the company's endeavour to continuously pursue environmentally-friendly business and to create the preconditions for environmental improvements.

The company's management has set the following profile of the presentation, monitoring and evaluation of the indicators that are environmentally important in connection with the company's business

[1] Monitor levels of hazardous substances in water when disposing of used water after overload tests and pressure-induced repair; and pipeline repair; and always proceed so as to prevent soil, groundwater and surface water contamination.

Do not allow, at any of our sites where we work with water in a pipeline after a longer time of its operation, concentration of pollutants (with the exception of iron) in released water higher than 90% of the permissible level required by the Government Order that sets out continuous emission loads on surface water. Always document the meeting of this requirement by a wastewater analysis carried out by a certified laboratory.

[2] In excavation work, provide for careful treatment of stripped topsoil and deposit it on a site separate from other soil.

[3] Monitor and meter the quantity of the fuels used in our work with a view to controlling the exploitation of natural resources and mitigating the load on the environment.

[4] Provide for periodical maintenance of vehicles and other mechanisms in authorised service shops to minimise air pollution by emissions from transport vehicles and machinery and to prevent spillage of operating fluids, in particular oil products.

[5] Monitor, and have periodically checked by an authorised person, pollutant release into the air from fixed sources of heat in our buildings.

[6] Monitor and measure the consumption of organic dyes and solvents; maximise the use of water soluble dyes.

[7] Reduce the production of wastes and environmental pollution. Provide for safe waste disposal, including disposal by authorised companies.

[8] In all lines of business and operations, work to the requirements of ISO 14001. Provide for environmental protection and keep the required procedures to prevent complaints against the company's environmental behaviour and penalisation of the company.

[9] Reduce energy consumption in operations with the help of energy saving appliances and systems. Monitor and evaluate energy consumption in operations (water, gas, electricity).

[10] Provide for regular training and education of employees as one of the ways helping to minimise the risks of damage to the environment.

[11] Preferentially select subcontractors who are certified under ISO 14001 and environmentally-minded. Select suppliers of equipment and services that have an impact on the environment against the criteria that have been put in place, and continuously review their competences and qualifications.

The company's management fully subscribe to the principles set out in this *Environmental Profile* and undertake to create the conditions and provide the resources for the profile to be consistently and continuously pursued.

CEPS hereby undertakes to execute each of the elements of its environmental profile. The results of internal audits, analysis, and findings from certification audits, shall be discussed by the company's management on an ongoing basis with a view to continuous improvements in the company's environmental practices.



KEY FINANCIALS



Share capital and ownership structure

The company was established with a share capital of CZK 1,000,000, to which the two parent companies each contributed equal amounts. The company's result for 2000 made it possible to increase its share capital using the company's own funds to CZK 3,000,000 in mid-2001 and to **CZK 5,000,000** in 2002.

Liability

The company is insured with the German insurer Gerling for damage to items accepted for performing contracted operations and for damage caused to third parties, including contamination of water resources; the cover amounts to **CZK 10,000,000**.

Staffing level

The company had **28 employees** as at 31 March 2008.

Annual revenues

CEPS keeps books for fiscal years that begin on 1 April of the current year and end on 31 March of the following year.

Revenues for the 2007/2008 fiscal year amounted to **CZK 108.1 million**.

In the last three years, annual revenues ranged from CZK 60 million to CZK 70 million, i.e., their levels were lower than in the preceding years. This was a result of the gradual change in the nature of contracts, with specialised services for pipeline operators, and for main contractors of projects, gaining a larger share of the company's business. This change in the nature of contracts was, naturally, reflected in a considerable growth of added value and its share of total revenues, and the latter declining. In the last two years, the share of added value in annual revenues was approximately 40%, while six years ago it was only 14%.

Nevertheless, in the 2007/2008 fiscal year the above level was significantly exceeded thanks to growth in exports of services, primarily to Israel. At the same time, the increase in revenues is not caused by a larger share of materials—it is a genuine increase in the sales of the company's services, moreover, rather special services. Consequently, **added value grew by 60% in absolute terms in comparisons with the previous year**, while the share of added value in the company's total revenues stayed at 40% plus.

