# ANNUAL REPORT

**beginning of financial year:** 01.01.2011
**end of the financial year:** 31.12.2011

**business name:** Hydroscand Aktsiaselts

**register code:** 10669454

**street, building, :** Peterburi tee 83B
**town:** Tallinn
**county:** Harju maakond
**postal code:** 11415

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# Management report

The economic activity of Hydroscand AS in 2011 was stable.
In 2011 the net sales increased ca 23% in comparison to the year 2010. The net sales reached ca 11 million EUR (last year ca 9 million EUR), whereof ca 65% was formed by the sales of goods and services in Estonia (last year was 67%). Articles were sold to Russia for 1.7 million EUR (last year 1.3 million EUR).
During the financial year 2011 Hydroscand AS had no transaction risks with currency exchange, interest rates or stock exchange rates.
The total of 1.2 million EUR was calculated as salaries during the reporting period (last year 1 million EUR), whereof the salary of the Manager and Management Board, was 200 thousand EUR (last year 140 thousand EUR) in total.
The avarage number of employees during the reporting period was 40 (last year 37).
The Supervisory Board has three members. No remuneration was paid to the Members of the Administrative and Supervisory Board in 2011.
The annual report of Hydroscand AS is not consolidated. The unconsolidated reports will be given to the parent company Hydroscand AS in Sweden.
The principal objectives of Hydroscand AS in the year 2012 are: stability, quality of service and competitiveness.

The following table describes the main financial ratios:

| | 2011 | 2010 |
|---|---|---|
| Growth of sales % (sales revenue 2011-sales revenue 2010)/sales revenue 2010*100 | 22,6 | 51,2 |
| Growth of profit % (net profit 2011-net profit 2010)/net profit 2010*100 | 105,4 | 68,7 |
| Current rate of net profit margin % (net profit 2011/sales revenue 2011)*100 | 13,6 | 8,1 |
| Rate of short term liabilities (terms) (current assets/short term liabilities) | 3,7 | 4,2 |
| ROA % (net profit/total assets)*100 | 24,6 | 16,7 |
| ROE % (net profit/owners equity)*100 | 32,7 | 21,4 |

# The annual accounts

## Statement of financial position

(In Euros)

| | 31.12.2011 | 31.12.2010 | Note |
|---|---|---|---|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 240 741 | 557 678 | |
| Receivables and prepayments | 881 317 | 662 453 | 2 |
| Inventories | 4 464 846 | 2 735 153 | 8 |
| **Total current assets** | **5 586 904** | **3 955 284** | |
| Non-current assets | | | |
| Financial investments | 209 046 | 209 046 | 4 |
| Property, plant and equipment | 238 076 | 164 229 | 9 |
| Intangible assests | 1 134 | 1 139 | 10 |
| **Total non-current assets** | **448 256** | **374 414** | |
| **Total assets** | **6 035 160** | **4 329 698** | |
| Liabilities and equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Payables and prepayments | 1 496 356 | 952 553 | 12 |
| **Total current liabilities** | **1 496 356** | **952 553** | |
| **Total liabilities** | **1 496 356** | **952 553** | |
| Equity | | | |
| Issued capital | 100 000 | 100 000 | 13 |
| Statutory reserv capital | 19 173 | 19 173 | |
| Retained earnings (loss) | 2 933 699 | 2 534 668 | |
| Annual period profit (loss) | 1 485 932 | 723 304 | |
| **Total equity** | **4 538 804** | **3 377 145** | |
| **Total liabilities and equity** | **6 035 160** | **4 329 698** | |

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# Income statement
(In Euros)

| | 2011 | 2010 | Note |
|---|---|---|---|
| Revenue | 10 897 289 | 8 891 729 | 14 |
| Other income | 20 973 | 8 487 | |
| Raw materials and consumables used | -7 324 117 | -6 257 536 | 15 |
| Other operating expense | -727 250 | -734 053 | 16 |
| Employee expense | -1 188 575 | -944 872 | 17 |
| Depreciation and impairment loss (reversal) | -92 482 | -92 329 | 9;10 |
| Other expense | -25 937 | -68 270 | |
| **Profit (loss)** | **1 559 901** | **803 156** | |
| Financial income and expense | 10 239 | 676 | 18 |
| **Profit (loss) before tax** | **1 570 140** | **803 832** | |
| Income tax expense | -84 208 | -80 529 | 13 |
| **Annual period profit (loss)** | **1 485 932** | **723 303** | |

