

... only what is understood can be protected ...

2010 Annual Report



aquatest



Company Seat in Prague, Photo V. Kolaja

Company Profile

AQUATEST a.s. is a private consultancy and engineering firm providing services in environment protection and water management for better use of natural resources and for reduction of risks related to the resources development and use.

Objectives

- Help to understand fate of natural resources components from extraction through industrial processing and consumer use to return to the Earth with emphasis on water transport of the components and their behavior in rock-soil media.
- Develop optimal approach and necessary technologies for to deal efficiently with risks resulting from inappropriate handling of hazardous substances at contaminated sites.

Fields of Activity

- Research and Development, Surface water and Groundwater Hydrology, Well-logging, Groundwater Use Studies, Environmental Evaluations, Sampling and Laboratory Analyses,
- Site Characterization, Risk Assessment, Contaminated Site Remediation, Wastewater Treatment Plants Design and Optimization, Electronic Waste Management

AQUATEST a.s. has a form of stock-holding company with majority share owned by employees, which formed AQQ Ltd. a legal body owning more than 50% block of shares since the company foundation and privatization in 1990-91. Company statutes include provisions in respect to the transferability of the stock and provide for the shareholders' option to purchase shares offered for sale.

Company performs consulting and engineering projects in the Czech Republic as well as in other European Union countries and in the frame of international development cooperation also in the world's poor and developing countries.

Among the company clients there are state and regional administrations, corporate industries and private entities.

Photo T. Vránek



Statutory Board

Chairman

Ing. Vladimír Kolaja

Vice-chairman

Ing. Monika Turnovská

Vice-chairman

Ing. Petr Máša

Member

Ing. Jitka Langová

Member

JUDr. Petra Hrachy

Management

Managing Director

Ing. Petr Máša

Water Management, R&D

RNDr. Jiří Šíma

Economy & Finances

Ing. Monika Benešová

Human Resources

Ing. Monika Turnovská

Environmental Services

Mgr. Miloslav Sedláček

Regional Development

RNDr. Jiří Jelínek

Laboratories

Ing. Radana Mráčková

Auditor

Ing. Martin Teyrovský

Czech Chamber of Auditors
Authorization no. 2134

AQUATEST 2010 Key Figures

2010 company commercial performance reached the record values of 413 million CZK in turnover (VAT not included), i.e. USD 24 million approx., and 35 million CZK in operational profit.

Statement of Income

(in thousand s CZK)

	2010	2009
Revenue from goods sale	174	181
Sales related costs	63	160
Margin	111	21
Revenue from services	412 563	308 360
Invoiced services	409 107	314 233
Change in work-in-progress	3 456	-5 873
Services costs	248 020	186 241
Energy and materials consumption	63 550	49 338
Subcontracted services	184 470	136 903
Value added	164 654	122 140
Personal costs	114 930	106 672
Salaries	83 439	79 088
Statutory organ bonuses	844	864
Social and health security	28 590	24 725
Extra social costs	2 057	1 995
Taxes and fees	387	440
Property amortization	11 533	10 294
Revenues from property and material sales	206	2 504
Property sales	120	2 497
Material sales	86	7
Change in reserves, expected costs	9 657	2 369
Other operational revenues	11 567	19 387
Other operational costs	4 740	3 544
Operational profit	35 091	20 610

Balance Sheet Highlights

(at year end in thousand s CZK)

	2010	2009
Total assets	350 774	303 214
Fixed assets	89 837	76 928
Bank accounts	51 855	45 405
Registered Capital	55 992	55 992
Equity	226 780	207 313

2010 Key Figures cont.

AQUATEST delivered outstanding financial results in 2010, the year when global economic climate hindered the general growth. The company results reflect progress mainly in the public sector operations, while in the private sector the growing number of contracts corresponds rather to the new environmental legislation impact than to the economic strength of enterprises and their willingness to spend more on environment.

Cash-flow management

Managing financial assets was an essential instrument even in the economically successful year. Most of the costs had to be paid before the invoices were incurred, namely investments to technologies for the key projects performance, salaries to stabilize company qualified staff, investments to modernize IT and to sustain its licensing, and to run R & D projects.

Bank loans and insurance

The company maintains borrowing agreement with its bank which provides for credit necessary in public tenders participation and for borrowings when required. High level of project risks insurance was held for to comply with public tenders conditions.

