

Slovenský záručný a rozvojový fond, s. r. o.

Audited annual report

for the year ended 31 December 2012

March 2013

Table of contents

Management and Administration.....	3
Executive Directors' report.....	5
Independent Auditors' report.....	8
Statement of financial position	9
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13

Management and Administration

Registered office

Slovenský záručný a rozvojový fond, s. r.o.
Panenská 21
811 03 Bratislava
Slovakia

Executive Directors

Robin Vaudrey (appointed on 21 March 2009)
Ing. Juraj Beňo (appointed on 19 September 2012)
Peter Žitný (appointed on 02 June 2011, terminated on 19 September 2012)

Supervisory board

Mário Virčík
Appointed on: 03.03.2011

Adriana Ďurináková
Appointed on: 03.03.2011

Ing. Juraj Juhász
Appointed on: 03.03.2011

Ing. Ivan Gránsky
Appointed on: 03.03.2011

Roderik Klinda
Appointed on: 03.03.2011

JUDr. Simona Stahovcová
Appointed on: 19.9.2012

Ing. Diana Turkovičová
Appointed on: 19.9.2012

Ing. Peter Habo
Appointed on: 19.9.2012

Ing. Marek Balážik
Appointed on: 03.12.2012

Ing. David Štálnik
Appointed on: 19.9.2012, Terminated on: 03.12.2012

Zoltán Tihanyi
Appointed on: 03.03.2011, Terminated on: 19.09.2012

Anton Maťašek
Appointed on: 03.03.2011, Terminated on: 19.09.2012

Rastislav Antala
Appointed on: 13.05.2011, Terminated on: 19.09.2012

PhDr. Emil Pícha CSc.
Appointed on: 08.09.2011, Terminated on: 19.09.2012

Banks

Tatra banka, a.s.
Hodžovo námestie 3
811 06 Bratislava

Štátna pokladnica
Radlinského 32
810 05 Bratislava 15

Treasury banks

Všeobecná úverová banka a.s.
Mlynské nivy I
829 90 Bratislava
Slovakia

Administrative Agent

TMF Services Slovakia s.r.o.
Panenská 21
811 03 Bratislava
Slovakia

Auditor

KPMG Slovensko spol. s r.o.
Dvořákovo nábrežie 10
811 02 Bratislava
Slovakia

Legal advisor

Allen & Overy Bratislava, s.r.o.
Eurovea Central I
Pribinova 4
811 09 Bratislava
Slovakia

Tax Advisor

Deloitte Tax k.s.
Digital Park II, Einsteinova 23
851 01 Bratislava
Slovakia

Slovenský záručný a rozvojový fond, s. r. o.

Executive Directors' report

For the period from January 1, 2012 to December 31, 2012

General information

JEREMIE (Joint European Resources for Micro to Medium Enterprises) is a joint initiative launched by the European Commission (Directorate General Regional Policy) and the European Investment Bank group to improve access to finance for small and medium-sized enterprises (the "SMEs") in the European Union ("EU") within the EU Structural Funds framework for the period 2007 - 2013. JEREMIE enables the EU Member States and Regions to allocate money from the EU Structural Funds and also national resources into holding funds that can finance SMEs in a flexible and innovative way. The JEREMIE initiative aims at developing and fostering the role of entrepreneurship within the EU in order to meet the objectives of the Lisbon agenda and help EU Structural Funds to deliver greater benefits to the market.

The Government of the Slovak Republic has positively assessed the benefits of JEREMIE implementation during the fourth Programming Period (2007 – 2013) and allocated EUR 100 million under the Operational Programmes Competitiveness and Economic Growth, Bratislava Region, and Research & Development.

JEREMIE implementation structure

The European Investment Fund ("EIF") has been selected to manage the implementation of JEREMIE based on provisions of the General Regulation 1083¹. To this end the Framework Agreement was concluded on 23 December 2008 and subsequently amended on 28 April 2010 and on 12 January 2011, between the Slovak Republic (hereinafter "SR") and EIF. Also Funding Agreements were entered into on 28 October 2009, and subsequently amended on 28 April 2010, between the Ministry of Education, Science, Research and Sport of the Slovak Republic, and EIF, and on 28 October 2009, and subsequently amended on 7 May 2010 and 26 May 2011, between the Ministry of Agriculture and Rural Development of the Slovak Republic and EIF, and on 28 October 2009, and subsequently amended on 25 May 2010 between the Ministry of Economy and EIF. A Side Protocol to the Funding Agreement was also entered into between the Ministry of Economy and EIF on 30 June 2011. The Framework Agreement and the Funding Agreements (including the Side Protocol) are hereinafter collectively referred to as the "Agreements".