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# Statement of cash flows

(In Euros)

| | 2011 | 2010 | Note |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit (loss) | 1 559 901 | 803 156 | |
| **Adjustments** | | | |
| Depreciation and impairment loss (reversal) | 92 482 | 92 329 | 9;10 |
| Profit (loss) from sale of non-current assets | 8 800 | 2 418 | |
| **Total adjustments** | **101 282** | **94 747** | |
| Changes in receivables and prepayments related to operating activities | -151 390 | -157 952 | |
| Changes in inventories | -1 729 693 | -207 552 | |
| Changes in payables and prepayments related to operating activities | 543 803 | 284 907 | |
| Intrest received | 813 | 3 181 | |
| Intrest paid | -57 | -1 916 | |
| Income tax refund (paid) | -84 208 | -80 529 | 13 |
| **Total cash flows from operating activities** | **240 451** | **738 042** | |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | -166 324 | -6 079 | 9;10 |
| Proceeds from sales of property, plant and equipment and intangible assets | 8 800 | 2 418 | 9 |
| Loans given | -66 400 | -320 | |
| Repayments of loans given | 1 400 | 1 150 | |
| Dividends received | 9 480 | 0 | 5;13 |
| **Total cash flows from investing activities** | **-213 044** | **-2 831** | |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayments of loans received | 0 | -75 233 | |
| Proceeds from overdraft | -18 081 | 471 | |
| Proceeds from finance lease | 0 | -22 156 | |
| Dividends paid | -326 263 | -302 941 | 13 |
| **Total cash flows from financing activities** | **-344 344** | **-399 859** | |
| **Total cash flows** | **-316 937** | **335 352** | |
| | | | |
| **Cash and cash equivalents at beginning of periood** | 557 678 | 222 326 | |
| **Change in cash and cash equivalents** | **-316 937** | **335 352** | |
| **Cash and cash equivalents at end of periood** | 240 741 | 557 678 | |

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# Statement of changes in equity
(In Euros)

| | | | | Total |
|---|---|---|---|---|
| | Issued capital | Statutory reserv capital | Retained earnings (loss) | |
| **31.12.2009** | 95 867 | 19 173 | 2 841 742 | 2 956 782 |
| Annual period profit (loss) | | | 723 304 | 723 304 |
| Dividends paid | | | -302 941 | -302 941 |
| Other changes in equity | 4 133 | | -4 133 | 0 |
| **31.12.2010** | 100 000 | 19 173 | 3 257 972 | 3 377 145 |
| Annual period profit (loss) | | | 1 485 932 | 1 485 932 |
| Dividends paid | | | -324 273 | -324 273 |
| **31.12.2011** | 100 000 | 19 173 | 4 419 631 | 4 538 804 |

Further information about changes of equity is in Annex 11.

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# Notes

## Note 1 Accounting policies

#### General information

The financial year is 12 months from January 1 till December 31.
The annual report of AS Hydroscand is completed in accordance with Estonian Generally Accepted Accounting Principles. Main requirements of Generally Accepted Accounting Principles are enacted in the Estonian Accounting Law, which is accompanied by the guidelines of Estonian Accounting Standards Board.
In these annual report statistics are indicated in euros.

#### Changes in accounting policies or presentation of information

In the 1st of January 2011 Estonia joined the Eurozone and Estonia kroons were replaced with euro. Since that date AS Hydroscand transfered all its accounting transactions into euro. Since 2011 and further the annual reports are presented in euro. In order to compare the accounting information, in annual report of 2011 all the figures are presented in euros including previous years, when the Estonian kroon was an operating currency. Transacting the accounting data before 2011 into euros the official exchange rate 1 euro=15,6466 kroons was used. In other terms the annual report 2011 follows the main principles of the previous annual reports.

#### Cash and cash equivalents

The cash and amounts of accounts in balance sheet are described in booking and cash flow report as cash and it's equivalents.

