



Annual Report

2016





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1.

Selected Financial Indicators

(Unconsolidated data)

Indicator (in thousands CZK)	2016	2015	2014
Production and sale of goods	810,529	817,374*	587,591*
Of which: Sales	810,529	894,077	618,666
Purchased consumables and services	680,027	721,101	486,430
Net profit/loss	(43,691)	25,591	4,479
Total assets	975,242	1,210,126	855,534
Current assets	762,698	993,007	619,435
Liabilities	334,249	431,166	229,015
Equity	590,670	634,387	608,732

* Performances and the sales of goods for 2014 and 2015 are disclosed in the value before the change of classification and designation of balance sheet and profit and loss account items performed in 2016. Therefore, these also include the change in internally developed inventory and capitalisation (CZK 75,703 thousand in 2015; CZK 31,075 thousand in 2014).


Development of Basic Indicators in the 20 Years of the Company's History (consolidated data)

Indicator (in thousands CZK)	1996	2001	2008	2016
Number of employees	48	129	246	292
Turnover	218,749	737,501	1,063,427	1,014,398
Profit/loss	23,044	79,837	30,575	(21,924)
Equity	34,827	258,536	519,160	851,659
Total assets	114,448	581,504	1,108,466	1,263,096

2.

Commentary of the General Manager



Dear Ladies and Gentlemen,

2016 was the first year EKOL, spol. s r. o. worked under a new majority owner, ShaanGu. During this period, these two companies were integrated. Given the significant differences in cultures, the integration takes time. We anticipate the Company to become fully integrated during 2017.

In the first half of 2016, unfortunately, we were not able to gain any significant contracts as negotiations with customers have been prolonged. We did not manage to gain any until the third and fourth

quarter of 2016, predominantly in the field of EPC deliveries. These contracts included three biomass sources for Croatia and Poland and a comprehensive energetics for the construction of a new sugar refinery in Saudi Arabia. In the upcoming period, we plan to continue performing our business activities in Poland, in the Balkans, in Ukraine, states of the former CIS and Russia. Egypt remains a traditional market. We intend to expand to markets in Africa, India, China and South America.

In 2016, the project of gas turbine unification for mechanic engines of up to 70 MW continued and we achieved significant progress. In the future, this program should ensure the competitiveness of our turbines.

At the end of 2016, a further significant step included the signing of an agreement with ShaanGu on the maintenance of their compressors and expansive turbines in Europe. The signing of an agreement on the establishment of a MRO centre followed; this centre is to develop the market with maintenance services and deliveries for all business territories of EKOL. Within two years, the provision of services should become a stable product of our Company.

In 2016, we did not manage to achieve the planned turnover or profit. This was due predominantly to insufficient contracts in the first six months. In 2017, we anticipate to increase turnover and improve the economic situation. In the upcoming period, we will keep on lowering costs in all fields to be able to face products imported from low-cost areas as well as to focus on the improvement of the business network.

I would like to thank all co-workers, employees and business partners for their cooperation in the previous year. I wish you all success in your personal and professional lives.

Ing. Jaromír Kříž
General manager

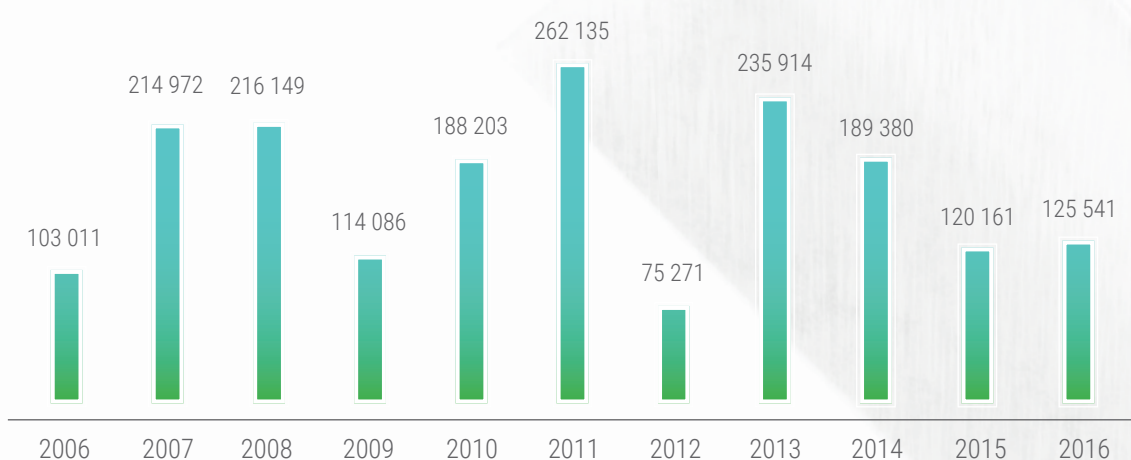
3.

