

## *Annual Report 2015*



*Pickling line for strip - Pakistan*

## I. Basic Information about EKOMOR, s.r.o.

Name:	EKOMOR, s.r.o. (hereinafter „EKOMOR“)
ID - Number:	48397571
Company based on:	Liskovec 397, 739 30 Frydek-Mistek, Czech Republic
Day of registration:	18 <sup>th</sup> March 1993
Registered in:	Commercial Register kept by Regional Court in Ostrava, Sect.
C,	File 10261.
Registered capital:	1,000,000 CZK
Partners:	Pavel Váňa – share 50%, Jiří Váňa – share 50%
Directors, top management:	Jiří Váňa (*1976) – executive director Aleš Herma (*1960) – operation director Pavel Váňa (*1949) – director for R&D
Main business:	Design, manufacture and assembly of the technological equipment for metal surface treatment

## II. Financial Highlights

### Balance sheet (in 000 CZK)

	<b>31.12.2015</b>	31.12.2014	31.12.2013
Fixed assets	41 400	17 455	17 381
Current assets	135 042	73 332	82 816
Deferred liabilities	239	146	518
<b>Assets - Total</b>	<b>176 681</b>	<b>90 933</b>	<b>100 715</b>
Equity	91 367	63 573	54 983
Liabilities	85 157	27 261	45 345
– in it bank loans and borrowings	0	0	0
Deferred assets	157	99	387
<b>Equity and liabilities - Total</b>	<b>176 681</b>	<b>90 933</b>	<b>100 715</b>

### Income statement (in 000 CZK)

	<b>2015</b>	2014	2013
<b>Production (sales + activations)</b>	<b>116 508</b>	<b>128 352</b>	<b>159 719</b>
<b>Production related costs</b>	<b>56 366</b>	<b>91 760</b>	<b>106 497</b>
<b>Value added</b>	<b>60 142</b>	<b>36 592</b>	<b>53 222</b>
<b>Profit on operation activities</b>	<b>34 514</b>	<b>11 940</b>	<b>28 701</b>
<b>EBITDA*</b>	<b>35 988</b>	<b>6 560</b>	<b>31 650</b>
<b>Gross profit</b>	<b>34 443</b>	<b>12 039</b>	<b>32 860</b>

\* EBITDA = Operation profit plus depreciations, minus profit from sale of property and material, plus change in the reserves and operation provisions.

### III. Report on business activities of the company and its assets

#### III.1 Main projects completed

- **New hot-dip galvanizing plant for Vergo Galva Company, Kruishoutem, Belgium**

In 2016 we finished the delivery and assembly of a new hot-dip galvanizing plant of middle range (length of the Zn-kettle – 7 m) for our Belgian customer. We delivered a new up-to-date equipped hot-dip galvanizing plant, operating in the automatic mode. The delivery consisted of complex technological equipment, galvanizing furnace, chemical pre-treatment line, transport system, exhausting system and equipment for the handling with wastes from the line. The automatic transport system was design using the advance methods of simulation and optimization of the system. This job was for EKOMOR one of our largest project in the line of galvanizing plants.

- **Pickling line of the rolling mill of copper and brass – subcontract for Vitkovice Mechanika Co., - end customer Wah Brass Mills Ltd. Pakistan**

It this job we finished supplies and assembly of the technological equipment for two parts of the project – delivery of the pickling line, including revamping and modernizing of the mechanical part of the line, and the pickling equipment of the line for continuous annealing and pickling. Putting into operation and commissioning is planned in the beginning of 2016. Delivery of the equipment for continuous operation of the metal strip is for us another step to the expansion to the branch of continuous lines. As a success we consider also the keeping of the projected terms – delivery and assembly were completed in projected terms.

- **Pickling line for DIRAC Industries Kolin, Czech Republic**

Design and delivery of a smaller technological equipment for the pickling of the piece-goods, mainly for parts of heat-exchangers manufactured from the stainless steel (mainly austenitic grades). It is an example of the equipment, which became to be a traditional, popular product EKOMOR's production line in the last years.