#### Foreign currency transactions and assets and liabilities denominated in a foreign currency

The operating currency of the company is euro (until 31st of December 2010 Estonian croons). All the other currencies are handled as foreign currencies. The daily currency exchange rates of the European Central Bank have been taken as a bases of currency exchange transactions (until the 31st of December 2010 the daily rates of the Bank of Estonia were used). The monetary assets and obligations fixed in foreign currency, are transfered into the operating currency according to the European Central Bank daily rates at the day of the balance sheet (until the 31st of December 2010 the daily rates of the Bank of Estonia were used). The profits and losses generated at the result of the currency exchange are indicated in Income Statement of the reporting period.

#### Shares of subsidiaries and associates

Subsidiaries are all entities controlled by another entity (parent company). Control is presumed to exist when the parent company owns, directly or indirectly through its subsidiaries, more than half of the voting rights of the subsidiary unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
The investments to the subsidiaries shall be accounted at first under the purchase method. In applying the purchase method, a holding acquired in another entity or business shall be accounted for at the cost of the initially acquired holding. Later the subsidiaries shall be accounted at the cost of acquistion (minus write-downs due to an impairment loss) method.
The unconsolidated dates will be given to the parent company Hydroscand AB situeted in Sweden.

#### Receivables and prepayments

Customer receivables have been reporter in the Annal report as proceeding from the amounts probably receivable. Customer receivables recognized as bad debts have been posted to the costs of the reporting periood and indicated in the annual report with minus.
Customer receivables which collecting has been deemed impossible or economically not justified have been considered as bad debts and written off he balance.
All ohter receivables (accrued revenue and prepared expenses, given loans and ohter) in balance sheet are described under actual receivables.

#### Inventories

Stock has been accounted in acquisition value, which consists of purchase price, other taxes not refundable and direct transportion costs related to the acquisition reducted by discounts and subsidies.
Stock has been recognized on the annual reports as proceeding from which is lower either the acquisition value or the realizable value.

#### Plant, property and equipment and intangible assets

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Assets with long term operability (exceeds one year) and acquisition value exceeding 639 euros have been accounted as fixed assets on the Balance. Assets which acquisition value is below 639 euros have been accounted as inventory of litte value (within stock) until taking into operation and posted 100% to costs. The straight line method is used for accounting depreciation. Depreciation rates are specified separately for each item of fixed assets proceeding from its useful operation time. Accounting of depreciation on newly acquired fixed assets is commenced from the month when taken into operation.

General depreciation rate is 20%.

Land is not a subject to depreciation.

Intangible fixed assets are depreciated by using the straight line depreciation method and proceeding from expected useful lifetime.

Annual depreciation rates for intangible fixed assets are 20%.

Foundation expenses are not a subject to capitalization.

Research and development expenses are posted to costs.

On the Balance tangible fixed assets are accounted in their residual value.

**Minimal acquisition cost** 639 euros

#### Leases

In Balance a financing lease is reported as asset and liabilities in the fair value of the leased asset or in present value of minimum lease payments, in case this is lower. The lease payments are divided into financial expenses (internest cost) and minimizing residual value of liabilities. Financial expenses are divided to leasing period taking into account that interest rate remains the same at any moment regarding to the residual value of liability. The assets leased by financial lease agreement are depreciated similarly with fixed assets, whereas the depreciation period is its useful life or period of current lease agreement, depends which is shorter.

The payment of operating lease during the lease term are accounted linearly as costs in income statement.

#### Financial liabilities

The liabilities which due date is more than one year have been accounted as long-term liabilities on the balance sheet and the remaining as current liabilities.

Materially fixable, known and potential liabilities have been accounted on the balance sheet. Potential liabilities not fixable materially have been accounted within a relevant note to annual report.

#### Taxation

Income tax from dividends is reported at the same period when dividends are announced despite of the period they are announced for or when they will be actually paid. According to the tax laws in Estonia the dividends from accumulated profit are taxed by 21/79 (until 31.12.2011 the tax rate was also 21/79) from net dividends.

#### Related parties

The related parties are parent company, daughter company, associated company, the companies incl. In the same consolidated group, the Management Board of Hydroscand Export OÜ and close relatives of and related companies of them.

#### Revenue recognition

Income receivables from sale of commodities is accounted when all essential risks related to the ownership have been assigned to the purchaser and the sale receipts as well as transaction costs may be determined on reliable basis. Income from sale of services is accounted upon providing thereof. Interest income is accounted by applying effective interest rate unless the receipt of internest is doubtful. In such cases internest receipts are accounted on cash basis.