Development in 2006 - 2016

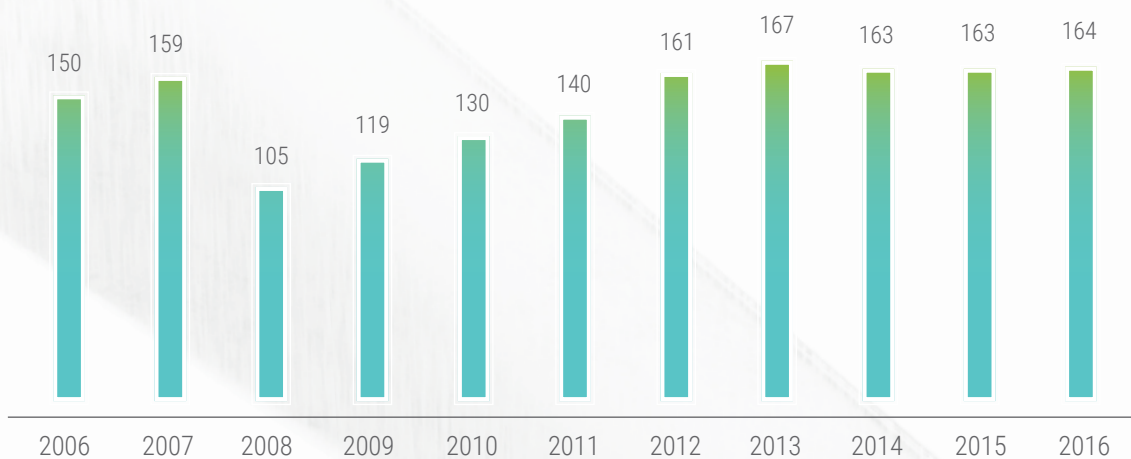
(only EKOL, spol. s r.o.)



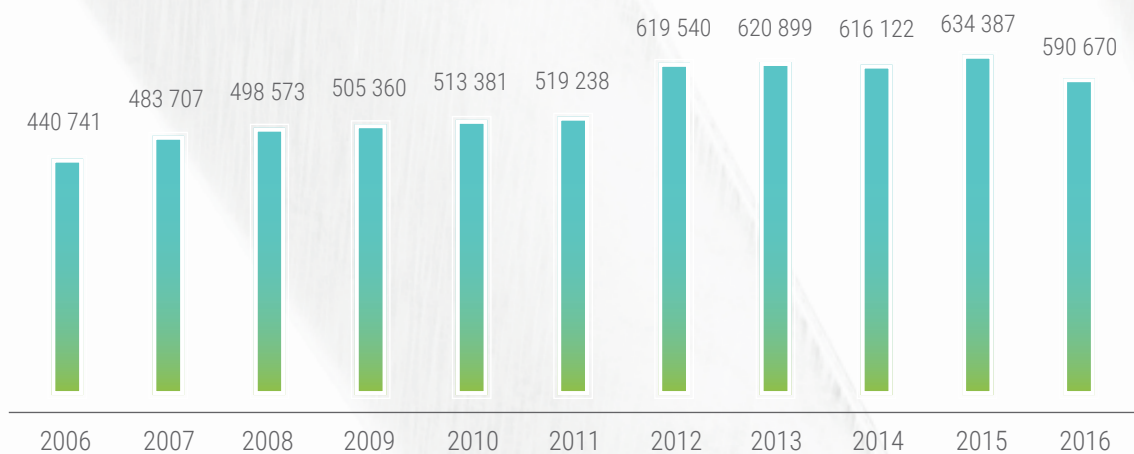
Inventory Including Work in Progress (in thousands CZK)