Because of the surge in the volume of contracts performed outside the Czech Republic, the share of foreign sales increased to 43% in the year under review.

Bank references

Československá obchodní banka, Tábor branch
eBanka, Tábor branch

GOVERNING BODIES

Board of Directors

Representatives of the parent companies serve on the CEPS Board of Directors

Mr Pavel Jakoubek

Chairman

Mr Petr Crha

Vice-Chairman and CEO

Mr Jano Zvada

Director and CSO (Chief Sales Officer)

Mr Petr Pařízek

Director and CTO (Chief Technical Officer)

Supervisory Board

Composition of the Supervisory Board

Mrs Olga Tesařová

Chairperson

Mrs Daniela Jakoubková

Vice-Chairperson

Mrs Danuše Pařízková

Member



KEY PROFESSIONAL REFERENCES



ČEPRO, a.s., *Praha, Czech Republic*

[a fuels company]

MERO ČR, a.s., *Kralupy nad Vltavou,*

Czech Republic [an oil pipeline company]

RWE Transgas Net, s.r.o., *Praha,*

Czech Republic [the national gas pipeline operator]

RWE Východočeská plynárenská, a.s.,

Hradec Králové, Czech Republic

[a gas distribution company]

RWE Severomoravská plynárenská, a.s.,

Ostrava, Czech Republic

[a gas distribution company]

RWE Západočeská plynárenská, a.s., *Plzeň,*

Czech Republic [a gas distribution company]

RWE Jihomoravská plynárenská, a.s., *Brno,*

Czech Republic [a gas distribution company]

RWE Středočeská plynárenská, a.s., *Praha,*

Czech Republic [a gas distribution company]

Glumbík, s.r.o., *Ostrava, Czech Republic*

[high-pressure pipelines, repair, maintenance, etc.]

Moravský Plynostav, a.s., *Rosice u Brna,*

Czech Republic [a pipeline builder]

Hochtief VSB, a.s., *Temelín, Czech Republic*

[a contractor, building services]

Kosogass, s.r.o., *Říčany u Prahy, Czech Republic*

[builds pipelines and other utility networks]

Plynostav Pardubice Holding, a.s.,

Pardubice, Czech Republic [construction

in gas, oil and electricity industries]

Výstavba plynovodů, s.r.o., *Olomouc,*

Czech Republic [gas pipeline construction]

ČEZ, a.s., *Dukovany, Czech Republic*

[Nuclear Power Plant]

ČEZ, a.s., *Temelín, Czech Republic*

[Nuclear Power Plant]

Ústav jaderného výzkumu Řež, a.s.,

Energoprojekt Division, Czech Republic

[nuclear research institute, its designing division]

Ředitelství silnic a dálnic, *Praha, Czech Republic*

[national roads and motorways administration]

Dálniční stavby, a.s., *Praha, Czech*

Republic [construction of motorways]



Metrostav, a. s., *Praha, Czech Republic*

[a construction company]

Israel Electric Corporation Ltd., *Tel Aviv, Israel*

Israel Natural Gas Lines Company Ltd.,

Tel Aviv, Israel

Chemo Aharon Ltd., *Tel Aviv, Israel*

[a construction company]

SEPS, s. r. o., *Bratislava, Slovakia*

[pipelines and pressure vessels, special services]

Slovenský plynárenský priemysel, a. s.,

Bratislava, Slovakia [the national gas company]

Slovnaft, a. s., *Bratislava, Slovakia*

[a refining and petrochemical company]

Nafta Gbely, a. s., *Gbely, Slovakia*

[natural gas storage]

Hydrotranzit, a. s., *Bratislava, Slovakia*

[a construction company, including large capacity tanks]

Fasek Engineering and Production, GmbH,

Brunn am Gebirge, Austria [engineering, planning
and products for oil, gas and chemical industries]

Avoim osakeyhtio Stroitransgaz siviliiike

Suomessa, *Kouvola, Finland*

[pipeline construction]