#### Equity statutory reserv capital

Required reserves are formed from the annual net profit allocations up to 1/10 of the share capital. Required reserve could be used to cover losses, also to increase share capital. No disbursements to stockholders are allowed.

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## Note 2 Receivables and prepayments
(In Euros)

| | 31.12.2011 | 31.12.2010 | Note |
|---|---|---|---|
| Accounts receivable | 795 758 | 639 842 | |
| Accounts receivables | 797 630 | 640 248 | |
| Allowance for doubtful receivables | -1 872 | -406 | 16 |
| Other receivables | 65 472 | 468 | 7 |
| Loan receivables | 65 000 | 0 | |
| Interest receivables | 472 | 468 | |
| Prepayments | 20 087 | 22 143 | |
| **Total receivables and prepayments** | **881 317** | **662 453** | |

The greatest receivables are Hydroscand ZAO in amount of 91 687 EUR and Hydroscand UAB in amount 93 496 EUR.

## Note 3 Tax prepayments and liabilities
(In Euros)

| | 31.12.2011 | 31.12.2010 |
|---|---|---|
| | Tax liabilities | Tax liabilities |
| Value added tax | 72 078 | 50 951 |
| Personal income tax | 23 089 | 25 854 |
| Fringe benefit income tax | 1 474 | 533 |
| Social tax | 53 240 | 44 848 |
| Contributions to mandatory funded pension | 1 915 | 1 290 |
| Unemployment insurance tax | 5 629 | 5 509 |
| Other tax prepayments and liabilities | 74 | 70 |
| **Total tax prepayments and liabilities** | **157 499** | **129 055** |

## Note 4 Non-current financial investments
(In Euros)

| | 31.12.2011 | 31.12.2010 | Note |
|---|---|---|---|
| Shares of subsidiaries | 47 934 | 47 934 | 5 |
| Shares of associates | 161 112 | 161 112 | 6 |
| **Total non-current financial investments** | **209 046** | **209 046** | |

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# Note 5 Shares of subsidiaries
(In Euros)

| Shares of subsidiaries, general information | | | | | |
|---|---|---|---|---|---|
| Subsidiary's registry code | Name of subsidiary | Country of incorporation | Principal activity | Ownership interest (%) | |
| | | | | 31.12.2010 | 31.12.2011 |
| 10874088 | Hydroscand Service OÜ | Estonia | sale of products | 60 | 60 |

| Shares of subsidiaries, detaild information: | | | | | | |
|---|---|---|---|---|---|---|
| Name of subsidiary | 31.12.2010 | Acquisition | Disposal | Dividends | Other changes | 31.12.2011 |
| Hydroscand Service OÜ | 47 934 | 0 | 0 | 9 480 | -9 480 | 47 934 |
| Total | 47 934 | | | 9 480 | -9 480 | 47 934 |

# Note 6 Shares of associate
(In Euros)

| Shares of associates, general information: 2011 | | | | | |
|---|---|---|---|---|---|
| Associate's registry code | Name of associate | Country of incorporation | Principal activity | Ownership interest (%) | |
| | | | | 31.12.2010 | 31.12.2011 |
| 11315511 | Hydroscand Export OÜ | Estonia | export of products to Belarus | 20 | 20 |
| 100002844118 | Hydroscand UAB | Lithuania | sale of products | 20 | 20 |

| Shares of associates, detaild information | | |
|---|---|---|
| Name of associate | 31.12.2010 | 31.12.2011 |
| Hydroscand Export OÜ | 40 903 | 40 903 |
| Hydroscand UAB | 120 209 | 120 209 |
| Total | 161 112 | 161 112 |

# Note 7 Other receivables
(In Euros)

| | 31.12.2011 | Allocation by remaining maturity | | | Note |
|---|---|---|---|---|---|
| | | Within 12 months | 1 - 5 years | Over 5 years | |
| Loan receivables | 65 000 | 65 000 | | | 2 |
| Interest receivables | 472 | 472 | | | 2 |
| **Total other receivables** | **65 472** | **65 472** | | | |

| | 31.12.2010 | Allocation by remaining maturity | | | Note |
|---|---|---|---|---|---|
| | | Within 12 months | 1 - 5 years | Over 5 years | |
| Interest receivables | 468 | 468 | | | 2 |
| **Total other receivables** | **468** | **468** | | | |

