



Nadace THE KELLNER FAMILY FOUNDATION

Annual Report 2012

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Bodies of Nadace THE KELLNER FAMILY FOUNDATION

Board of Trustees as of December 31, 2012

Mrs. Renáta Kellnerová, Chair

Mr. Petr Kellner, Trustee

Mr. Jan Leiner, Trustee

Supervisory Board as of December 31, 2012

Mrs. Karina Divišová, Chair

Mr. Richard Sedláčko, Member

Mr. Tomáš Vališ, Member

Founders

Mrs. Renáta Kellnerová

Mr. Petr Kellner

Key Information about the Foundation

Date of establishment

April 7, 2009, by the Nadace THE KELLNER FAMILY FOUNDATION Deed of Foundation

Form

A foundation

Date of inception

May 25, 2009, Register of Foundations maintained
by the Municipal Court in Prague, Section N, File 746

Endowment as of December 31, 2012

CZK 1,000,000

Registered office

Nadace THE KELLNER FAMILY FOUNDATION,
Evropská 2690/17, 160 41 Praha 6 - Dejvice
Czech Republic
E-mail: info@kellnerfoundation.cz
Web: www.kellnerfoundation.cz
Tel.: (+420) 224 174 423

Reg. No.: 28902254

Tax Reg. No.: CZ28902254

Auditor

KPMG Česká republika Audit, s.r.o.

Bank

PPF banka a.s., Evropská 2690/17, Praha 6, Czech Republic
Account number: 2012010002/6000

THE KELLNER FAMILY FOUNDATION'S Projects

THE KELLNER FAMILY FOUNDATION is a privately-held family foundation established by Mrs. Renáta Kellnerová and Mr. Petr Kellner in 2009 with the particular aim of promoting long-term educational projects intended for elementary school students and their teachers, secondary and tertiary school students, as well as postgraduates.

Three of the Foundation's projects were pivotal in 2012: a long-term project of scholarships for Open Gate students; the Universities project, which helps Czech students to enrich, enhance, and expand their knowledge and skills at some of the most prestigious universities in the Czech Republic and worldwide; and the Helping Schools Succeed project, which is geared towards improving teaching standards at public elementary schools.

In the second half of 2012, the Foundation prepared the launch of the Science project in support of promising scientists.

Since its inception, the Foundation has spent a vast amount of funds to help hundreds of children and young people, whose access to education would otherwise have been difficult. It has also expanded its support to include Czech scientists and their teams, and has also assisted in the efforts to revive philanthropic traditions and cultural heritage in the Czech Republic.

The Foundation's projects in 2012

Open Gate

The Open Gate eight-year grammar school, located at Babice near Prague, is operated by a limited liability company called OPEN GATE – gymnázium a základní škola, s.r.o. [OPEN GATE – Grammar School and Elementary School, LLC]. As the school's name itself indicates, Open Gate is a school open to any student willing to make a sufficient effort to reach their full potential, regardless of the environment in which they were brought up.

Open Gate's objective is to help academically gifted children and young people to experience studies at this school as a dream come true. The Foundation actively approaches (using various ways and means), for example, children's homes, and single-parent families and families from underprivileged social backgrounds and other environments that are not inclined favorably towards education.

The Foundation provides need-based scholarships to students to pay for tuition fees at Open Gate, either the full amount or a part thereof depending on the financial circumstances of the student's family.

To qualify for a scholarship students need to pass the Open Gate admissions procedure and provide evidence of need. Claims of need are reviewed by the Foundation's Board of Trustees on a basis of documents showing proof of the family's financial circumstances.

In 2012, THE KELLNER FAMILY FOUNDATION spent CZK 39 million on need-based scholarships for Open Gate students.