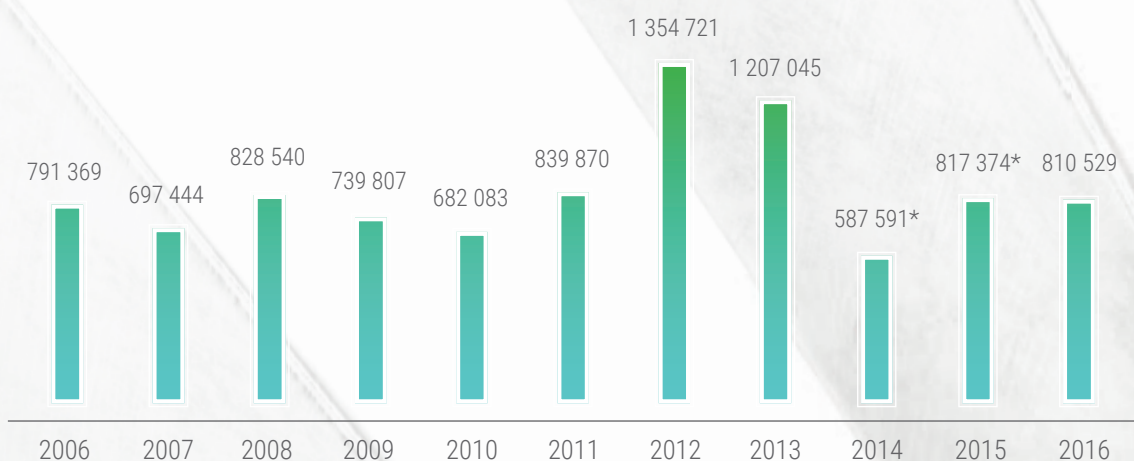
Average Number of Employees



Equity (in thousands CZK)



Production and Sale of Goods (in thousands CZK)



* Performance and sales of goods for 2014 and 2015 are presented in values before the changes in the classification and designation of balance sheet and profit and loss account items performed in 2016. Therefore, these include also the change in internally developed inventory and capitalisation (2015: CZK 75,703 thousand; 2014: CZK 31,075 thousand).

4.

Company Management

Ing. Jan Saňka



Ing. Martin Fotr



Ing. Vratislav Goj



Ing. Zdeno Pozorčiak



Ing. Václav Janišťin



Ing. Miloš Vavřicka



Ing. Bohumil Krška



Ing. Zdeněk Smejkal



Ing. Jiří Bedáň



Ing. Martin Sedlář



5.

Organisational Structure of the Company

Management of Ekol, spol. s r.o.

Ing. **Jaromír Kříž** – General Manager
 Prof. Ing. **Stanislav Veselý**, CSc. – Statutory Executive
Jiang Guodong – Statutory Executive

Financial Department

Ing. **Jaroslav Zapletal** – Financial Manager since February 2017
 Ing. **Martin Fotr** – Chief Economist

Technical Department

Ing. **Jan Saňka** – Director

▼ Divisions

Steam Turbine Division - Sales

Ing. **Jiří Bedáň** – Director

Gas Turbine Division

Václav **Janištin** – Director

Technical Service Division

Ing. **Bohumil Krška** – Director

Boiler Division

Ing. **Miloš Vavříčka** – Director

Automation & Control Division

Ing. **Zdeněk Smejkal** – Director

Research and Development Division

Ing. **Martin Sedlář** – Director

▼ Affiliate Companies

EKOL energo s.r.o.

Brno | 100% equity investment

AEZ s.r.o.

Brno | 100% equity investment

EKOL GmbH Energiesysteme*

Berlín | 70% equity investment

EKOL, spol. s r.o.

Martin | 100% equity investment

EKOL TURBO a.s.

Brno | 100% equity investment

S.C. Centrala Bioval S.R.L.**

Valea lui Mihaj, Rumunsko | 99,9% equity investment

POWER ELECTRIC SP. Z O.O.