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# Note 8 Inventories

(In Euros)

| | 31.12.2011 | 31.12.2010 |
|---|---|---|
| Merchandise | 4 464 846 | 2 735 153 |
| **Total Inventories** | **4 464 846** | **2 735 153** |

In inventories purchased goods for sales are in net prices including delivery costs. The value of inventories has been adjusted according to the results of the annual inventory. At 2010.12.31 the inventories were corrected by shortage in amount of -15 421 EUR (previous year -17 571 EUR).

Aged inventories' value have been decreased and handled as cost in amount of -96 739 EUR (last year -63 409 EUR).

Decrease of value of inventories provided during previous years have not been canceled this year.

Inventories of the company on the third parties of bailment are in balance value of 552 thousand EUR (last year 479 thousand EUR).

# Note 9 Property, plant and equipment

(In Euros)

| | Buildings | | | | Machinery and equipment | Other property, plant and equipment | Total |
|---|---|---|---|---|---|---|---|
| | | Transportation | Computers and computer systems | Other machinery and equipment | | | |
| **31.12.2009** | | | | | | | |
| Carried at cost | 29 408 | 33 681 | 33 555 | 387 962 | 455 198 | 340 123 | 824 729 |
| Accumulated depreciation | -23 836 | -15 753 | -27 763 | -273 313 | -316 829 | -228 738 | -569 403 |
| **Residual cost** | 5 572 | 17 928 | 5 792 | 114 649 | 138 369 | 111 385 | 255 326 |
| | | | | | | | |
| Acquisitions and additions | 0 | 0 | 1 033 | 4 325 | 5 358 | 722 | 6 080 |
| Depreciation | -2 016 | -6 723 | -2 605 | -43 367 | -52 695 | -36 146 | -90 857 |
| Other changes | 0 | 0 | -885 | 0 | -885 | -5 435 | -6 320 |
| | | | | | | | |
| **31.12.2010** | | | | | | | |
| Carried at cost | 29 408 | 33 681 | 29 225 | 389 526 | 452 432 | 314 135 | 795 975 |
| Accumulated depreciation | -25 852 | -22 476 | -25 890 | -313 919 | -362 285 | -243 609 | -631 746 |
| **Residual cost** | 3 556 | 11 205 | 3 335 | 75 607 | 90 147 | 70 526 | 164 229 |
| | | | | | | | |
| Acquisitions and additions | 0 | 66 151 | 763 | 64 496 | 131 410 | 34 152 | 165 562 |
| Depreciation | -3 176 | -13 854 | -4 620 | -37 469 | -55 943 | -32 588 | -91 707 |
| | | | | | | | |
| **31.12.2011** | | | | | | | |
| Carried at cost | 29 408 | 99 832 | 23 375 | 432 647 | 555 854 | 341 506 | 926 768 |
| Accumulated depreciation | -29 028 | -36 330 | -21 270 | -332 648 | -390 248 | -269 416 | -688 692 |
| **Residual cost** | 380 | 63 502 | 2 105 | 99 999 | 165 606 | 72 090 | 238 076 |

**Disposed property, plant and equipment at selling price**

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| | 2011 | 2010 |
|---|---|---|
| Machinery and equipment | 8 800 | 2 418 |
| Other machinery and equipment | 8 800 | 2 418 |
| **Total** | **8 800** | **2 418** |

# Note 10 Intangible assets

(In Euros)

| | Computer software | Total |
|---|---|---|
| **31.12.2009** | | |
| Carried at cost | 41 022 | 41 022 |
| Accumulated depreciation | -38 836 | -38 836 |
| **Residual cost** | 2 186 | 2 186 |
| | | |
| Depreciation | -1 047 | -1 047 |
| | | |
| **31.12.2010** | | |
| Carried at cost | 41 022 | 41 022 |
| Accumulated depreciation | -39 883 | -39 883 |
| **Residual cost** | 1 139 | 1 139 |
| | | |
| Acquisitions and additions | 762 | 762 |
| Depreciation | -767 | -767 |
| | | |
| **31.12.2011** | | |
| Carried at cost | 41 784 | 41 784 |
| Accumulated depreciation | -40 650 | -40 650 |
| **Residual cost** | 1 134 | 1 134 |