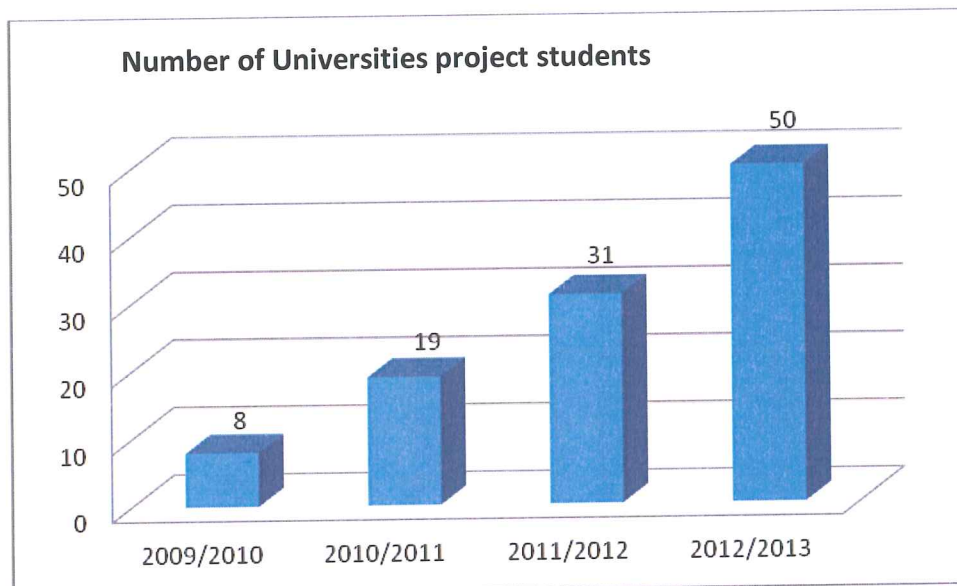
Universities

As part of this project, the Foundation also sponsors students at Czech and foreign colleges and universities. Czech students enrolled at universities in the United Kingdom (e.g., University of Oxford and University of Cambridge), the United States (e.g., Yale University and Columbia University), the Czech Republic (e.g., Charles University), Italy, Germany, and France, and even Hong Kong, are included in the project.

In addition to providing proof that they are in need of such support, applicants for Universities scholarships must also demonstrate that their academic histories reflect their ambition to study at the

university of their choice and that they will be able to cope well during their difficult studies in different cultures far away from their homes.

The Foundation selected as many as 50 students for this project for the 2012/2013 academic year. In 2012, it donated CZK 9 million to the Universities project.



Helping Schools Succeed

Good education always rests on at least two pillars: students who are eager to succeed, and their teachers. This is why the Foundation has decided to extend the range of its educational projects to include support for teachers and principals of public elementary schools. The Foundation is proactively choosing elementary schools in each of the country's administrative regions. In schools that join the project, the Foundation educates and financially incentivizes the teachers, introduces them to new, modern teaching methods, and paves the way for the school to enlist the help of teaching assistants and project consultants in class. Under this project, the Foundation supports the development of materials that help identifying progress in learning, Diagnostic Maps, which so far have been developed for reading and mathematics, as well as the creation of video textbooks, which serve as guides for the teachers.

In 2010, the project was kicked off at two pilot schools: the Mendel Elementary School in Karviná (northern Moravia) and the Kunratice Elementary School in Prague. In September 2012, two additional schools joined – elementary schools in Horka nad Moravou (Olomouc Region, Moravia) and in Zdice (Central Bohemian Region). The Foundation plans as many as 14 schools to join the project by 2020, which will then form a network of public elementary schools enjoying support to enhance the quality of teaching.

In 2012, the schools involved in the project received the following support and assistance: project consultants, teaching assistants, and co-teachers, seminars and training in teaching skills for teachers, an experience sharing scheme, the introduction of in-house mentors, and support for the system of remuneration for teachers.

In 2012, the Foundation provided CZK 27 million to the Helping Schools Succeed project.

Additional projects operated by the Foundation in 2012

- The Foundation was a partner of the 15th Via Bona Awards that recognize individuals and companies for their philanthropic efforts in the Czech Republic every year. It also initiated the establishment of a new category – the Award for School Philanthropy.
- In 2012, the Foundation was the General Partner of the 5th Logics Olympiad, a series of events organized by Mensa Czech Republic for bright youngsters.

- For the seventh time, the Foundation was the General Partner of Model United Nations held as part of the 17th Prague Student Summit.
- The Foundation contributed funds to the Duha civic association, which publishes the *Zámeček* [*Little Chateau*] magazine.
- The Foundation provided a grant to The Friends of Ledro Society for a touring exhibition of historical documents on the exodus of Italians from the Trento area to what today is the Czech Republic from 1915 to 1918.

In 2012, THE KELLNER FAMILY FOUNDATION also granted contributions to a number of other institutions and individuals for educational, cultural, and healthcare projects.

Gifts Received and Grants Awarded

Gifts received in 2012

Donor	in CZK thousands
EP Energy a.s.	4,000
EN ENERGY TRADING a.s.	3,000
Home Credit a.s.	78,700
Home Credit International a.s.	1,500
Plzeňská energetika a.s.	3,000
PPF banka a.s.	39,000
Total	129,200

The above overview was published in accordance with Section 25(2)(b) of the Foundations Act

Grants awarded in 2012

Beneficiary	in CZK thousands
Students, through OPEN GATE – gymnázium a základní škola, s.r.o.	39,081
OPEN GATE – gymnázium a základní škola, s.r.o., school fee refund	-422
Grants to students at foreign universities	9,222
Pomáháme školám k úspěchu o.p.s.	26,533
VIA Foundation	350
Thomayer Hospital	500
Other	1,087
Total	76,351

The above overview was published in accordance with Section 25(2)(d) of the Foundations Act

Finances

**Auditor's Report for the Nadace THE KELLNER FAMILY
FOUNDATION Board of Trustees**



KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika

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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Auditor's Report for the Nadace THE KELLNER FAMILY FOUNDATION Board of Trustees

Financial statements

On the basis of our audit, on 9th May 2013 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Nadace THE KELLNER FAMILY FOUNDATION, which comprise the balance sheet as of 31 December 2012, and the income statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The board of trustees of Nadace THE KELLNER FAMILY FOUNDATION is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditor's 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, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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 audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Nadace THE KELLNER FAMILY FOUNDATION as of 31 December 2012, and of its financial performance for the year then ended in accordance with Czech accounting legislation.”