The Agreements provide for JEREMIE implementation through a holding fund organised as a special purpose vehicle (the "SPV") under the laws of the Slovak Republic.

The SPV was incorporated by SZRB in March 2010 as a limited liability company under the Slovak Commercial Law under the name Slovenský záručný a rozvojový fond, s.r.o. (the "Company"). The Company was capitalised with the JEREMIE contributions of EUR 100 million in 2011.

EIF and the Company entered into a Holding Fund Agreement, valid and effective in January 2011, under which EIF is tasked with carrying out of the JEREMIE implementation activity.

¹ Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

Slovenský záručný a rozvojový fond, s. r. o.

JEREMIE implementation activity

The JEREMIE Investment Strategy approved by the Investment Board for the Operational Programmes Competitiveness and Economic Growth, Bratislava Region, and Research and Development, focuses on two product types:

- equity financing through fund structures, and
- debt financing through portfolio guarantees.

The former category addresses the particular equity gap on the Slovak market, especially in the seed and early stages. It is foreseen that under the JEREMIE initiative investments of up to EUR 45 million will be made into companies with high growth potential by specialised fund managers active in venture capital. The latter product is expected to result in at least EUR 285 million of new lending to SMEs on preferential terms through portfolio guarantees offered to financial intermediaries.

With regards to the investment strategy outline above, the following call for expressions of interest under the JEREMIE initiative in Slovakia was published by EIF in the course of 2011-12:

<u>INSTRUMENT</u>	<u>JEREMIE Allocation</u>	<u>Leverage Portfolio</u>
First Loss Portfolio Guarantee	EUR 49.7m	EUR 285m
Risk Capital fund investments	EUR 31.0m	EUR 45m
Total	EUR 80.7m	EUR 330m

Overview and analysis of the Company's activities in 2012

The Company did not undertake any activities in 2012 other than the implementation activity above.

Structure of the Company's share capital

At 31 December 2012, the Company's share capital was distributed between SZRB, holding 99% of voting rights, and EIF with 1% of voting rights, but with unanimous decision-making required for key corporate decisions. Nominal share capital contributed is disproportionate to the voting rights.

Significant events occurring between the end of the reporting period and the date of preparation and approval of the report of the management and Company's activities in 2012:

No significant subsequent event which would need to be disclosed in the financial statements of the Company has occurred since the statement of financial position date.

Future developments

As at 31 December 2012, the Company only held cash in EUR denominated accounts and on term deposits, and is therefore exposed only to the credit risk from the financial institutions where the cash is deposited.

Slovenský záručný a rozvojový fond, s. r. o.

Credit risk

The EUR denominated current accounts are with the Slovak State Treasury, while funds placed on term deposits are with VUB bank.

Management

The Company has a two-tier management system with two Executive Directors who as at 31 December 2012 were: Robin Vaudrey and Juraj Beňo and a 9 Members of Supervisory Board composed of representatives of the managing authorities as well as four independent experts. One of the Executive Directors is nominated by EIF and the other is nominated jointly by the Ministry of Finance and the Ministry of Economy.

The Company is represented and managed jointly by the Executive Directors. As at 31 December 2012, the Company has no assigned personnel.

No remuneration was paid to Supervisory Board members. The Executive Director nominated by EIF was not remunerated either, while the Executive Director nominated by the Ministry of Finance and the Ministry of Economy was paid a monthly gross salary of EUR 2,587.50.

The Executive Directors of the Company:

- do not acquire and hold the Company shares;
- do not participate in any companies as unlimited liability partners;
- do not hold over 25 per cent of the equity in any other company;
- had not entered into a contract with the Company that goes beyond its usual business

The Executive Directors do not participate in the management of other companies or cooperatives as procurators, managers or board members.

Management responsibilities

According to the Slovak accounting legislation, the management of the Company is responsible for the preparation and fair presentation of the Company's financial statements.

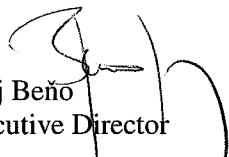
The management of the Company hereby confirms the consistent application of an adequate accounting policy and observation of the general accounting principles in the preparation of the financial statements as at the end of the reporting period.

The management of the Company also confirms the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.



Robin Vaudrey
Executive Director

Bratislava, 18 March 2013



Juraj Beňo
Executive Director

Bratislava, 18 March 2013

Slovenský záručný a rozvojový fond, s. r. o.

