

Annual Report 2016



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

Name:	EKOMOR, s.r.o. (hereinafter „EKOMOR“)
ID - Number:	48397571
Company based in:	Liskovec 397, 739 30 Frydek-Mistek, Czech Republic
Day of registration:	18. March 1993
Registered in:	Commercial Register kept by Regional Court in Ostrava, Sect.C, File 10261
Registered capital:	1 000 000,00 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) – R&D director
Main business:	Design, manufacture and assembly of the technological equipment of metal surface treatment

II. Financial Highlights

Balance Sheet (in 000 CZK)

	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Fixed assets	51 713	41 400	17 455	17 381
Current assets	160 644	135 042	73 332	82 816
Deferred liabilities	72	239	146	518
Assets - Total	212 429	176 681	90 933	100 715
Equity	150 796	91 367	63 573	54 983
Liabilities	56 218	85 157	27 261	45 345
– in it Bank Loans and Borrowings	0	0	0	0
Deferred assets	446	157	99	387
Equity and liabilities - Total	212 429	176 681	90 933	100 715

Income Statement (in 000 CZK)

	2016	2015	2014	2013
Production (Sales + Activations)	220 741	116 508	128 352	159 719
Production related costs	114 084	56 366	91 760	106 497
Value added	108 134	60 142	36 592	53 222
Profit on operation activities	71 205	34 514	11 940	28 701
Gross profit	73 919	34 443	12 039	32 860

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

III.1 Main projects completed

- **New pickling plant for the stainless steel wire-rod using reducing salt-bath technology for BHG_Edelstahl in Lugau, German**

Project of a new combined pickling line for BGH Edelstahl Lugau GmbH is for EKOMOR the biggest job in the history of the company, in terms of its technical complexity as well as in terms of financial scope. In 2016 we finished the manufacture of the equipment and delivery of it on the place of assembly. The assembly of the equipment and test operation started. This project made the high percentage of the sales in the year 2016.

Pickling plant BGH Edelstahl Lugau is projected to be a complex line for the treatment of the surface of wire-rod made from stainless steel in wide range of grades, using the unique pickling technology in the reducing salt-bath with Feropur agent as well as the pickling in the mixed acid and the conventional methods of pickling. The line consists of the coating and passivating equipment. The strict German environmental laws should be observed – not only the equipment delivered but also the EKOMOR Company itself. We made a certification of our risk management acc. to the German Law for Water protection, as it was a condition to be able to deliver such an equipment in the territory of Germany. We obtained the company certificate as „Fachbetrieb“ according to the German WHG-Law. The final commission of the project is planned in the 2. Q 2017.

- **Pickling and phosphating line for the zinc-titanium strip for ZM SILESIA, S.A., Katowice, Poland**

This delivery consisted of the washing and brushing equipment, pickling and phosphating equipment, including the exhausting system and storage system for chemicals. Due to the special material to be processed (zinc-titanium ZnCuTi) the equipment had to be designed using innovating approach for the pickling part. The equipment was assembled and commissioned in 2016.

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

During 2016 the assembly of two project parts for the pickling of the strip was finished, and the project was commissioned. This project means for EKOMOR expanding of its activities to the new branch of the equipment for continuous operation.

- **Pickling line for rolling-mill of brass – subsupply for Vitkovice Mechanika, end customer, Helwan – Egypt**

After a successful reference project of the delivery of pickling part for Pakistani Customer we obtained a job for delivery of the whole operational unit for the pickling line of the strip from brass, copper and GMCS material – for end customer in Egypt. EKOMOR acts in this project as a project manager, because the job consist not only of the pickling equipment, but also of the mechanical part and automation, which will be delivered by various sub - suppliers. EKOMOR made an international tender for these sub-supplies and chose the main sub-suppliers. In 2016 the manufacture and procurement of all equipment was finished, delivered to the customer and invoiced. In 2017 assembly and commissioning of the equipment will follow in the Client's place

- **Complex technological equipment for the mixing of the liquid industrial washing agents – for CHRISTEYNS Co., Odry, Czech Republic**

The project consisted of the delivery of complex technological equipment – i.e. steel constructions, storage tanks, reactors, pipeline systems and automation control system. The equipment is used for the mixing and production of the liquid industrial washing detergents.

- **Sub-supplies for ANDRITZ Metals – Austria**

The volume of parts manufactured as sub-supplies by EKOMOR for this major global company in 2016 further increased. This jobs enables us to balance our manufacturing capacities.