Annual report

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Company’s statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.

In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague
10th May 2013

KPMG Česká republika Audit
KPMG Česká republika Audit, s.r.o.
Licence number 71

Benešová
Romana Benešová
Partner
Licence number 1834

Financial Statements as of December 31, 2012

BALANCE SHEET

full length
as of December 31, 2012
(in CZK thousands)

Prepared under
Regulation No. 504/2002
as amended


Name and registered office of
the accounting unit
Nadace THE KELLNER FAMILY
FOUNDATION
Evropská 2690/17
Praha 6
160 41

Year	Month	Reg. No.
2012	12	28902254

Ref.	Description	Row No.	Closing balance at Dec 31, 2012	Opening balance at Jan 1, 2012
a	b	c	1	2
	ASSETS	001	166,367	114,141
A.	Fixed assets	002	1,369	1,633
A. I.	Intangible fixed assets	003	1,622	1,534
A. I. 1.	Research and development	004	0	0
	3. Software	005	353	265
	4. Valuable rights	006	388	388
	5. Low value intangible fixed assets	007	0	0
	6. Other intangible fixed assets	008	881	881
	7. Intangible fixed assets in progress	009	0	0
	8. Advance payments for intangible fixed assets	010	0	0
A. II.	Tangible fixed assets	011	229	266
A. II. 1.	Land	012	0	0
	2. Works of art, items and collections	013	0	0
	3. Buildings	014	0	0
	4. Individual movable assets and sets of movable assets	015	229	266
	5. Cultivated areas	016	0	0
	6. Breeding and draft animals	017	0	0
	7. Low value tangible fixed assets	018	0	0
	8. Other tangible fixed assets	019	0	0
	9. Tangible fixed assets in progress	020	0	0
	10. Advance payments for tangible fixed assets	021	0	0
A. III.	Long-term investments	022	495	495
A. III. 1.	Equity investments in subsidiaries	023	0	0
	2. Equity investments in associates	024	0	0
	3. Long-term securities held to maturity	025	0	0
	4. Loans to branches	026	0	0
	5. Other long-term loans	027	495	495
	6. Other long-term investments	028	0	0
	7. Long-term investments in progress	029	0	0
A. IV.	Accumulated depreciation and amortization	030	977	662
A. IV. 1.	Accumulated amortization of research and development	031	0	0
	2. Accumulated amortization of software	032	223	111
	3. Accumulated amortization of valuable rights	033	200	135
	4. Accumulated amortization of low value intangible assets	034	0	0
	5. Accumulated amortization of other intangible fixed assets	035	404	257
	6. Accumulated depreciation of buildings	036	0	0
	7. Accumulated depreciation of individual movable assets and sets of movable assets	037	150	159
	8. Accumulated depreciation of cultivated areas	038	0	0
	9. Accumulated depreciation of breeding and draft animals	039	0	0
	10. Accumulated depreciation of low value tangible fixed assets	040	0	0
	11. Accumulated depreciation of other tangible fixed assets	041	0	0

Ref.	Description	Row No.	Closing balance at Dec 31, 2012	Opening balance at Jan 1, 2012
a	b	c	1	2
B.	Current assets	042	164,998	112,508
B. I.	Inventories	043	17	0
B. I. 1.	Material in stock	044	0	0
	2. Material in transit	045	0	0
	3. Work in progress	046	0	0
	4. Internally developed semi-finished products	047	0	0
	5. Finished goods	048	0	0
	6. Animals	049	0	0
	7. Goods on stock and in stores	050	17	0
	8. Goods in transit	051	0	0
	9. Advance payments for inventories	052	0	0
B. II.	Receivables	053	435	457
B. II. 1.	Customers	054	147	147
	2. Bills of exchange to be paid	055	0	0
	3. Receivables from securities issued	056	0	0
	4. Operating advances paid	057	250	250
	5. Other receivables	058	0	0
	6. Receivables from employees	059	0	3
	7. Receivables from social security authorities and public health insurance	060	0	0
	8. Income tax	061	0	49
	9. Other direct taxes	062	0	0
	10. Value added tax	063	0	0
	11. Other taxes and charges	064	0	0
	12. Entitlements to subsidies and other settlements with the national budget	065	0	0
	13. Entitlements to subsidies and other settlements with budgets of regional authorities	066	0	0
	14. Receivables from association members	067	0	0
	15. Receivables from fixed-term transactions	068	0	0
	16. Receivables from bonds issued	069	0	0
	17. Other receivables	070	38	8
	18. Estimated receivables	071	0	0
	19. Provision for receivables	072	0	0
B. III.	Short-term financial assets	073	164,517	111,953
B. III. 1.	Cash on hand	074	51	53
	2. Cash equivalents	075	0	0
	3. Cash in banks	076	133,406	60,655
	4. Equity securities for trading	077	0	0
	5. Debt securities for trading	078	0	0
	6. Other securities	079	31,060	51,245
	7. Short-term investments in progress	080	0	0
	8. Cash in transit	081	0	0
B. IV.	Total other assets	082	29	98
B. IV. 1.	Prepaid expenses	083	27	97
	2. Accrued revenues	084	0	1
	3. Foreign exchange rate gains	085	2	0
	Control number	998		