# Note 11 Operating lease

(In Euros)

**Accounting entity as lessee**

| | 2011 | 2010 |
|---|---|---|
| Operating lease expenses | 156 258 | 156 258 |
| Future lease expense under non-cancellable lease contracts | | |
| | **31.12.2011** | **31.12.2010** |
| Within 12 months | 156 258 | 156 258 |
| 1 - 5 years | 781 290 | 0 |

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The company leases two cars.

## Note 12 Payables and prepayments

(In Euros)

| | 31.12.2011 | 31.12.2010 | Note |
|---|---|---|---|
| Trade payables | 1 245 012 | 798 675 | |
| Employee payables | 92 335 | 24 807 | |
| Tax payables | 157 499 | 129 055 | 3 |
| Prepayments received | 1 510 | 0 | |
| **Total payables and prepayments** | **1 496 356** | **952 537** | |

The greatest payables are to Semperit Tecnise Produkte in amount 148 402 EUR and to Tieffe SPA in amount of 192 668 EUR.

## Note 13 Share capital

(In Euros)

| | 31.12.2011 | 31.12.2010 |
|---|---|---|
| Share capital | 100 000 | 100 000 |
| Number of shares (pcs) | 1 000 | 1 000 |
| Nominal value of shares | 100 | 100 |

Hydroscand AS earned dividends in amount of 9 480 € from daughter company.

Dividends were announced in amount of 324273 EUR and paid in 2011 in amount of 326 263 EUR (last year 302 941 EUR). By 2011.12.31 it is possible to pay owners dividends in amount of 3 491 508 EUR (last year 2 573 798 EUR).

Total profit distributable by 2011.12.31 is 4 419 631 EUR (previous year 3 257 972 EUR).

Paying dividends also requires income tax (tax rate is 21/79) in the amount 928 123 EUR (last year 684 174 EUR).

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## Note 14 Net sales

(In Euros)

| | 2011 | 2010 |
|---|---|---|
| Net sales by geographical location | | |
| Net sales in European Union | | |
| Estonia | 7 072 034 | 5 928 349 |
| Latvia | 476 301 | 443 647 |
| Lithuania | 308 959 | 194 725 |
| United Kingdom | 1 615 | 0 |
| Sweden | 73 131 | 0 |
| Finland | 21 287 | 88 757 |
| Denmark | 19 417 | 83 964 |
| France | 3 139 | 0 |
| Belgium | 22 845 | 0 |
| **Total net sales in European Union** | **7 998 728** | **6 739 442** |
| Net sales outside of European Union | | |
| Kazakhstan | 793 824 | 608 791 |
| Norway | 66 325 | 10 794 |
| Ukraine | 338 983 | 204 169 |
| Russian Federation | 1 699 429 | 1 328 533 |
| **Total net sales outside of European Union** | **2 898 561** | **2 152 287** |
| **Total net sales** | **10 897 289** | **8 891 729** |
| Net sales by operating activities | | |
| commodities purchased for sale | 10 784 355 | 8 788 103 |
| Services | 112 934 | 103 626 |
| **Total net sales** | **10 897 289** | **8 891 729** |

## Note 15 Goods, raw materials and services

(In Euros)

| | 2011 | 2010 |
|---|---|---|
| Inventory write-off | 15 421 | 17 571 |
| Goods purchased for resale | 6 253 306 | 5 453 431 |
| Transportation expense | 344 383 | 223 338 |
| commissions | 711 007 | 563 196 |
| **Total goods, raw materials and services** | **7 324 117** | **6 257 536** |

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# Note 16 Miscellaneous operating expenses
(In Euros)

| | 2011 | 2010 | Note |
|---|---|---|---|
| Leases | 323 799 | 313 002 | |
| Energy | 50 287 | 49 134 | |
| Electricity | 18 204 | 19 246 | |
| Heat energy | 19 431 | 19 707 | |
| Fuel | 12 652 | 10 181 | |
| Miscellaneous office expenses | 18 743 | 66 189 | |
| Travel expense | 14 822 | 9 558 | |
| Training expense | 7 046 | 2 107 | |
| Allowance for doubtful receivables | 1 872 | 406 | 2 |
| Other | 310 681 | 293 657 | |
| **Total miscellaneous operating expenses** | **727 250** | **734 053** | |