Personnel

With continuing increase in company activities recruitment of qualified employees was getting on in the trend of the previous years and the company is approaching limit delineating the SMC category.

Research and Development

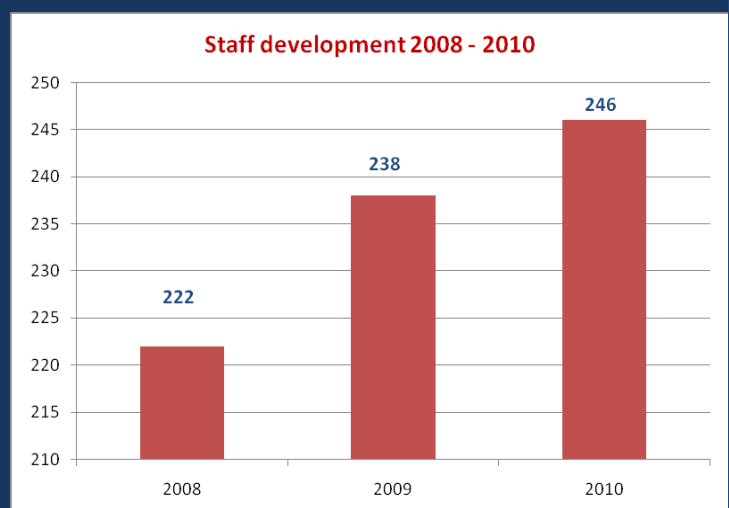
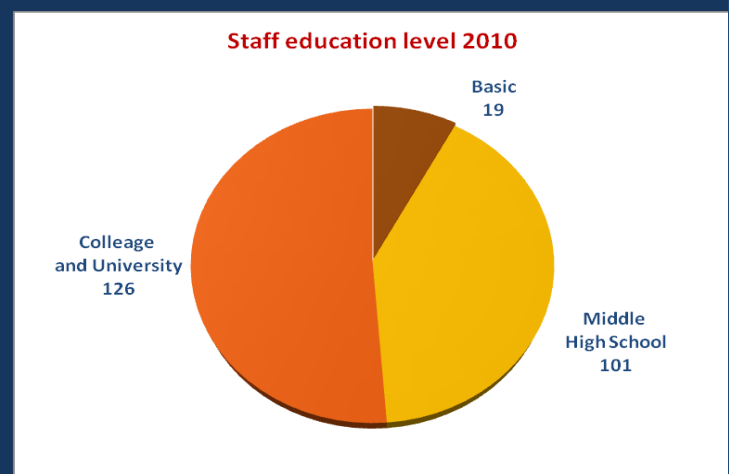
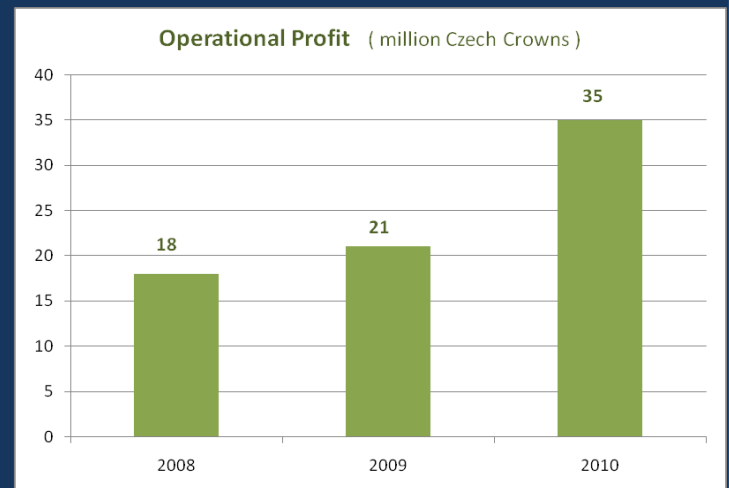
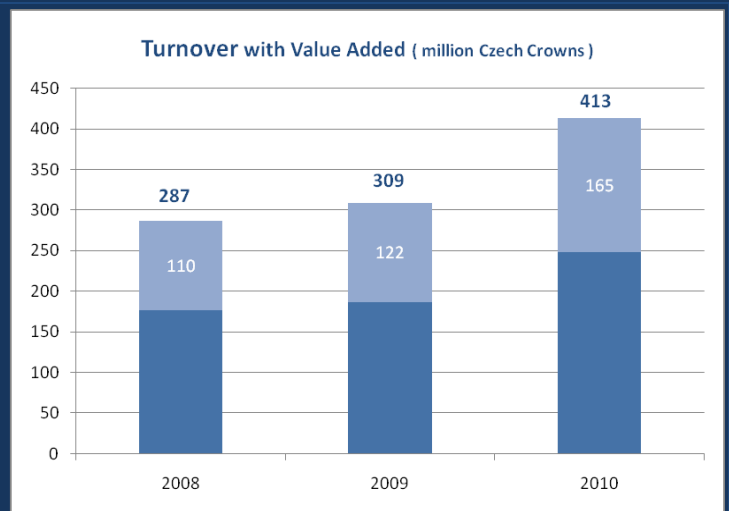
In the year 2010 continued company participation in European and national R & D programs as well as promotion of the in-house research projects. The year income from EU and national grants amounted to almost 7 million CZK and company participation costs were 4, 7 million.