Ref.	Description	Row No.	Closing balance at Dec 31, 2012	Opening balance at Jan 1, 2012
a	b	c	1	2
	LIABILITIES	086	166,367	114,141
A.	Foundation's total holdings	087	165,902	113,772
A. I.	Net holdings	088	160,932	108,802
A. I. 1.	Endowment	089	1,000	1,000
	2. Funds	090	160,452	107,725
	3. Valuation difference on the revaluation of assets and liabilities	091	- 520	77
A. II.	Profit (loss)	092	4,970	4,970
A. II. 1.	Profit (loss) account	093	0	0
	2. Profit (loss) to be approved	094	0	0
	3. Retained earnings, accumulated losses	095	4,970	4,970
		096	465	369
B.	Liabilities	097	0	83
B. I.	Provisions	098	0	0
B. II.	Long-term liabilities	099	0	0
B. II. 1.	Long-term bank loans	100	0	0
	2. Bonds issued	101	0	0
	3. Leasing payables	102	0	0
	4. Long-term advances received	103	0	0
	5. Long-term bills of exchange payable	104	0	0
	6. Estimated payables	105	0	0
	7. Other long-term payables	105	0	0
B. III.	Short-term liabilities	106	465	286
B. III. 1.	Suppliers	107	191	139
	2. Bills of exchange payable	108	0	0
	3. Advances received	109	0	0
	4. Other payables	110	0	0
	5. Employees	111	45	37
	6. Other payables to employees	112	0	0
	7. Payables to social security authorities and public health insurance	113	29	24
	8. Income tax	114	189	0
	9. Other direct taxes	115	9	7
	10. Value added tax	116	0	0
	11. Other taxes and charges	117	0	0
	12. Liabilities to the national budget	118	0	0
	13. Liabilities to budgets of regional authorities	119	0	0
	14. Liabilities from subscribed outstanding securities and investments	120	0	0
	15. Payables to association members	121	0	0
	16. Payables arising from fixed-term transactions and options	122	0	77
	17. Other payables	123	2	2
	18. Short-term bank loans	124	0	0
	19. Discount loans	125	0	0
	20. Short-term bonds issued	126	0	0
	21. Bonds held	127	0	0
	22. Estimated payables	128	0	0
	23. Other short-term financial borrowings	129	0	0
B. IV.	Other liabilities	130	0	0
B. IV. 1.	Accrued expenses	131	0	0
	2. Deferred revenues	132	0	0
	3. Foreign exchange rate losses	133	0	0
	Control number	999		

Date: May 9, 2013	Signature of the person responsible for approval: Renáta Kellnerová 
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INCOME STATEMENT

full length

as of December 31, 2012

Prepared under
Regulation No. 504/2002
as amended

Period Jan 1, 2012 - Dec 31, 2012
(in CZK thousands)


Year	Month	Reg. No.
2012	12	28902254

Name and registered office of the accounting unit

**Nadace THE KELLNER FAMILY
FOUNDATION**
Evropská 2690/17
Praha 6
160 41

Ref.	Description	Row No.	Core activity	Economic activity	Total
a	b	c	1	2	3
A.	EXPENSES	001	3,451	80,448	83,899
I.	Total consumed purchases	002	108	0	108
	1 Consumed materials	003	108	0	108
	2 Consumed energy	004	0	0	0
	3 Consumed other non-storable supplies	005	0	0	0
	4 Goods sold	006	0	0	0
II.	Total services	007	1,699	245	1,944
	1 Repairs and maintenance	008	33	0	33
	2 Travel expenses	009	115	0	115
	3 Entertainment costs	010	47	0	47
	4 Other services	011	1,504	245	1,749
III.	Total personnel costs	012	1,203	0	1,203
	1 Wages and salaries	013	884	0	884
	2 Statutory social security contributions	014	301	0	301
	3 Other social security insurance	015	0	0	0
	4 Statutory social expenses	016	18	0	18
	5 Other social expenses	017	0	0	0
IV.	Total taxes and charges	018	4	0	4
	1 Road tax	019	0	0	0
	2 Real estate tax	020	0	0	0
	3 Other taxes and charges	021	4	0	4
V.	Total other expenses	022	231	2,301	2,532
	1 Contractual penalties and late charges	023	0	0	0
	2 Other penalties and fines	024	0	0	0
	3 Bad debt written off	026	0	0	0
	4 Interest	027	0	0	0
	5 Foreign exchange rate losses	028	39	2,296	2,335
	6 Gifts	029	112	0	112
	7 Deficits and damage	030	0	0	0
	8 Other and sundry expenses	031	80	5	85
VI.	Depreciation and amortization, asset disposals, provisioning	032	206	77,902	78,108
	1 Depreciation and amortization of tangible and intangible fixed assets	033	206	147	353
	2 Net book value of tangible and intangible assets sold	034	0	0	0
	3 Securities and investments sold	035	0	77,755	77,755
	4 Materials sold	036	0	0	0
	5 Additions to reserves	037	0	0	0
	6 Additions to provisions	038	0	0	0
VII.	Total contributions provided	039	0	0	0
	1 Paid contributions accounted for between branches	040	0	0	0
	2 Membership dues paid	041	0	0	0
VIII.	Total income tax	042	0.00	0.00	0.00
	1 Additional payments of income tax	043	0.00	0.00	0.00