Bielsko Biala, Polsko | 51% equity investment

* not included in the consolidated group due to the impossibility to exercise control

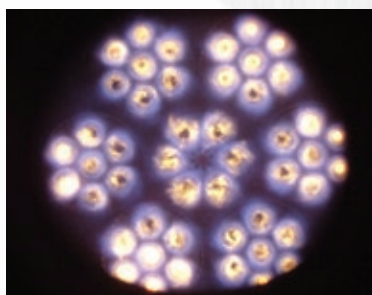
** not included in the consolidated group, held for sale

6. Company Profile

I. Gas Turbines

EKOL purchases gas turbines for its deliveries for heat and power plant projects as well as individual supplies from world turbine manufacturers. Gas turbines are delivered to customers on a skid with an acoustic hood. The delivery also includes design,

assembly and commissioning. For ensuring air supply in chemical plant technology, EKOL offers the EGT 700-8.5 gas turbine of its own design and manufacture.



Repairs and modernisation of gas turbines:

- **Increase in thermic efficiency and output:**

- Installation of regenerative tube heat exchangers
- Reconstruction of rotors and turbine blade carriers

- **Increase in safety and decrease in the energy efficiency of operation:**

- Installation of an electronic control system
- Optimisation of lube oil cooling systems
- Optimisation of seal oil pumping systems

- **Environmental protection:**

- Substantial reduction in NOx and CO emissions by reconstructing combustion chamber burners
- Supply of an electrical starting device system (complete removal of methane emissions)

- Substantial reduction in oil vapour leakage by reconstructing the oil system
- Reduction in noise emissions by installing noise suppressors and acoustic hoods

Gas turbine spare parts and accessories:

- Manufacture of spare parts for repairs and reconstruction of old turbine types
- Design and manufacture of turbine accessories (intake and exhaust tracts, combustion chambers, regenerative exchangers, control systems, oil systems etc)
- Supply of fuel amount preparation and control systems for gas turbines

II. Steam Turbines

Supplies of new steam turbines of own design including accessories, or of the entire turbine hall as requested by the customer. Cooperation with customers in designing the project and optimisation of the calculation of the turbine size and type based on the conditions at the customer's premises.

Technical assistance, approach to the customer

Our goal is not only to implement projects based on the customer's requirements but also to actively cooperate with the customer during the proposal. We strive to provide the customer with a solution that will ensure the most economical operation. Based on the customer's requirements, we offer technical solutions that optimise the parameters, turbine type, output and manner of operation. Optimisation is performed in connection with other technologies, namely the steam source (steam boiler) and the heat and power demand. As part of the technical solution, the project economy is also assessed.

Steam turbines - power output up to 60 MW for generator drive

Our turbine generators are supplied with back-pressure as well as condensing turbines. Depending on the customer's needs, the turbine generator can either be provided with controlled or non-controlled steam extraction. The speed of turbines with lower outputs exceeds also 10,000 min⁻¹ and a gearbox is provided. Turbines with the highest outputs are directly coupled to a double-pole generator.

Steam turbines - power output up to 60 MW for mechanical drives

The concept of turbines for mechanic drivers, ie designed eg for driving compressors, pumps etc, is based on verified steam turbine solutions. The turbine speed is specified based on the demand of the driven machine. The scope of supply complies with the customer's request, be it the supply of the turbine proper or the supply of the entire functioning whole.

Supply of spare parts

We supply spare parts for the entire power generating centre with steam turbines. We primarily supply steam turbine spare blades (both rotor and stator blades); radial and thrust bearings; control system parts; oil system parts, etc.

Inspections and assessment of unit condition and life

We perform complete inspections of turbine generators from disassembly of the unit, measuring, assessment of the condition of the unit, inspection

report, procurement of necessary spare parts, repairs resulting from the inspection report, reassembly and re-commissioning of the unit.

Repairs

We provide both scheduled and emergency repairs of steam turbines of our own design as well as steam turbines made by other manufacturers. The scope of repairs encompasses everything from standard repairs, including for example diagnostics, to general overhauls. We also perform repairs on all related turbine devices.

Retrofits to achieve new operational parameters

At the operator's request for changing turbine operating parameters, we perform turbine modification encompassing the calculation and design of new blading and the modification of the turbine flow channel with optimisation to the newly defined parameters. This concerns, for example, increase in the absorption capacity of the unit, increase or decrease in the extraction pressure, increase or decrease of steam quantity in the extraction system, etc.

Modernisation

We perform the modernisation of turbine generators in order to approximate them to the state-of-the-art technology (from replacement of individual components, increase in efficiency to adjustment of demands for a fully automated operation).