- **New hot-dip galvanizing plant for ERLIN Co. in Fulnek, Czech Republic**

Design and delivery of the technological equipment for new HD galvanizing plant in Fulnek, incl. the manufacture and deliver of the Zn furnace, heated electrically (length of the kettle – 3.3. m), delivery of the chemical pre-treatment line, passivation equipment and exhausting system.

- **Pickling station for the Center of the nuclear research (CVR) in Rez by Prague, Czech Republic**

Design and delivery of the smaller pickling equipment for the spray-pickling of the piece-goods, delivered to the highly prestigious customer.

- **Reconstruction of the chemical pre-treatment line for ACO Industries, Pribyslav, Czech Republic**

Design and deliver of the revamping of the chemical pre-treatment line for our long-term customer. The old tanks and other equipments were replaced by the new modern ones.

- **Sub-supplies for the ANDRITZ Group, Metals division – Graz, Austria**

Thanks to the progress in the building of the quality management system reached by EKOMOR, we achieved to be on the high position in the group of sub-suppliers of this global company. We managed to get an increasing amount of the jobs. In 2015 we delivered several sub-supplies for their projects in Europe and in the U.S.A.

- **Line for pickling and phosphating of the zinc-titanium strip for ZM SILESIA, S.A., Katowice, Poland**

The job consisted of the washing and brushing equipment, pickling and phosphating line, incl. exhausting system and equipment for storage of chemicals. The special, innovative equipment should be designed because of the special material to be processed (zinc-titanium ZnCuTi). In 2015 the supplies were delivered, assembly was finished and started the commissioning process.

### **III.2 Jobs in process, new projects - choice**

- **Pickling line of brass for roll mill of brass-strip – subcontract for Vitkovice Mechanika, end customer Helwan, Egypt**

In 2015 we obtained a prestige job for delivery of the complex pickling line consisted not only of the chemical part, but also of the mechanical handling system and automation system. For EKOMOR it means to provide design and manufacture using higher number of sub-suppliers, which means higher demand on the project management.

- **New pickling plant for the stainless steel wire-rod using reducing salt-bath technology for BGH Edelstahlwerke in Lugau, Germany**

In 2015 the contract for the delivery of the new complex plant for wire surface treatment for our loyal customer – BGH Edelstahlwerke GmbH, Lugau – Germany was obtained. The range of the project, incl. financial range, is so far for us the biggest job ever.

The project comprises of the complex plant for the surface treatment of the stainless steel wire-rod of wide range of grades, using the unique reducing salt-bath technology with Feropur agent, likewise pickling in the mixed acid and conventional pickling technologies. The line has also equipment for coating and passivation. The projected solution has to comply with the strict environmental requirements of the customer concerning the wastes, emissions and working conditions; the whole equipment shall be designed with the high level of automation, corresponding to the third millennium.

In 2015 the concept design and planning works were started.

### **III.3 Research and development**

In 2015 was finished the last phase of the research project „Regeneration of the waste pickling liquors and rinse water from the surface treatment processes of steel and non-ferrous metals, by a low temperature process in the microwave heated reactor“. The project was financed by the Ministry of Industry and Trade, and the cooperative subject was the Research Institute for Inorganic Chemistry, Usti nad Labem.

New processes were designed and proved in the framework of the project, the pilot equipment was built and tested, and several tons of waste liquids were treated by this equipment. The equipment consisted of the condensing column, decomposition reactor heated by the microwave heat exchanger, and of the evaporating column. In the next step the equipment will be further improved mainly to have a higher level of automation and to be more robust and reliable for the usage in the standard pickling plants.

EKOMOR prepared in 2015 another two drafts for the research and development projects:

- development of the technological equipment for the regeneration of the mixed acid by the methods of the diffusion dialysis using ion-exchange membranes;
- equipment of the pilot regeneration station by the advanced control, measurement and regulation technology, and by the additional device for the biological denitrification of the waste water.

### **III.4 Investments, development of the technology**

The investment activities were in 2015 not so high, as in the previous year. Only smaller investment projects were finished, mainly buying of the welding equipment, modernizing of the car fleet a modernizing of the software for the design department.

### **III.5 Environmental activities**

The main contribution of EKOMOR to the environment protection remains in the environment parameters of the delivered equipment for our customers, which bring them by nature significant environmental advantages.