Ref.	Description	Row No.	Core activity	Economic activity	Total
a	b	c	1	2	1
B.	INCOME	044	355	84,036	84,391
I.	Total revenues from production and goods	045	0	147	147
	1. Revenues from production	046	0	0	0
	2. Revenues from services	047	0	147	147
	3. Revenues from goods	048	0	0	0
II.	Total changes in intra-organization inventories	049	0	0	0
	1. Changes in the stock of work in progress	050	0	0	0
	2. Changes in the stock of semi-finished products	051	0	0	0
	3. Changes in the stock of products	052	0	0	0
	4. Changes in livestock headcount	053	0	0	0
III.	Capitalization	054	0	0	0
	1. Capitalization of materials and goods	055	0	0	0
	2. Capitalization of intra-organization services	056	0	0	0
	3. Capitalization of intangible fixed assets	057		0	0
	4. Capitalization of tangible fixed assets	058	0	0	0
IV.	Other revenues	059	272	3,239	3,511
	1. Contractual penalties and late charges	060	0	0	0
	2. Other penalties and fines	061	0	0	0
	3. Payments for receivables written off	062	0	0	0
	4. Interest	063	32	29	61
	5. Foreign exchange rate gains	064	5	2,487	2,492
	6. Transfer of assets from Funds to operating	065	235	0	235
	7. Other and sundry revenues	066	0	723	723
V.	Proceeds from asset disposal, reversal of reserves and provisions	067	83	80,650	80,733
	1. Proceeds from the sale of intangible and tangible assets	068	0	0	0
	2. Proceeds from the sale of securities and investments	069	0	77,275	77,275
	3. Proceeds from the sale of materials	070	0	0	0
	4. Proceeds from short-term financial assets	071	0	3,375	3,375
	5. Release of reserves	072	83	0	83
	6. Revenues from long-term investments	073	0	0	0
	7. Release of provisions	074	0	0	0
VI.	Contributions received	075	0	0	0
	1. Received contributions accounted for between branches	076	0	0	0
	2. Received contributions (gifts)	077	0	0	0
	3. Received membership dues	078	0	0	0
VII.	Operating subsidies	079	0	0	0
	1. Operating subsidies	080	0	0	0
C.	PROFIT (LOSS) BEFORE TAX	081	- 3,096	3,588	492
	1. Income tax	082	0	492	492
D.	PROFIT (LOSS) AFTER TAX	083	- 3,096	3,096	0

Date:	Signature of the person responsible for approval:
May 9, 2013	Renáta Kellnerová 

as be

**Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
for the year ending on December 31, 2012**

1. Name and registered office of the accounting unit

Nadace THE KELLNER FAMILY FOUNDATION
Evropská 2690/17
160 41 Praha 6 - Dejvice
Czech Republic

Reg. No.: 28902254

Legal form: Foundation

2. Description and core activities

N.B.: All financial amounts are hereinafter stated in Czech crowns (CZK) and, where applicable, rounded to whole thousands

Establishment and description of the foundation

Nadace THE KELLNER FAMILY FOUNDATION (hereinafter also referred to as “the Foundation”) was incorporated in the Register of Foundations maintained by the Municipal Court in Prague, Section N, File 746, on May 25, 2009.

Mrs. Renáta Kellnerová and Mr. Petr Kellner are the founders of the Foundation.

The endowment totals CZK 1,000,000. A part of the endowment, CZK 500,000, was entered in the Register of Foundations on May 25, 2009 and following the combination by merger with Nadace Educa, the other part of the endowment, amounting to CZK 500,000, was entered in the Register of Foundations on July 27, 2011. Both amounts are deposited in a separate account kept at PPF banka a.s., account number 2012010002/6000. They are composed of the founders’ financial contributions, with the contribution made by each of the founders amounting to CZK 500,000.

The purpose of the Foundation is to make a versatile contribution to the development of society and help improve the quality of life of the people in places where it operates, by providing support for education at all levels of society, for socially beneficial philanthropic activities, for the organizational development of non-governmental non-profit organizations, for the improvement of the public health, for solutions to social problems and to foster equal opportunities throughout society, for community development, development of public spaces and environmental improvements, for science and technological advancement, by providing support in the case of natural and humanitarian disasters, and for cultural development, art, and the protection of cultural heritage.

The Foundation is the sole founder of the charitable organization Pomáháme školám k úspěchu o.p.s., Reg. No.: 29005469 (hereinafter “the Company”). The Company was incorporated in the Register of Charitable Organizations on December 16, 2009, Section O, File 702. The Foundation made no investment in the Company, and therefore does not carry the Company in its books as an equity interest.

**Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
for the year ending on December 31, 2012**

3. Board of Trustees and Supervisory Board as of December 31, 2012

Board of Trustees as of December 31, 2012:

Chair:	Mrs. Renáta Kellnerová
Trustee:	Mr. Petr Kellner
Trustee:	Mr. Jan Leiner

Either the Chair of the Board of Trustees shall act on behalf of the Foundation severally and to the fullest extent, or two Trustees shall jointly act on behalf of the Foundation.

Supervisory Board as of December 31, 2012:

Chair:	Mrs. Karina Divišová
Member:	Mr. Tomáš Vališ
Member:	Mr. Richard Sedláčko

Changes in the Register of Foundations in 2012

On May 25, 2012, the trusteeship of Mrs. Renáta Kellnerová and Mr. Petr Kellner expired and this trusteeship was renewed for them at the same time. As of the same day, the chairwomanship of Mrs. Renáta Kellnerová expired and this chairwomanship was renewed for her at the same time. These changes were entered in the Register of Foundations on July 11, 2012.

On March 19, 2012, Mrs. Marta Horáková was removed from her Supervisory Board membership and office. On March 20, 2012, Mr. Richard Sedláčko was appointed member of the Supervisory Board and Mrs. Karina Divišová was elected Chair of the Supervisory Board. These changes were entered in the Register of Foundations on May 28, 2012.

4. Accounting period covered by the financial statements and the balance sheet date

The unit's accounting period is the calendar year 2012.

Under Section 19(1) of Act No. 563/1991 on Accounting, December 31, 2012 is the balance sheet date.

5. Significant accounting policies used by the Foundation

(a) Accounting procedures

The Foundation keeps double-entry accounting under the Act on Accounting, under the chart of accounts, and under Regulation No. 504/2002, as amended, for accounting units whose core activity is not carrying on a business.

Accepted financial gifts and gifts in kind in the form of tangible fixed assets, inventories and services provided, are carried in account 911 Funds, which forms a part of the Foundation's total holdings in the balance sheet.

(b) Endowment

Endowment is the financial expression of the aggregate of financial contributions entered in the Register of Foundations. Endowment amounts to CZK 1,000,000 (2011: CZK 1,000,000).

Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
for the year ending on December 31, 2012

The Foundation is obligated to deposit all funds belonging to the endowment in a separate bank account, or it may use them to buy securities issued or guaranteed by the government. These funds may not be lent out.

(c) Costs incurred in the management of the Foundation

The costs incurred in the management of the Foundation specifically include, but are not limited to, the costs of maintaining and growing the Foundation's assets, the costs of promoting the purpose of the Foundation, and the costs incurred in the operation of the Foundation. The Foundation's total annual costs related to its management may not exceed 28% of the value of the grants annually awarded by the Foundation.

(d) Tangible and intangible fixed assets

Tangible and intangible fixed assets are carried at the acquisition cost, or at the value specified in the deed of gift, or on the basis of an expert appraisal. Tangible fixed assets with an acquisition cost of over CZK 40,000 and with a useful life of more than one year, and intangible fixed assets with an acquisition cost of over CZK 60,000 and a useful life of more than one year are carried in accounts of fixed assets and subject to accounting depreciation and amortization in line with the depreciation plan. Other tangible assets with an acquisition cost of up to CZK 40,000 and other intangible assets with an acquisition cost of up to CZK 60,000 are expensed in the month of acquisition.

The following table shows the methods and depreciation periods by asset category:

Asset	Method	Depreciation period
Individual movable assets and sets of movable assets	straight-line	3 years
Valuable rights	straight-line	6 years
Software	straight-line	3 years

(e) Leased assets

The Foundation is not carrying any leased assets as of the balance sheet date.

(f) Long-term investments

Long-term investments are comprised of debt securities held to maturity, and are carried at the acquisition cost. The acquisition cost includes direct costs incurred in acquisition, for example, fees and commissions for brokers, advisers and stock exchanges.

As of the balance sheet date, debt securities held to maturity are valued at the acquisition costs increased/decreased by interest income/interest expense.

Income from these assets is included in income from long-term investments.

(g) Short-term financial assets

Short-term financial assets are comprised of the debt securities that the accounting unit holds primarily for the purpose of trading. Short-term financial assets are valued at the acquisition cost. The acquisition cost includes direct costs incurred in acquisition, such as fees and commissions for brokers, advisers and stock exchanges.

At the balance sheet date, debt securities held for trading are restated at their fair value. The change in the fair value of the securities held for trading is stated in the relevant account of

Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
for the year ending on December 31, 2012

account group 54 Other Costs, or, as applicable, 64 Other Income, corresponding to the relevant account in account group 92 Assets and Liabilities Revaluation.

Income from the above financial assets is included in income from short-term financial assets.

Sale of securities is charged to the respective account in account group 65 Proceeds from Sale of Assets, Reversal of Provisions. Disposals of securities are carried in the respective account in account group 55 Depreciation and Amortization, Sold Assets, and Provisioning.