Independent Auditors' Report



KPMG Slovensko spol. s r. o.
Dvořákovo nábřeží 10
P. O. Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 (0)2 59 98 41 11
Fax +421 (0)2 59 98 42 22
Internet www.kpmg.sk

Independent Auditors' Report

To the Owners, the Supervisory Board and the Executive Directors of Slovenský záručný a rozvojový fond, s. r. o.:

We have audited the accompanying financial statements presented on pages 9-28 of Slovenský záručný a rozvojový fond, s. r. o. ("the Company"), which comprise the statement of financial position as at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

18 March 2013
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96



Responsible auditor:
Dagmar Lukovičová
License UDVA No. 754

Responsible audit partner:
Theo van Eeden

Slovenský záručný a rozvojový fond, s. r. o.

Statement of financial position

For the year ended 31 December 2012

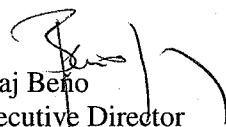
(in EUR)

	Notes	2012 EUR	2011 EUR
ASSETS			
Current assets			
Cash and cash equivalents	5	97,398,417	98,553,550
Other assets	6	203	196
Total current assets		97,398,620	98,553,746
Non-current assets			
Deferred Tax Assets	7	-	620,926
Total non-current assets		-	620,926
Total Assets		97,398,620	99,174,672
EQUITY AND LIABILITIES			
Liabilities			
Current liabilities			
Other liabilities	8	775,297	822,834
Total current liabilities		775,297	822,834
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		775,297	822,834
Equity			
Share capital	9	100,176,361	100,176,361
Retained Earnings		(1,824,523)	(18,562)
Loss for the financial year		(1,728,515)	(1,805,961)
Total equity		96,623,323	98,351,838
Total Liabilities and equity		97,398,620	99,174,672



Robin Vaudrey
Executive Director

Bratislava, 18 March 2013



Juraj Beňo
Executive Director

Bratislava, 18 March 2013

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Statement of comprehensive income

For the year ended 31 December 2012

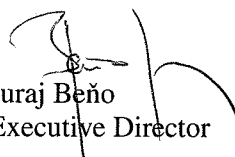
(in EUR)

Initial costs	11	-	(593 532)
Management fees	11	(1 447 927)	(2 466 249)
Audit, tax and legal fees	12	(103 173)	(128 394)
Administration fees	13	(22 920)	(22 036)
Other operating expenses	14	(56 036)	(39 722)
Loss before tax		(985 035)	(2 315 236)
Income tax expense	15	(743 480)	509 275
Loss from continuing operations		(1 728 515)	(1 805 961)
Discontinuing operations			
Loss from discontinued operations		-	-
Loss for the year		(1 728 515)	(1 805 961)
Other comprehensive income		-	-
Total comprehensive income for the financial year		(1 728 515)	(1 805 961)



Robin Vaudrey
Executive Director

Bratislava, 18 March 2013



Juraj Beňo
Executive Director

Bratislava, 18 March 2013

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Statement of changes in equity

For the year ended 31 December 2012

(in EUR)

	Notes	Share capital	Retained earnings	Profit/Loss for the year	Total equity
Balance as at 1 January 2011		5 000	(21)	(18 541)	(13 562)
Share Capital Increase		100 171 361	-		100 171 361
Distribution of net income/loss		-	(18 541)	18 541	-
Total comprehensive income for the financial year		-	-	(1 805 961)	(1 805 961)
Balance as at 31 December 2011	9	100 176 361	(18 562)	(1 805 961)	98 351 838
Balance as at 1 January 2012		100 176 361	(18 562)	(1 805 961)	98 351 838
Share Capital Increase		-	-	-	-
Distribution of net income/loss		-	(1 805 961)	1 805 961	-
Total comprehensive income for the financial year		-	-	(1 728 515)	(1 728 515)
Balance as at 31 December 2012	9	100 176 361	(1 824 523)	(1 728 515)	96 623 323

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Statement of cash flows

For the year ended 31 December 2012

(in EUR)