FINANCIAL STATEMENTS

PROFIT AND LOSS STATEMENT

EUR '000	2008	2007	2006	2005	2004
Sales revenue	4,382	2,320	2,391	3,088	2,655
Change in inventory	49	– 54	– 3	9	7
Cost of goods sold	2,456	1,362	1,503	2,056	1,694
Operating expense	136	– 15	– 113	– 64	63
Salary expense	994	723	650	649	514
Other expense	62	55	64	52	25
EBITDA	686	249	290	386	352
EBITDA %	16%	11%	12%	13%	13%
Depreciation	179	172	152	111	111
Operating profit	507	77	138	275	241
EBIT margin	12%	3%	6%	9%	9%
Financial expenses	28	19	14	15	14
Profit before tax	479	58	124	260	227
Income tax	66	32	39	69	63
Minority interests	0	0	0	0	0
Net profit	412	26	85	192	164
Net margin	9%	1%	4%	6%	6%

FINANCIAL STATEMENTS

BALANCE SHEET

EUR '000	2008	2007	2006	2005	2004
Current assets	1,914	339	177	211	104
Inventories	128	105	52	46	56
Other receivables	0	0	0	0	0
Debtors	1,745	192	120	42	47
<i>Trade AR</i>	1,715	173	70	27	24
<i>Other AR</i>	29	19	49	16	23
Cash	42	42	5	123	1
Fixed assets	972	949	997	966	791
Fixed intangible assets and goodwill	13	8	6	6	1
Fixed tangible assets	959	942	991	959	790
Long-term financial investments	0	0	0	0	0
Deferrals	11	10	12	6	8
TOTAL ASSETS	2,897	1,298	1,186	1,183	903

EUR '000	2008	2007	2006	2005	2004
Short-term liabilities	1,358	366	245	249	245
Loans	0	167	60	0	138
Advance payments	0	0	0	0	0
Trade AP	1,025	57	63	56	79
Salaries, taxes and social security	330	137	118	190	26
Other	3	5	4	2	2
Long-term liabilities	204	97	157	267	215
Total liabilities	1,562	463	401	516	460
Minority interest	0	0	0	0	0
Shareholders' equity	1,304	801	759	641	420
Accruals	32	35	26	27	23
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,897	1,298	1,186	1,183	903

FINANCIAL STATEMENTS

SUMMARY FINANCIALS

EUR '000	2008	2007	2006	2005	2004
Net sales	4,382	2,320	2,391	3,088	2,655
EBITDA	686	249	290	386	352
EBITDA %	16%	11%	12%	13%	13%
EBIT	507	77	138	275	241
EBIT %	12%	3%	6%	9%	9%
Net profit	412	26	85	192	164
Net margin	9%	1%	4%	6%	6%
Total assets	2,897	1,298	1,186	1,183	903
Net debt	8	161	165	60	227

Related comments

- [1] Vast majority of our turnover (over 99%) is generated by services
- [2] Annually about 70% of our turnover is generated by reconstructions and repairs of the pipelines
- [3] Our marketing expenses are rather very low, annually less than EUR 5,000
- [4] Our R & D expenses reach about EUR 20,000 annually
- [5] Our admin expenses reach about EUR 170,000 annually; we include rents, consumption of electricity, water and gas, IT services, security, postage and telephones into admin expenses

	2008	2007	2006	2005	2004
EUR 1.000	CZK 24.942	CZK 27.762	CZK 28.343	CZK 29.784	CZK 31.904



*Comprehensive Pipeline System Services. **CEPS.***



About CEPS

Founded in 1999, CEPS a.s., provides its clients with comprehensive servicing of pipeline systems for the transport and distribution of gases, crude oil, oil products and chemicals. The company offers pipeline cleaning and drying, stress tests and hydraulic pressure tests, pipeline rehabilitation, repair and refurbishment, assessment of the service life and reliability of pipeline systems, and other services.

CEPS has been certified by Det Norske Veritas under ISO 9001:2000, ISO 14001:2004 and under OHSAS 18001:1999. The company has been certified in the GAS system for work on gas installations and steel pipelines without any limitations on size. The company's welding system has been certified under ISO 3834-2:2005. CEPS is a member of the prestigious professional organisations Czech Gas Association and Czech Association of Pipeline Contractors.

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