Servicing and repairs

The main activities include comprehensive services in power engineering. The basic principle is to provide the customer with the optimum operating version of the respective solution. The technologies currently preferred in the power industry are cogeneration and trigeneration; however, at the same time, conventional boiler technologies and heat exchanger stations are being upgraded and following the accession to the EU there has been a boom in biomass technologies. In our business activities, we strive to follow the latest trends and thus offer comprehensive services in capital investment. Therefore, our division has extended its activity also to the building sector – especially the construction of industrial halls including technological equipment.

III. Power Engineering Units

● Conceptual decisions

Preparation of technical-economic studies and analyses of co-generation and steam gas power plants.

● Work preparation

Preparation of all stages of the design documentation.

● Work implementation

Comprehensive EPC contract- or subcontract-based supplies of technology equipment.

● Cogeneration units

Supply of cogeneration units with piston engines with electric output from 10 to 5,000 kW, including all accessories.

● Instrumentation and control; extraction of electric output

Supply of switchboards, cable lines, transformer stations etc.

IV. Steam and Hot-water Boilers

Boilers and boiler houses – including comprehensive deliveries

EKOL provides comprehensive **general steam, hot water and warm water boiler / boiler house supplies** using the following fuels as **energy sources**:

- Wood chips and wood waste
- Straw and fytomass
- Liquid and gaseous fuels
- Brown and bituminous coal
- Technological gases
- Waste heat (waste heat recovery boilers)
- Sludge from wastewater treatment plants

Boiler modernisation and ecologisation

We offer and perform modernisation and ecologisation of boilers for existing heat and power sources.

We provide the design and supply of supplementary heat exchanging surfaces of the existing equipment to improve their efficiency or modifications initiated by the change in the fuel base of the heat source.

Partial supplies / boiler house and boiler accessories

As part of the comprehensive or partial supplies of boiler houses, boilers and their accessories, we will design and implement the following supplies:

- Instrumentation and control (I&C)
- Condensate systems for steam boiler houses

- Devices for thermal liquidation of waste gases or liquids from technological processes
- Water, steam, hot water and warm water piping
- Heat exchanger plants
- Technology of thermal feed water treatment plants
- Storage tanks and expansion tanks

Through cooperation as part of our comprehensive supplies we also provide the design, delivery and assembly of:

- Boiler house fuel systems (both internal and external)
- Clinker removal
- Dust and soot collection
- Power circuit wirings
- I&C master systems for technological units including links to existing equipment
- Construction parts of final deliveries

Supplies of spare parts

We **supply spare parts**:

- For our own boilers
- For boilers made by other manufacturers according to original or new documentation

V. Technical Services Division (TSD) – Design of Steam and Gas Turbines, Projection

The TSD is primarily engaged in the design and optimisation of turbine equipment or the entire power plant heat cycle in line with the customer's requirements. As a process, the development from the customer's - often unique - requirement to the output in the form of production documentation, including the external output in the form of a protected internal activity output, is formed by and comprises specialised calculation and design units as well as activities of test technicians.

Turbine generators are designed not only to meet the customer's requirements but also to optimise the entire heat cycle. This enables us shorten the payback period of initial investments and optimise the total amount of the initial investment.

Another area of EKOL's focus concerns the supply of complete power plants – known as the EPC projects – where the Company can make use of its potential in terms of heat cycle optimisation,

the possibility to supply boilers and steam turbines of its own design, and its experience from reference projects.

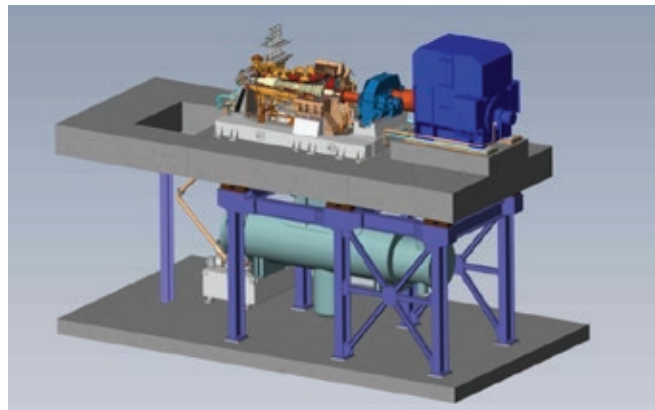
EKOL is not only able to design steam turbines for generator drive (for generating power), but also turbines for driving other devices such as industrial compressors or pumps. These turbines primarily differ by the manner of operation and their design has its specifics.