	Notes	2012	2011
Cash flows from operating activities			
Profit/Loss before income tax		(985,035)	(2,315,236)
Adjustments for:			
Interests income		(645,021)	(934,697)
Changes in:			
Changes in other assets		(7)	(196)
Change in other liabilities		(47,537)	804,351
Cash flow generated from operating activities		(1,677,600)	(2,445,778)
Income tax paid		(193,898)	(38,159)
Net cash flow from operating activities		(1,871,498)	(2,483,937)
Cash flows from investing activities			
Interests received		1,020,520	547,898
Net cash flows from investing activities		1,020,520	547,898
Cash flows from financing activities			
Proceed from issue of share capital	9	-	100,171,361
Net cash flows from financing activities		-	100,171,361
Net increase in cash and cash equivalents		(850,978)	98,235,322
Cash and cash equivalents at the beginning of the year		98,240,243	4,921
Cash and cash equivalents at the end of the year	5	97,389,265	98,240,243

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements

For the year ended 31 December 2012

I General

Slovenský záručný a rozvojový fond, s. r. o. (the "Company") is a limited liability company established on March 10, 2009 in the context of the initiative "Joint European Resources for Micro to Medium Enterprises" ("JEREMIE"), with a seat and address of management. JEREMIE was jointly developed in 2006 by the European Commission and the European Investment Bank group. Through this initiative, a portion of the European Union Structural Funds allocations from the budgetary period 2007 - 2013 is earmarked to support SMEs through financial intermediaries operating in the Member States of the European Union ("EU"), by the means of venture capital funds, guarantee funds and loan funds. All the funds to be distributed and applied in the course of JEREMIE shall be made available and used in accordance with article 44 of Council Regulation (EC) No 1083/2006 and the Commission Regulation (EC) No 1828/2006.

The Company is established on the basis of, and in performance of the obligations of European Investment Fund ("EIF") under the Framework Agreement dated on 23 December 2008, and later amended on 28 April 2010, between EIF and the Government of the Slovak Republic. The Company is established as a part of the JEREMIE Holding Fund Structure (as defined in the Framework Agreement) for the purposes of implementing the JEREMIE Initiative in the Slovak Republic.

The principal activities of the Company are related to the implementation of the JEREMIE initiative in Slovakia, and mainly consist of:

- Entering into transactions with Financial Intermediaries and executing Operational Agreements as set out in clause 4.8 of the Framework Agreement for the purposes of implementing guarantee and loan schemes or investing in venture capital funds (subject always to conformity with the applicable Slovak law and EU regulations);
- Carrying out of the Holding Fund Activity (as defined in the Framework Agreement), which includes the use of financial engineering instruments (guarantees, loans or private equity investments) designated for enterprises, primarily small and medium-sized ones, as well as any other activities).

The financial year of the Company runs from 1 January to 31 December each year.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

2 Significant accounting policies

Basis of compliance

The financial statements of the Company have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January, 2012 and have been accepted by the European Commission.

Basis of preparation

2.2.1 Basis of measurement

The financial statements have been prepared on the historical costs basis.

2.2.2 Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment when applying the Fund's policies. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.2.3 Change in accounting policies and presentation

The accounting policies adopted have been applied consistently with those used in the previous year.

The Company has adopted during the year 2011 new and amended IFRS and IFRIC interpretation during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Fund. They did however give rise to additional disclosures.

2.2.4 Foreign currency translation

The Euro (EUR) is the functional and presentation currency.

Transactions in foreign currencies are translated to the Company's functional currency as at the date of the accounting transaction by the reference exchange rate determined and declared by the European Central Bank as at the date preceding the date of the accounting transaction.

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 amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the category 'loans and receivables', including cash and cash equivalents. The classification is predetermined by the nature and purpose of the financial assets at the date of their acquisition. The management determines the classification of the financial assets of the Company at the time of their initial recognition on the statement of financial position.

The Company usually recognizes its financial assets on the statement of financial position on the trade date, being the date on which the Company commits (undertakes an ultimate engagement) to purchase the respective financial assets. All financial assets are initially measured at their fair value plus the directly attributable transaction costs.

Financial assets are derecognized from the Company's statement of financial position when the rights to receive cash (flows) from these assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership of the asset to another entity (person). If the Company retains substantially all risks and rewards associated with the ownership of a particular transferred financial asset, it continues to recognize the transferred asset in its statement of financial position but also recognizes a secured liability (a loan) for the consideration received.

As at 31 December 2012, the Company only held cash in EUR denominated accounts.

(ii) Financial liabilities

As at 31 December, 2012, the Company does not have financial liabilities.

(iii) Impairment

Impairment loss on a financial asset, reported at amortized costs, is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows discounted at the assets' original effective interest rate. Impairment loss is recognized in the Statement of Comprehensive Income and reflected in an allowance account against loans and receivables. Interest on the impaired asset is still recognized during the discount period. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through Statement of Comprehensive Income.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

Accounts payable and accruals

Accounts payable and accruals are carried at original invoice amount (cost), being the fair value of the consideration to be paid in the future for goods and services received.