(h) Derivatives

Derivatives for trading

Financial derivatives held for trading are stated at fair value and the gain (loss) from changes in fair values is shown in the income statement in the item "Additional Other Income" or, as applicable, "Additional Other Costs".

6. Additional information about the balance sheet

(a) Short-term financial assets

Money is deposited in checking accounts in Czech crowns and held as cash on hand in Czech crowns. On December 31, 2012, the balance in bank accounts stood at CZK 133,406,000 (2011: CZK 60,665,000). On December 31, 2012, cash on hand amounted to CZK 51,000 (2011: CZK 53,000).

As of December 31, 2012 the Foundation had the following financial assets:

2012						
in CZK thousands						
Securities	Number of units	Acquisition cost (w/o PRI)	<i>Pro rata</i> interest income (PRI)	Carrying value (acquisition cost + PRI)	Revaluation difference	Fair value, incl. PRI
Bonds						
CR GOV ZERO 12/12/2013	10,309,279	10,000	--	10,000	245	10,245
HOME CREDIT BV 6.25 22/6/2016	3	9,000	294	9,294	183	9,477
J&T FINANCE 6.4 30/11/2014 C13	1	2,986	16	3,002	--	3,002
KBC IFIMA EMTN L+160 30/3/2014	35	1,751	--	1,751	4	1,755
LEASEPLAN CORP L+140 28/4/2014	2	4,003	14	4,017	--	4,017
SLOVAK GOVB L+150 2/9/2015	300	2,969	27	2,996	88	3,084
Total bonds		30,709	351	31,060	520	31,580

Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
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2011						
in CZK thousands						
Securities	Number of units	Acquisition cost (w/o PRI)	<i>Pro rata</i> interest income (PRI)	Carrying value (acquisition cost + PRI)	Revaluation difference	Fair value, incl. PRI
Bonds						
HOME CREDIT BV L+800 6/22/2012	6	12,407	28	12,435	-231	12,204
J&T FINANCE 6.4 11/30/2014 C13	1	2,986	16	3,002	3	3,005
CR GOV L 10/27/2016	550	5,429	15	5,444	-143	5,301
ČEZ (6) 9.22 01/26/2014	11	11,955	673	12,628	-53	12,575
HUNGARY L+5 11/2/2012	150	3,576	10	3,586	43	3,629
VTB 6.609 10/31/2012	150	2,595	34	2,629	460	3,089
DEUTSCHE TELEKOM L+66 1/22/2013	3	4,464	15	4,479	21	4,500
KBC IFIMA EMTN L+160 3/30/2014	60	3,002	21	3,023	-122	2,901
LEASEPLAN CORP L+140 4/28/2014	2	4,002	17	4,019	-55	3,964
Total bonds		50,416	829	51,245	-77	51,168

(b) Receivables

At December 31, 2012, the Foundation reports CZK 147,000 (2011: CZK 147,000) in receivables from customers. All receivables had been paid by the date of preparation of these financial statements.

(c) Liabilities

At December 31, 2012, liabilities to suppliers totaled CZK 191,000 (2011: CZK 139,000). All payables had been paid by the date of preparation of these financial statements.

(d) Fixed assets

Intangible fixed assets (in CZK thousands)

	Software	Valuable rights	Other IFA	Total
Acquisition cost				
Balance on January 1, 2012	265	388	881	1,534
Additions	88	--	--	88
Disposals	--	--	--	--
Transfer	--	--	--	--
Balance on December 31, 2012	353	388	881	1,622
Accumulated amortization				
Balance on January 1, 2012	111	135	257	503
Amortization	112	65	147	324
Accumulated amortization of disposals	--	--	--	--
Balance on December 31, 2012	223	200	404	827
Net book value on January 1, 2012	154	253	624	1,031
Net book value on December 31, 2012	130	188	477	795

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Tangible fixed assets (in CZK thousands)		
	Plant and machinery	Total
Acquisition cost		
Balance on January 1, 2012	266	266
Additions	--	--
Disposals	-37	-37
Transfer	--	--
Balance on December 31, 2012	229	229
Accumulated depreciation		
Balance on January 1, 2012	159	159
Depreciation	28	28
Accumulated depreciation of disposals	-37	-37
Transfer	--	--
Balance on December 31, 2012	150	150
Net book value on January 1, 2012	107	107
Net book value on December 31, 2012	79	79

(e) Prepaid expenses

Prepaid expenses totaling CZK 27,000 (2011: CZK 97,000) are comprised of unconsumed office material and the graphic design of a flier.