# Note 17 Labor expense
(In Euros)

| | 2011 | 2010 |
|---|---|---|
| Wage and salary expense | 826 663 | 703 117 |
| Social security taxes | 361 912 | 241 755 |
| **Total labor expense** | **1 188 575** | **944 872** |
| **Average number of employees in full time equivalent units** | 40 | 37 |

# Note 18 Financial income and expense
(In Euros)

| | 2011 | 2010 | Note |
|---|---|---|---|
| Interest income | 1 285 | 3 181 | |
| Interest expense | -57 | -2 378 | |
| Other financial income and expense | -469 | -127 | |
| Earned dividends | 9 480 | 0 | 5 |
| **Total financial income and expense** | **10 239** | **676** | |

# Note 19 Related parties
(In Euros)

**Related party balances according to groups**

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| | 31.12.2011 | | 31.12.2010 | |
|---|---|---|---|---|
| | Receivables | Liabilities | Receivables | Liabilities |
| Parent company | 25 396 | 68 334 | 12 051 | 61 490 |
| Subsidiary | 833 | 0 | 528 | 0 |
| Associate | 106 530 | 0 | 69 524 | 504 |
| Other entities belonging into same consolidation group | 138 902 | 2 198 | 2 400 | 1 433 |
| Management and higher supervisory body and individuals with material ownership interest | 0 | 0 | 0 | 4 123 |

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Purchases | Sales | Purchases | Sales |
| Parent company | 923 238 | 73 132 | 870 985 | 74 829 |
| Subsidiary | 30 491 | 30 373 | 45 986 | 11 596 |
| Associate | 4 200 | 441 078 | 8 147 | 791 036 |
| Other entities belonging into same consolidation group | 138 982 | 2 260 613 | 94 565 | 78 258 |

No remuneration was paid to the Members of the Administrative and Supervisory Board in 2011.

The total of 200 thousand EUR was calculated as salaries of Manager and Management Board during the reporting period (last year 140 thousand EUR).

Allkirjastatud identifitseerimiseks
Initialled for identification purposes only
15.03.12

Villems & Partnerid OÜ

## Signatures of the Management Board to Annual Report 2011

AS Hydroscand 2011a. majandusaasta aruande, mis on kinnitatud osanike üldkoosoleku poolt otsusega, allkirjastamine:

.................................................

/signature and date/

Chairman of the Management Board

Kalle Solba

.................................................

/signature and date/

Member of the Management Board

Hans Holmström

.................................................

/signature and date/

Member of the Management Board

Priit Rosenberg

.................................................

/signatuure and date/

Member of Management Board

Raivo Tiisker

.................................................

/signature and date/

Member of the Management Board

Tom Akerlund

# SÕLTUMATU VANDEAUDIITORI ARUANNE

## AS HYDROSCAND AKTSIONÄRIDELE

Oleme auditeerinud kaasnevat aktsiaseltsi Hydroscand raamatupidamise aastaaruannet, mis sisaldab bilanssi seisuga 31.12.2011, kasumiaruannet, omakapitali muutuste aruannet ja rahavoogude aruannet eeltoodud kuupäeval lõppenud majandusaasta kohta, aastaaruande koostamisel kasutatud oluliste arvestuspõhimõtete kokkuvõtet ning muid selgitavaid lisasid. Auditeeritud raamatupidamise aastaaruanne, mis on toodud lehekülgedel 4 kuni 18, on kaasatud käesolevale aruandele.

**Juhtkonna kohustus raamatupidamisaruannete osas**

Juhatus vastutab raamatupidamise aastaaruande koostamise ja õiglase esitamise eest kooskõlas Eesti raamatupidamise seaduse ja Raamatupidamise Toimkonna juhenditega ning sellise sisekontrollisüsteemi kujundamise, kehtestamise ja haldamise eest, mida juhtkond peab vajalikuks, et võimaldada kas pettusest või veast tulenevate oluliste väärkajastamisteta raamatupidamise aastaaruande koostamist ja õiglast esitamist. Juhatuse kohustuseks on ka asjakohaste arvestuspõhimõtete valimine ja rakendamine ning põhjendatud raamatupidamislike hinnangute andmine.