Interest income and dividend income

Interest income is recognized on a time-proportionate basis using the effective interest method and includes interest income from bank deposits.

Dividend income is recognized when the right to receive payment is established.

Operating expenses

Operating expenses are recognized in the statement of comprehensive income on an accrual basis.

Taxation

Income tax expense comprises current and deferred tax.

Current income taxes are determined in accordance with the requirements of the Slovakian tax legislation – the Corporate Income Taxation Act. The nominal income tax rate for year 2012 is 19 %. Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years.

Deferred income taxes are determined using the liability method on all temporary differences, existing at the date of the financial statements, between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of those originating from recognition of an asset or liability, which has not affected the accounting and the taxable profit/(loss) as at the date of the transaction.

Deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses, to the extent that it is probable they will reverse and a taxable profit will be available or taxable temporary differences might occur, against which these deductible temporary differences can be utilized, with the exception of the differences arising from the initial recognition of an asset or liability, which has affected neither the accounting nor taxable profit or loss as at the date of the transaction.

The carrying amount of all deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will reverse and sufficient taxable profit to be generated or occurring in the same period taxable temporary differences to allow the deferred tax asset to be utilized (deducted or compensated).

Deferred taxes, related to items that are other components of comprehensive income or are directly credited or charged to equity or other item of the statement of financial position, are also reported directly to the respective comprehensive income or equity component or item of the statement of financial position.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period when the asset will be realized or the liability will be settled (paid), based on the tax laws that are enacted or to a high degree of probability will be enacted.

New standards and interpretations not adopted

The following IFRS and IFRIC interpretations applicable to the Company were issued but are not yet effective. The Company has chosen not to early adopt these standards and interpretations. The Company plans to adopt them at the date of endorsement by the European Union.

- IFRS 9 – Financial instruments:

This standard is the first step in a three-part project by the IASB to replace IAS 39 financial instruments. This first part, dealing with the classification and measurement of financial assets, simplifies the recognition of financial assets by requiring such assets to be measured at either amortised cost or fair value, depending on certain criteria. The standard is effective for financial years beginning on or after 1 January 2015, although it may be early adopted. The date of the adoption of this standard by the Fund will also be dependent on the timing of the EU endorsement process.

The Company is in the process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard.

- IFRS 10 – Consolidated financial statements and IFRS 12 – Disclosure of Interests in other entities:

IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces IAS 27 – Consolidated and Separate financial statements and SIC 12 – Consolidation – Special Purposes Entities. IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for financial years beginning on or after 1 January 2013, although it may be early adopted.

The Company is in the process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard.

- IFRS 11 – Joint arrangements:

This standard establishes principles for the financial reporting by parties to a joint arrangement and supersedes IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly controlled entities – Non monetary Contributions by Ventures. The standard is effective for financial years beginning on or after 1 January 2013, although it may be early adopted.

The Company is in the process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

- IFRS 13 – Fair value measurement

This standard provides clear and consistent guidance for measuring fair value and addressing valuation uncertainty in markets that are no longer active. This standard also increases the transparency of fair value measurements by requiring detailed disclosures about fair values derived using models. The standard is effective for the financial year beginning on or after 1 January 2013, although it may be early adopted.

The Company is in the process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard.

- Amendment to IFRS 10 – Consolidated financial statements, IFRS 12 – Disclosure of Interests in other entities and IAS 27 – Consolidated financial statements:

These amendments provide an exemption from consolidation of subsidiaries under IFRS 10 for entities which meet the definition of an “investment entity”, such as certain investment funds. The amendments are effective for the financial year beginning on or after 1 January 2014, although it may be early adopted. The date of the adoption of this standard by the Fund will also be dependent on the timing of the EU endorsement process.

The Company is in the process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard.

3 Financial risk management

As at 31 December 2012, the Company only held cash in EUR denominated accounts and is therefore exposed only to the credit risk from the financial institution.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

Cash balance with the Slovak State Treasury (the “State Treasury”) and term deposit with Všeobecná úverová banka, a.s. are exposed to credit risk. As at 31 December 2012, the State Treasury had a rating of A according to Standard & Poor’s (2011: A+) and A2 according to Moody’s (2011: A1). Since 31 December 2011, Standard & Poor’s changed the rating from A+ to A in January 2012 and Moody’s changed its rating from A1 to A2 in February 2012.