7. Holdings allocated to covering fixed and current assets (in CZK thousands)

	Registered endowment	The organization's Funds	Revaluation differences	Retained profit, accumulated losses	Profit (loss) for the current period	Total
Balance on January 1, 2012	1,000	107,725	77	4,970	--	113,772
Financial gifts received	--	129,200	--	--	--	129,200
Financial grants awarded	--	-76,239	--	--	--	-76,239
Gifts in kind provided	--	-112	--	--	--	-112
Transfer from Funds to cover administrative costs	--	-122	--	--	--	-122
2011 profit carryover	--	--	--	--	--	--
Securities revaluation difference	--	--	-597	--	--	-597
Profit (loss) for 2012	--	--	--	--	--	--
Balance on December 31, 2012	1,000	160,452	-520	4,970	--	165,902

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Notes to the Financial Statements
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8. Additional information about the Income Statement

(a) Income

	2012
	in CZK thousands
Revenues from own activity	355
Revenues from economic activity	84,036
Total	84,391

The Foundation's income was comprised of the following: royalties of CZK 147,000 from the use of a copyrighted work, interest income of CZK 61,000, of which CZK 19,000 was interest accrued on a term deposit holding the endowment, which is exempt from income tax; further, exchange rate gains of CZK 2,492,000 and transfer of assets from Funds to operating, CZK 235,000. 'Additional other income' of CZK 723,000 was comprised of bond revaluation. Additional income liable to tax includes proceeds from the sale of bonds, amounting to CZK 77,275,000. Related to this amount is interest income from bonds amounting to CZK 3,375,000. In 2012, the Foundation also drew on CZK 83,000 provisions created in 2011 for employee bonuses of the preceding period.

(b) Expenses

	2012
	in CZK thousands
Costs of own operation (administration)	3,339
Costs of grants awarded (in kind)	112
Costs of economic activity, including income tax	80,940
Total	84,391

The costs of core activity include CZK 3,339,000 in Foundation administration costs. The limit on administrative costs defined in point 5 (c) was not exceeded.

(c) Profit (loss) broken down by core activity and non-core activity

	2012
	in CZK thousands
Profit (loss) from core activity	-3,096
Profit (loss) from non-core activity after tax	3,096
Total	--

Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
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9. Gifts received and grants awarded

(a) Gifts received

Donor	2012	2011
Allgemeine Immob. MbH CO KG	--	1,931
Allgemeine Immobiliengesellschaft MbH	--	1,943
Elektrárny Opatovice a.s.	--	2,000
EP Energy a.s.	4,000	2,500
EP ENERGY TRADING a.s.	3,000	--
Generali Holding Vienna AG	--	4,857
Generali Immobilien AG	--	2,440
Generali Rueckversicherung AG	--	3,886
Generali Versicherung AG	--	4,857
Home Credit a.s.	78,700	25,000
Home Credit International a.s.	1,500	--
Plzeňská energetika a.s.	3,000	2,500
PPF banka a.s.	39,000	35,000
Termizo a.s.	--	20,000
United Energy Trading a.s.	--	3,000
Other	--	477
Total	129,200	110,391

(b) Grants awarded

Donee	2012 in CZK thousands	2011 in CZK thousands
Students, to the account of OPEN GATE – gymnázium a základní škola, s.r.o.	39,081	42,066
OPEN GATE – gymnázium a základní škola, s.r.o. – school fee refunds	-422	-465
Grants to students at foreign universities	9,222	7,258
Pomáháme školám k úspěchu o.p.s.	26,533	21,460
VIA Foundation	350	350
Thomayer Hospital	500	--
Other	1,087	1,004
Total	76,351	71,673

Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
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10. Employees and managers

Average number of employees and managers, and personnel costs for 2012:

2012	Number of employees	Wage costs CZK thousands	Social security and health insurance costs CZK thousands	Social costs CZK thousands
Employees	2	884	301	18

In 2012 or 2011, the Foundation did not provide any financial or non-financial remuneration to the Trustees.

11. Liabilities under social security and health insurance

Liabilities under social security and health insurance in 2012 amount to CZK 29,000 (2011: CZK 24,000), of which CZK 20,000 (2011: CZK 17,000) represents liabilities under social security and CZK 9,000 (2011: CZK 7,000) represents liabilities under health insurance. All these liabilities were paid within statutory time limits.

12. Information about fees for statutory auditors

	CZK thousands	
	2012	2011
Statutory audit	6	18
Total	6	18

The fee for the audit of the opening balance sheet following the merger as of effective date January 1, 2011 was part of the fee for the auditor in ~~2012~~2011.

The Board of Trustees appointed KPMG Česká republika Audit, s.r.o. as the Foundation's auditor.

13. Corporate income tax

(a) Tax base

In the calculation of the corporate income tax, the option of reducing the tax base by as much as 30%, set out in Section 20(7) of the Income Tax Act, was used. For the 2012 fiscal period, the corporate income tax is estimated at CZK 492,000.


(b) Tax relief from 2011 applied in 2012

The tax liability saving of CZK 382,000 (2010: CZK 982,000), achieved by applying tax relief in 2011, was used for advertising and promoting the Foundation's core activity in 2012.

14. Significant subsequent event

No significant subsequent event that could have an impact on the financial statements as of December 31, 2012 had occurred by the date of the preparation of the financial statements.

Nadace THE KELLNER FAMILY FOUNDATION
Notes to the Financial Statements
for the year ending on December 31, 2012

Date: May 9, 2012	Signature of responsible persons: Renáta Kellnerová 
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