Program/Project	Grant *)	Participation *)
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MoEYS / RC	2 000 000	732 984
MoIT/ADIREM	1 750 000	1 598 771
MoIT/VUANCH	2 100 000	1 713 869
EU/AQUAFIT4USE	970 083	602 144
EU/NAMETECH	76 364	76 594

In-house R&D Projects *)	520 000
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*) in CZK



Chairman's Statement

In the past decade AQUATEST has been pursuing a long-term strategy based on concentrating its business activities around the company's core competency, i.e. contaminant hydrogeology. The strategy directs commercial attention to the Czech Republic market, where the state administered and financed long-term programs for to eliminate risks from contamination inherited from socialist past provide opportunity for the services within the province of the company core competency in a long perspective. Parallel to active involvement in these programs other sectors of company activity are supported for to maintain diversity of company operations and thus enable to cope with potential difficult periods in the country economy.

To deliver innovative solutions company continued to participate in research and development programs administered on European level as well as in the R&D programs of the Czech ministries. Significant portion of the year revenues was as demanded by our strategy dedicated to the R&D programs participation and to the company Quality System internal development projects.



Prut river in Lopatnic, Photo A. Pacl

The diversity aspect of company strategy involves commitment to participate also on international market. In Slovakia AQUATEST maintained its presence and prepared for the expected growth of environmental market of the country. As in the past years company participated on the Czech Republic development program in the world poor countries Ethiopia and Moldova and offered its expertise for actual needs of humanitarian aid in EU 'buffer zone' state Georgia.

The results of 2010 proved the company strategy is founded on a firm basis as show further economic growth and business and operational development. Economically 2010 was another success for the company after over-passing in results year 2009 - until now the record year in company history. The annual growth in turnover was 33,6 %, and operational profit increased by 66,7 % compared to 2009.

◀ 2010 has been the most successful year of AQUATEST up to now ▶

The economic and commercial results of 2010 as well as the trends in the past years confirm soundness of the company strategy and provide good perspective for the years to come. Company services diversification and financial position built on the 2010 revenues form a strong platform for further development and a preparedness to address appropriately variations on the environmental and water management services markets in the period of global recession.

Vladimír Kolaja

Chairman of the Statutory Board

Operational Review

In 2010 as in the recent history of the company most of the turnover was formed by income from contracts for Remedial Action and Supervision at industrial contaminated sites, followed by income from Water Management projects and from Laboratory Analyses.

Operating performance figures of 2010 and of the past years show continual growth in all fields of company activity with a normal range of variations in the fields' proportion.

Though there was about 350 new contracts concluded in 2010, the long-term projects started in the previous years made up for the great part of the company activities and for the turnover in 2010 and also the essential portion of the year profit originated in these projects. In total company performed in the year 2010 about 490 projects based on the new and continuing contracts. One third of them was financed from public money and two thirds from private sources.

Projects were operated with local knowledge through 10 regional offices of the company in the Czech Republic and the subsidiary in Slovakia. Key projects were supported by R&D activities aimed at the projects' specific problems.



Slovakia - Former fuel storage site remediation, Photo J.Džupír

Ongoing investments in technologies were in 2010 harnessed firstly to equip the key remedial projects with necessary facilities for to fulfill contracted site-specific tasks and secondly to enhance the company IT system and to keep the laboratory equipment at up-to-date level.