During the year the available cash has been used for the term deposits deals with Všeobecná úverová banka, a.s.

4 Financial assets and liabilities related to investments

As at 31 December 2012, the Company has no investments to report.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

5 Cash and cash equivalents

Cash and cash equivalents comprise the following balances with original maturity of less than 90 days and are as follows:

	2012	2011
	EUR	EUR
Current bank accounts	20,514,969	1,801,220
Short term deposits	76,874,296	96,439,023
Interest receivable on term deposits	9,152	313,307
	<u>97,398,417</u>	<u>98,553,550</u>

6 Other assets

As at 31 December 2012, other assets are as follows:

	2012	2011
	EUR	EUR
Prepayments	203	196
	<u>203</u>	<u>196</u>

7 Deferred Tax Assets

As at 31 December, 2011 deferred tax asset has been recognized for carry-forward of unused tax losses. Deferred tax assets has been reviewed as at 31.12.2012 and management has decided that it is not probable that future taxable profits will be available against which the deferred tax can be utilized. Therefore the deferred tax asset in the amount of EUR 620 926 was derecognized as at 31 December, 2012.

8 Other liabilities

As at 31 December 2012, accounts payable and accruals are as follows:

	2012	2011
	EUR	EUR
Fund management costs	724,871	751,763
Audit, tax and legal fees	41,757	60,833
Administration fees	5,370	6,468
Other operating expenses	3,299	3,770
	<u>775,297</u>	<u>822,834</u>

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

9 Equity

Capital

The Company was incorporated as a limited liability company.

On 12 January 2011, a new shareholder – European Investment Fund, registered office Boulevard Konrad Adenauer 96, L-2968 Luxembourg, Luxembourg entered the Company. At the same time the Company decided to increase the registered capital by EUR 68,406,655. Since 12 January 2011, the structure of shareholders had been as follows:

	Interest in share capital EUR	%	Voting rights %
Slovenská záručná a rozvojová banka, a.s.	5,000	0.01	99
European Investment Fund on behalf of Slovak Republic	68,406,655	99.99	1
Total	68,411,655	100	100

On 16 August 2011, the Company decided to increase the registered capital by EUR 31,764,706. Since 16 August 2011, the structure of shareholders has been as follows:

	Interest in share capital EUR	%	Voting rights %
Slovenská záručná a rozvojová banka, a.s.	5,000	0.01	99
European Investment Fund on behalf of Slovak Republic	100,171,361	99.99	1
Total	100,176,361	100	100

The Company has a statutory obligation to create a legal reserve fund. The minimum amount represents 5 % of the net profit. In subsequent years 5% of net profit should be allocated to the legal reserve fund until the amount reaches 10% of the registered capital of the Company.

In accordance with the requirements of the Commercial Code, the amounts in the legal reserve fund can be used to cover annual loss or losses from previous years. The Executives shall decide on the use of the legal reserve fund in accordance with Section 67(1) of the Commercial Code.

As at 31 December 2012, the registered share capital of the Company amounts to EUR 100,176,361. SZRB holds a participation interest in the amount of EUR 5,000 of the share capital and EIF holds a participation interest in the amount of EUR 100,171,361.

According to Art 10.2 of the Shareholders' Agreement, no later than on 31 December 2015 EIF shall transfer the EIF participation interest without consideration to an entity controlled by the Slovak Republic notified to the EIF by SZRB.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

Equity

	2012	2011
	EUR	EUR
Share capital	100,176,361	100,176,361
Retained earnings	(1,824,523)	(18,562)
Loss for the financial year	(1,728,515)	(1,805,961)
	96,623,323	98,351,838

10 Finance income

The Company has earned interest income from cash in bank accounts and from term deposit accounts amounting to EUR 645,021 (2011: EUR 934,697).

11 Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related Party

EIF owns 100% of its shares in the Company on behalf and for the benefit of the Slovak Republic.

Transactions

Initial costs

EIF has incurred the costs related to the setting up of the Company and JEREMIE initiative (the "Initial Costs").

As per Art 4.10 of the Framework Agreement and Art 8.2 of the Holding Fund Agreement, EIF is entitled to receive from the Company the reasonably evidenced Initial Costs for the period from the signature of the Framework Agreement (i.e. 23 December 2008) until the signature of the Funding Agreements (i.e. 28 October 2009). These Initial Costs have been re-invoiced by EIF to the Company and are deemed to be eligible expenditure, provided that the Initial Costs shall also be subject to the threshold set out in Article 43 (4) of the Implementing Regulation.