Basic overview of EKOL steam turbines:

Turbine types: Back-pressure, Condensing, Extraction

Type	Size making	Max. inlet steam parameters	Max power (MW)	Numbers of casing	Max. numbers of controled extractions	Max. numbers of bleeds	Outlet pressure bar (a)	Max speed (rpm.)
CONDENSING	EST 10 C	45 bar 450 °C	1,5	1	0	0	0,06 - 1,5	16 000
	EST 20 C	45 bar 450 °C	3,5	1	1	1	0,06 - 1,5	16 000
	EST 30 C	68 bar 485 °C	12	1	1	1	0,06 - 1,5	10 000
	EST 40 C	90 bar 535 °C	25	1	1	2	0,06 - 1,5	7 500
	EST 50 C	110 bar 535 °C	40	1	2	3	0,06 - 1,5	6 000
	EST 60 C	135 bar 540 °C	66	1	2	6	0,06 - 1,5	5 000
	EST 70 C	135 bar 540 °C	70	2	2	6	0,06 - 1,5	3 000
BACK PRESSURE	EST 10 B	45 bar 450 °C	1,5	1	0	0	Max. 24	16 000
	EST 20 B	45 bar 450 °C	3,5	1	1	0	Max. 24	16 000
	EST 30 B	68 bar 485 °C	12	1	1	1	Max. 24	12 000
	EST 40 B	90 bar 535 °C	25	1	1	1	Max. 24	9 000
	EST 50 B	110 bar 535 °C	40	1	1	2	Max. 24	8 000
	EST 60 B	135 bar 540 °C	66	1	2	3	Max. 24	6 000
	EST 70 B	135 bar 540 °C	70	2	2	4	Max. 24	5 500

The TSD is primarily engaged in the design and optimisation of turbine equipment in line with the customer's requirements. As a process, the development from the customer's - often unique - requirement to the output in the form of production documentation, including the external output in the form of a protected internal activity output, is formed by and comprises specialised calculation and projection design units as well as activities of test technicians.