III.2 In-process jobs, new projects - choice

- **Revamping of the pickling plant „Candor“ for wire – customer ŽDB Drátovna a.s., Bohumín, Czech Republic**

This project consists of the delivery of new pickling line for wire, which includes equipment for the pickling in potassium permanganate, in hydrochloric acid, equipment for surface activation, phosphating, coating, reconstruction of the mechanical part of the line and new automation control system. In 2016 the manufacturing and transport of the equipment was finished. Assembly and commissioning is planned to be finished in 1. Q of 2017.

- **Revamping of the pickling plant „TPD“ for ŽDB Drátovna a.s., Bohumín, Czech Republic**

Our company reacted quickly by design and preparation work made in very short terms, because of the crisis situation in the our customer´s premises caused by fire of the present pickling line. EKOMOR will deliver new technology for the pickling of the wire from carbon steel, incl. equipment for the surface activation, equipment for the regeneration of the phosphating bath, pipeline, exhausting system, new automation system. In 2016 we finished the design and projection works, and the manufacture was started. Finishing of the job is planned in the first half of the year 2017.

III.3 Research and development

We continued in the preparation works and arranging the government co-financing of two R&D projects in 2016:

- development of the advanced automation system, including the using the measuring and regulating devices for the developed pilot technological equipment for the regeneration of the mixed acid, and completion of the unit by the equipment of biological de-nitrification of waste water,
- development of the technological equipment for the regeneration of the mixed acid by diffusion dialysis method using ion-exchange membranes.

Start of the R&D works on this project is planned in the year 2017.

III.4 Investments, development of the equipment

Investment activities in 2016 were focused to the purchase of the new and modernized computer technology – we bought the new server HP ProLiant, the modernized backup system, and smaller investments for modernization. Further we bought a new van VW Transporter and some new welding machines.

III.5 Environmental activities

No environmental problems or issues in 2016 were recorded in the own manufacture activities of EKOMOR thanks to its maintained EMS system.

EKOMOR Co. still sees its main contribution to the environment protection in the delivery of the innovative products, which are reliable, environmental friendly and enable our customers to save the sources.

III.6 Human resources

The average staff in 2016 was 58 people.

Top management of the company emphasized the stress on the keeping and increasing of the qualification of people. Mainly in hiring process we aim to get people with good qualification.

III.7 Quality management system

In 2016 EKOMOR Co. continued in maintaining and improving of its quality management system and we started to work on the implementation of the new version of the international standard CSN EN ISO 9001. The new certification is planned in the year 2018.

In 2016 we finished the certification process of the welding of plastics by Czech Welding Institute. By this process we completed the planned range of certifications of the system and all main manufacturing processes.

III.8 Financial, assets

Our sales in 2016 increasingly jumped according to the plan, we reached a record-breaking figure of total revenues of 220.7 mil. CZK. Thanks to this turnover we had a record-breaking profit too. Excellent financial results in last several years enabled us to use only our own money plus received advanced payments for the financing of the company's activities. The amount of available funds was further increased, and we invested this money to the diversified portfolio of investment instruments. Due to the prudent cash-flow management we reached also quite high profit from the financial operations.

Equity of the company increased by about 60%. due the reached profit.

III.9 Foreign shares

EKOMOR owns 5 pieces of shares, which corresponds to the 5% of the registered capital in the Belorussian company IZAO BelferrumCink Stolbcy. This subscription of the shares was made as a part of the prepared project for the building a new galvanizing plant. The project was not eventually realized. In 2016 was started the process of the liquidation of the company according to the local law.

EKOMOR has no organization part or division abroad.

III.10 Events after Balance Sheet Date till the date of the issue of this Annual Report

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

III.11 Assumed development of the company's activities

In 2017 the lower sales figure is planned in comparison with the record-breaking year 2016, because only smaller job are planned to be finished.

We assume to start works in at least one R&D project, with co-financing from the government.

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

In Liskovec 30th March 2017

Aleš Herma
director
EKOMOR, s.r.o.

IV. Report on relations between related entities as to 31. 12. 2016

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 the contract of the execution of the function. Neither other contracts nor acts, which would exceed 10% of the equity, were in the year 2016 conducted or performed. s

VI.4 CONCLUSION

All performances and/or counter-performances provided on the base 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 2016 and the Annual Report - 24th February 2017.

Aleš Herma
Director
EKOMOR, s.r.o.

V. Annexes:

- **Independent Auditor's Report**
- **Balance Sheet as to 31. 12. 2016**
- **Income Statement for 2016**
- **Notes to Financial Statements for the year 2016**