In regions the focus of company activities remained at the industrial districts of the North Bohemia and the North Moravia/Silesia with heavily polluted soil and groundwater from hundred years of industrial history. In Slovakia the company subsidiary provided services to private clients and prepared for the state program to deal with old contamination sites which is in Slovakia included, similar to the Czech Republic, in the European Union funding opportunities period 2007 - 2013.

In other countries company traditionally operated within the Czech Development Agency program of aid to poor and developing countries, namely in the field of providing water resources development for water supply and in the field of surface water management specifically in designing protective measures for to decrease the risks from river flooding. The company specialists continued in 2010 to participated in projects at EU countries (remedial technologies, well-logging).

Remedial Action and Supervision

The primary business area of the company continued in growing trend of previous years, specifically at a local market. More than twenty years after the political changes in the Czech Republic the contaminated land and groundwater remediation remains an important issue of environment protection in the country. State authorities are aware of the liability related to the phenomenon of contamination burden in rock media and groundwater accumulated during the period of socialist economy in the past century and continue to support remedial programs by allocating state budget finances to the programs and recently by putting the phenomenon among the priorities of European Union assistance program in the funding opportunities period 2007 - 2013. AQUATEST has been strongly involved in the state remedial programs since 1992 and is among the pioneers in application of new approaches and tools.



Silesia – Oil refinery lagoon-water treatment plant, Photo T. Kucharský

At most of the contaminated sites persistent contaminants and complex hydrogeologic conditions pose a technological problem which requires not only site-specific approach to the remedial action but also development and application of new technologies. The major part of company research and development activities within the in-house R&D projects as well as in the frame of state and international programs is aimed at the new clean-up technologies.

Water Management

Company services in the field of water management covered in 2010 as in the past years a broad scale of projects from groundwater investigation, surface water studies, river monitoring and anti-flood measures design at one side and wastewater management on the other.

The systems of both groundwater and surface water resources are nowadays more and more influenced by human activities and by climate changes. To help its clients in the public as well as private sphere to cope with the consequences of impacts from these influences AQUATEST has provided its expert and up-to-date services mainly (i) to develop schemes for groundwater resources use and sustainable use by complex hydrologic studies and surveys, (ii) to protect water resources quality by wastewater handling and control and (iii) to minimize damage from river floods by designing preventive measures and installing monitoring and warning networks.

In August 2010 in the basin of river Oleška-Miedzianka on the Czech - Polish Republics boarder occurred heavy rains amounting almost 300 mm in two days, what is about 25% of the mean annual precipitation at the watershed . In consequence the swollen river flooded a coal pit at the Polish side and damaged houses, bridges and roads at both sides of the boarder. AQUATEST performs hydrologic surveys and in collaboration with Polish partners monitors groundwater system in the river basin and provides data and evaluations for the design of preventive measures decreasing economic impacts of climatic extremes in the future.



Miedzianka flooding Turów coal pit in August 2010, Photo KWB Turów



Oleška 2010 flood destroyed part of the Czech village Víska , Photo A.Pacl

In the current period of Earth history which is characterized by frequent climatic variations and growing impact of human activities on natural processes the groundwater remains the most reliable source of drinking water supply. AQUATEST develops on its hydrogeology specialists expertise and on extensive data archives and helps its clients to govern their groundwater supply systems at the level of the challenges posed by the new threats. In the hydrogeology services company integrates scientific knowledge and modern tools of groundwater resources handling, like e.g. hydraulic modeling, chemicals transport in aquifer simulation, geophysical well-logging, etc. Company hydrogeology expertise is provided not only in the Czech Republic but also to the developing countries in the frame of the Czech Development Agency program



Slapy – geophysical survey, Photo M. Procházka

All company water projects are supported by in-house environmental laboratory performing large scale of analyses accredited in accordance to the international standards. AQUATEST every year upgrades the laboratory equipment and constantly develops analytical methods. In 2010 for the needs of the long-term contract with Czech Hydrometeorologic Institute "Operational Groundwater Monitoring" additional new methods were accredited for complex-forming compounds and phthalates detection on GS/MS equipment and for detection of chlor-alkans C10 on GC/MS with negative ionization. Also analyses to detect TOC in solid matter on the newly acquired TOC analyzer and measurements of landfill gases by field device Ecoprobe were accredited this year by the Czech Accreditation Institute.