For the period from 1 January 2012 to 31 December 2012 there have not been any additional costs incurred in relation to Initial Costs.

For the period from 1 January 2011 to 31 December 2011, EIF received an amount of EUR 593,532 in relation to Initial Costs and other costs incurred by EIF prior to capitalisation of the Company.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

Management fees

Pursuant to Art 8.3 of the Holding Fund Agreement between SZRF s.r.o. and EIF, EIF is entitled to receive an annual flat fee (the "Management Fees"). For the period from 1 January 2012 to 31 December 2012, Management Fees totalled EUR 1,447,927 (2011: EUR 2,466,249). As at 31 December 2012, the total amount of EUR 724,871 is still due to EIF. (As at 31 December 2011: EUR 751,763).

Legal fees

For the period from 1 January 2012 to 31 December 2012, Legal Fees totalled EUR 63,032 (2011: EUR 0). As at 31 December 2012, the total amount of EUR 63,032 is still due to EIF. (As at 31 December 2011: EUR 0).

Key management remuneration

Peter Žitný, as one of the Executive Directors, has received a monthly gross remuneration from the Company of EUR 2,588, beginning from the month of his appointment in June 2011 until his termination on 19 September 2012. He has also received severance pay in the gross amount of EUR 10,350.

Juraj Beňo, who replaced Peter Žitný from 19 September 2012 in the position of Executive Director, has received monthly gross remuneration from the Company of EUR 2,500. The total amount of expenses regarding the remuneration of Mr Žitný and Mr Beňo is presented in the note 14 – Other operating expenses.

Robin Vaudrey, as the other Executive Director, does not receive remuneration from the Company.

12 Audit, tax and legal fees

As at 31 December 2012 audit, tax and legal fees are as follows:

	2012	2011
	EUR	EUR
Audit fees including related services	11,477	11,400
Tax advisors fees	12,360	19,560
Legal fees	79,336	97,434
	103,173	128,394

13 Administration fees

As at 31 December 2012, administration fee are as follows:

	2012	2011
	EUR	EUR
Accounting services	20,760	20,760
Payroll services	2,160	1,276
	22,920	22,036

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

14 Other operating expenses

As at 31 December 2012, other operating expenses are as follows:

	2012	2011
	EUR	EUR
Executive remuneration	51,516	23,389
Others	4,520	16,333
	56,036	39,722

15 Taxation

As per the annual income tax return for year 2012, the determined tax loss amounts to EUR 1,649,697 and therefore, no current income taxes (rate 19%) are due by the Company (2011: EUR 0).

During the year withholding tax on interests received at the rate of 19% has been posted in the amount of 122 554 (withholding tax paid in the amount of EUR 193,898 less accrual from the year 2011 EUR 73 492 plus EUR 2 148 accrued at the year end 2012). In the year 2011 withholding tax on interests received at the rate of 19% has been posted in the amount of 111 651 (withholding tax paid in the amount of EUR 38 159 plus EUR 73 492 accrued at the year end 2011).

	2012	2011
	EUR	EUR
Deferred tax	620,926	(620,926)
Withholding tax	122,554	111 651
	743,480	(509,275)

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

16 Statement of financial position and Statement of comprehensive income per source of funding

Pursuant to Art 7.7 of the Holding Fund Agreement between SZRF s.r.o. and EIF, EIF should follow the Holding Fund Activity per source of funding.

The Statement of financial position and Statement of comprehensive income have been prepared for following sources of funding:

- SF1 - Operation Programme Research and Development
- SF2 - Operation Programme Competitiveness & Economic Growth
- SF3 - Operation Programme Bratislava Region
- SZRB - transactions are not attributable to the funds.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

16.1. Statement of financial position per source of funding

	2012 EUR	SF1 EUR	SF2 EUR	SF3 EUR	SZRB EUR
ASSETS					
Current assets					
Cash and cash equivalents	97,398,417	28,758,404	65,184,805	3,450,907	4,301
Other assets	203	60	136	7	-
Total current assets	97,398,620	28,758,464	65,184,941	3,450,914	4,301
Non-current assets					
Deferred Tax Assets	-	-	-	-	-
Total non-current assets	-	-	-	-	-
Total Assets	97,398,620	28,758,464	65,184,941	3,450,914	4,301
EQUITY AND LIABILITIES					
Liabilities					
Current liabilities					
Other liabilities	775,297	228,015	519,913	27,369	-
Total current liabilities	775,297	228,015	519,913	27,369	-
Non-current liabilities					
Total non-current liabilities	-	-	-	-	-
Total liabilities	775,297	228,015	519,913	27,369	-
Equity					
Share capital	100,176,361	29,485,882	67,147,227	3,538,252	5,000
Retained Earnings	(1,824,523)	(473,662)	(1,293,414)	(56,874)	(573)
Loss for the financial year	(1,728,515)	(481,771)	(1,188,785)	(57,833)	(126)
Total equity	96,623,323	28,530,449	64,665,028	3,423,545	4,301
Total Liabilities and equity	97,398,620	28,758,464	65,184,941	3,450,914	4,301