The own activities of EKOMOR Company caused no problem in environmental protection thanks to the EMS implemented in the company.

### **III.6 Human resources**

In 2015 the company has an average staff of 55 people. The number of employees increased, some new people in the manufacture dept. were employed.

Top management team emphasized the stress on the keeping and increasing the high level of the qualification of all people. Mainly in hiring process we aim to get people with high qualification.

### **III.7 Quality management system**

The company continued to build and improve the quality management system. This system is certified since 2000.

Due to the requirements of the German customers we obtained a new certificate: in 2015 we were certified to be allowed to deliver and assembly the special equipment in Germany as an „Expertize company“ (Fachbetrieb) acc. to the German Law for Water Protection. The certification process was made by the TÜV NORD Systems certification body. This certificate will further open us the doors for the new jobs in this perspective market.

### **III.8 Financials, assets**

Because we exceeded the sales target and we maintained the high level of the profitability of our operation, the financial situation of the company was in 2015 again improved. We continued to finance all our activities by our own sources and by using the advanced payments. In 2015 we made a plan for the investment of the part of money in the diversified portfolio of conservative finance investment instruments.

Thanks to the profit achieved the value of assets in 2015 increased. The equity of the company reached the value of 91,367 thousand CZK.

### **III.9 Shares abroad**

EKOMOR owns 5 pieces of share, which corresponds to 5% of the registered capital in the Belorussian company IZAO BelFerrumCink Stolbcy. We subscribed for the shares because it was part of the prepared project to deliver the big HD galvanizing plant in Belorussia. The project was not eventually realized. The company BelFerrumCink. makes no activities and EKOMOR takes action toward the liquidation of this company.

EKOMOR has no organization part abroad.

### **III.10 Events after the Balance Sheet Date**

No events, that would have had any significant influence to the situation of EKOMOR Co., occurred after the Balance Sheet date till the date of the issue of this Annual Report.

### **III.11 Assumed development of the activities**

In 2016 will be finished the main part of the biggest project for EKOMOR ever – delivery of the pickling plant for BGH Edelstahl Lugau – Germany. Invoicing of the project will cause significant increase of sales – the sales income is assumed to jump in 2016.

We plan to work on the two R&D projects in 2016.

Investment activities will be focused on the finishing of the purchase of remaining real-estates in the area of the company.

In Liskovec, 24th February 2016

Aleš Herma  
Director  
EKOMOR, s.r.o.

## **IV. Report on relations between related entities as to 31. 12. 2015**

This report on the relations between related entities was prepared within the meaning of Section 82 of Act No. 90/2012 Sb., on business corporations.

### **IV. 1 Controlled and Controlling Entities**

#### Controlled entity:

EKOMOR, s.r.o.,

registered office in Lískovec 397

739 30 Frýdek-Místek

ID No.: 48397571

registered in the Commercial Register, kept by the Regional Court in Ostrava, Section C, File 10261  
(hereinafter „Company“)

#### Controlling entities:

Mr. Pavel Váňa,

Address Ostravska 512, Frydek-Mistek

a

Mr. Jiří Váňa

Address Baška 558

### **IV.2 Structure of the relations between Controlled and Controlling Entities**

Controlling entities are partners of the controlled entity, both of the own 50% share each.

### **IV.3 Acts and contracts between Controlled and Controlling Entities**

Both Partners are at the same time Directors of the EKOMOR Company, and are remunerated according to the contract of the execution of the function. Neither other contracts nor acts, which would exceed 10% of the equity, were in the year 2015 conducted or performed. s

### **VI.4 CONCLUSION**

All performances and/or counter-performances provided on the basis of the relations above mentioned, were of the standard value.

Date of the issue of the Report on the relations between related entities for the year 2015 and the Annual Report - 24<sup>th</sup> February 2016.

Aleš Herma  
Director  
EKOMOR, s.r.o.

## **V. Annexes:**

- **Independent Auditor's Report**
- **Balance Sheet as to 31. 12. 2015**
- **Income Statement for 2015**
- **Notes to Financial Statements for the year 2015**