**Vandeaudiitori kohustus**

Meie kohustuseks on avaldada auditi põhjal arvamust selle raamatupidamise aastaaruande kohta. Viisime oma auditi läbi kooskõlas rahvusvaheliste auditeerimisstandarditega (Eesti). Nende standardite kohaselt on nõutav, et oleme kooskõlas eetikanõuetega ning planeerime ja viime auditi läbi omandamaks põhjendatud kindlustunnet, et raamatupidamise aastaaruanne ei sisalda olulisi väärkajastamisi.

Audit hõlmab raamatupidamise aastaaruandes esitatud arvnäitajate ja avalikustatud informatsiooni kohta auditi tõendusmaterjali kogumiseks vajalike protseduuride läbiviimist. Nende protseduuride hulk ja sisu sõltuvad vandeaudiitori otsustustest, sealhulgas hinnangust riskidele, et raamatupidamise aastaaruanne võib sisaldada pettustest või vigadest tulenevaid olulisi väärkajastamisi. Asjakohaste auditi protseduuride kavandamiseks võtab vandeaudiitor nende riskihinnangute tegemisel arvesse raamatupidamise aastaaruande koostamiseks ning õigeks ja õiglaseks esitamiseks juurutatud sisekontrollisüsteemi, kuid mitte selleks, et avaldada arvamust sisekontrolli tulemuslikkuse kohta. Audit hõlmab ka juhtkonna poolt kasutatud arvestuspõhimõtete asjakohasuse, juhtkonna poolt antud raamatupidamislike hinnangute põhjendatuse ja raamatupidamise aastaaruande üldise esitusviisi hindamist.

Usume, et auditi tõendusmaterjal, mille oleme hankinud, on piisav ja asjakohane meie arvamuse avaldamiseks.

**Arvamus**

Meie arvates kajastab kaasatud raamatupidamise aastaaruanne kõigis olulistes osades õiglaselt aktsiaseltsi Hydroscand finantsseisundit seisuga 31.12.2011 ning sellel kuupäeval lõppenud majandusaasta finantstulemust ja rahavoogusid kooskõlas Eesti raamatupidamise seaduse ja Raamatupidamise Toimkonna juhenditega.

Tallinnas, 15. märtsil 2012.a.

Toomas Villems
Vandeaudiitor
Vandeaudiitori number 74

Villems & Partnerid OÜ
Äriregistri kood 11417826
Tegevusluba 80

Pärnu mnt 463
10916 Tallinn

Tel +372 601 0994
Fax +372 601 0449
audit@villems.ee

# Aruande elektroonilised kinnitused

**Hydroscand Aktsiaselts (registrikood: 10669454) 01.01.2011 - 31.12.2011 majandusaasta aruande andmete õigsust on elektrooniliselt kinnitanud:**

| Kinnitaja nimi | Kinnitaja roll | Kinnituse andmise aeg |
|---|---|---|
| Liivi Läheb | Sisestaja | 27.06.2012 |
| Resolutsioon: | Liivi Läheb | |

# Kasumi jaotamise ettepanek
(eurodes)

| | 31.12.2011 |
|---|---|
| Eelmiste perioodide jaotamata kasum (kahjum) | 2 933 699 |
| Aruandeaasta kasum (kahjum) | 1 485 932 |
| **Kokku** | **4 419 631** |
| Jaotamine | |
| Eelmiste perioodide jaotamata kasum (kahjum) peale jaotamist (katmist) | 2 933 699 |
| **Kokku** | **2 933 699** |

## Müügitulu jaotus tegevusalade lõikes

| Tegevusala | EMTAK kood | Müügitulu (EUR) | Müügitulu % | Põhitegevusala |
|---|---|---|---|---|
| **Mujal liigitamata kaupade jaemüük** | **47789** | **10897289** | **100.00%** | **Jah** |

## Sidevahendid

| Liik | Sisu |
|---|---|
| **Telefon** | **+372 6831150** |
| **E-posti aadress** | **info@hydroscand.ee** |
| **Veebilehe aadress** | **www.hydroscand.com** |