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

Statement of financial position per source of funding for the year 2011

	2011 EUR	SF1 EUR	SF2 EUR	SF3 EUR	SZRB EUR
ASSETS					
Current assets					
Cash and cash equivalents	98,553,549	29,071,406	65,988,795	3,488,485	4,863
Other assets	197	58	132	7	0
Total current assets	98,553,746	29,071,464	65,988,927	3,488,492	4,863
Non-current assets					
Deferred Tax Assets	620,926	182,613	416,365	21,922	26
Total non-current assets	620,926	182,613	416,365	21,922	26
Total Assets	99,174,672	29,254,077	66,405,292	3,510,414	4,889
EQUITY AND LIABILITIES					
Liabilities					
Current liabilities					
Other liabilities	822,834	241,857	551,479	29,036	462
Total current liabilities	822,834	241,857	551,479	29,036	462
Non-current liabilities					
Total non-current liabilities	-	-	-	-	-
Total liabilities	822,834	241,857	551,479	29,036	462
Equity					
Share capital	100,176,361	29,485,882	67,147,227	3,538,252	5,000
Retained Earnings	(18,562)	(5,436)	(12,395)	(652)	(79)
Loss for the financial year	(1,805,961)	(468,226)	(1,281,019)	(56,222)	(494)
Total equity	98,351,838	29,012,220	65,853,813	3,481,378	4,427
Total Liabilities and equity	99,174,672	29,254,077	66,405,292	3,510,414	4,889

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

16.2. Statement of comprehensive income per source of funding

	2012 EUR	SF1 EUR	SF 2 EUR	SF 3 EUR	SZRB EUR
Continuing operations					
Finance income	645 021	222 484	395 840	26 697	-
Initial costs	-	-	-	-	-
Management fees	-1 447 927	-425 835	-970 980	-51 112	-
Audit, tax and legal fees	-103 173	-30 344	-69 189	-3 640	-
Administration fees	-22 920	-6 741	-15 370	-809	-
Other operating expenses	-56 036	-16 450	-37 512	-1 974	-100
Loss before tax	-985 035	-256 886	-697 211	-30 838	-100
Income tax expense	-743 480	-224 885	-491 574	-26 995	-26
Loss from continuing operations	-1 728 515	-481 771	-1 188 785	-57 833	-126
Discontinuing operations					
Loss from discontinued operations	-	-	-	-	-
Loss for the financial year	-1 728 515	-481 771	-1 188 785	-57 833	-126
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	-1 728 515	-481 771	-1 188 785	-57 833	-126

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the financial statements (Continued)

For the year ended 31 December 2012

Statement of comprehensive income per source of funding for the year 2011

	2011	SF1	SF 2	SF 3	SZRB
	EUR	EUR	EUR	EUR	EUR
Continuing operations					
Finance income	934 697	340 928	552 857	40 910	2
Initial costs	-593 532	-174 570	-398 016	-20 946	-
Management fees	-2 466 249	-725 358	-1 653 849	-87 042	-
Audit, tax and legal fees	-128 394	-37 759	-86 097	-4 538	-
Administration fees	-22 036	-6 481	-14 777	-778	-
Other operating expenses	-39 722	-11 517	-26 261	-1 422	-522
Loss before tax	-2 315 236	-614 757	-1 626 143	-73 816	-520
Income tax expense	509 275	146 532	345 124	17 593	26
Loss from continuing operations	-1 805 961	-468 225	-1 281 019	-56 223	-494
Discontinuing operations					
Loss from discontinued operations	-	-	-	-	-
Loss for the financial year	-1 805 961	-468 225	-1 281 019	-56 223	-494
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	-1 805 961	-468 225	-1 281 019	-56 223	-494

17 Subsequent events

No subsequent event which would need to be disclosed in the financial statements of the Company has occurred since the statement of financial position date.