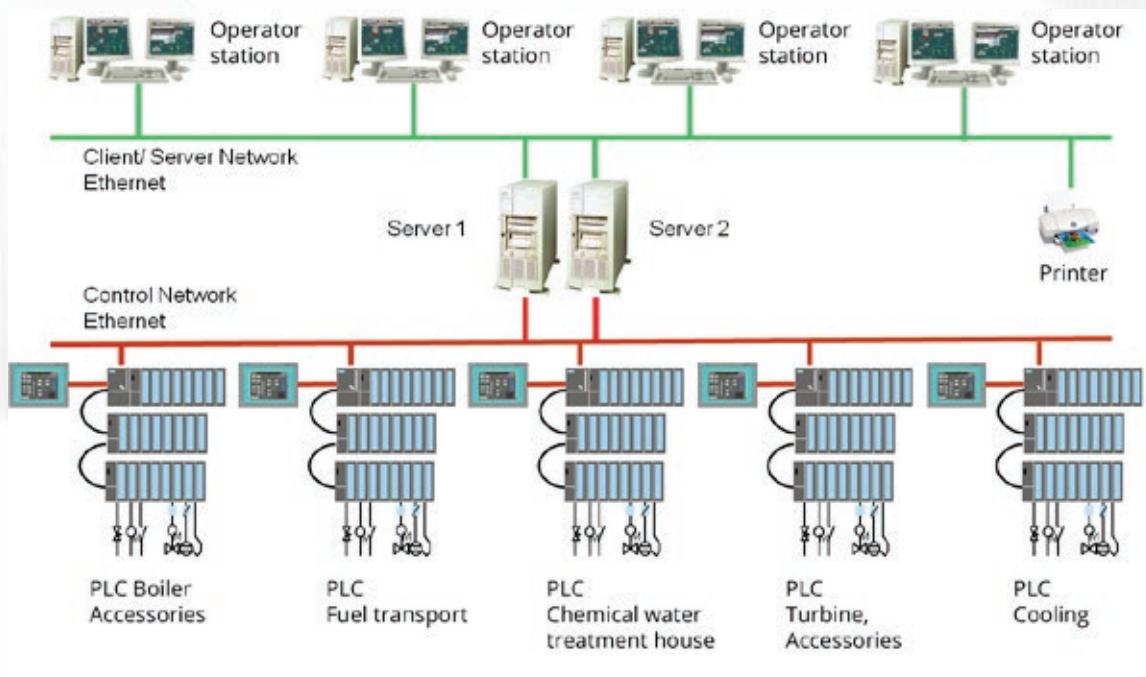


VI. Automation Devices Division (ADD)

The ADD provides comprehensive supplies of automated technological process control systems for gas turbines, boilers and power plants.

The supplies and services include:

- Preparation of complete project documentation at the level of the implementing project;
- Process instrumentation supplies;
- Control and information system supplies
- Development of application SW;
- Creating images of the technological process visualisation;
- Conducting tests (FAT, SAT);
- Assembly and cabling supplies;
- Commissioning;
- Staff initial training;
- Preparation of manuals and operating guidelines; and
- Issue of documentation on the actual implementation.



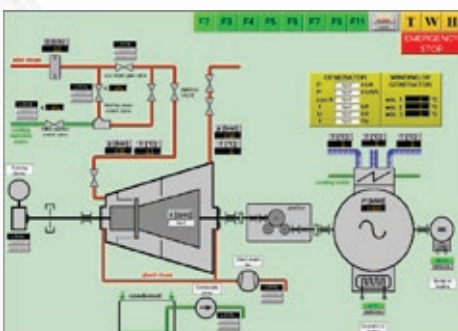


Supporting documentation for instrumentation and control

Creating I&C supporting documentation includes compiling lists of local as well as remote measurements and appliances, preparing design documentation for filling measurement consumption places on devices and linking pipes, and issuing production documentation including material breakdown. These documents constitute instructions for the production and ordering of technological components and for projects of associated professions (eg. electricity related).

Project documentation

Project documentation contains detailed specification of control systems, remote monitoring and visualisation of EKOL-manufactured and -supplied technological units. Based on this documentation, process instrumentation is ordered and supplied, control system switchboards including operator control panels produced and visualisation systems ordered. Based on cabling lists, I&C cabling is supplied, including cabling route components. Based on wiring diagrams and screw terminal connection plans, cabling of process instrumentation and of all control system components supplied is performed. Additionally, all communication sequences are connected to the monitoring system, the visualisation process and other associated devices.



SW creation and commissioning

The ADD commissions EKOL steam turbines, gas turbines, boilers and power-generating units in terms of I&C and control systems including application SW, and creates visualisations on operator control panels and information systems. It commissions and configures all process instrumentation and data transfer circuits, provides individual as well as operating tests of the control system and visualisation including the technological supply, prepares remote access to the control system for customer operating assistance and provides servicing and preventive checks of the devices operated.

Tools and Components Used

The standard software design tools include Solidworks, AutoCad, Me10 and MS Office. For designing control systems, the Company uses EPLAN, AutoCad as well as MS Office. For controlling technological devices,

the Company uses products made by world-renowned manufacturers such as Siemens, ABB or another one at the customer's request.

VII. Research and Development Division

In connection with the strategic partner ShaanGu entering EKOL, the need arose to intensify research and development activities. Therefore, we decided to detach some of the current specialists and add newcomers to establish a new individual specialised research and development centre. In order to extend possibilities

of development task solutions, predominantly the realisation of the "UNIFICATION OF THE EKOL STEAM TURBINES of the 1 – 70MW power line" project, a new Research and Development Division was established. Apart from the requirements on the unification project, the objective of the new division is predomi-

nantly to ensure the high quality of final products, cut running production time, and significantly decrease production costs. All this in line with the strategic aims of the Company, ie sustainable growth and increasing competitiveness.

The main focus of the division's activities is now in line with the aforementioned project, ie:

- The realisation of new types of the last grade of vanes;
- The construction of a modular system of stator parts, regulation, bearings etc. of gas turbines predominantly for mechanic engines with the power range of up to 70 MW and an overlap and usability also in the field of realisation of a modular system and unification elements for gas turbines designed for generator drivers;
- The realisation of a new version of a semi-automated software for the unification system.

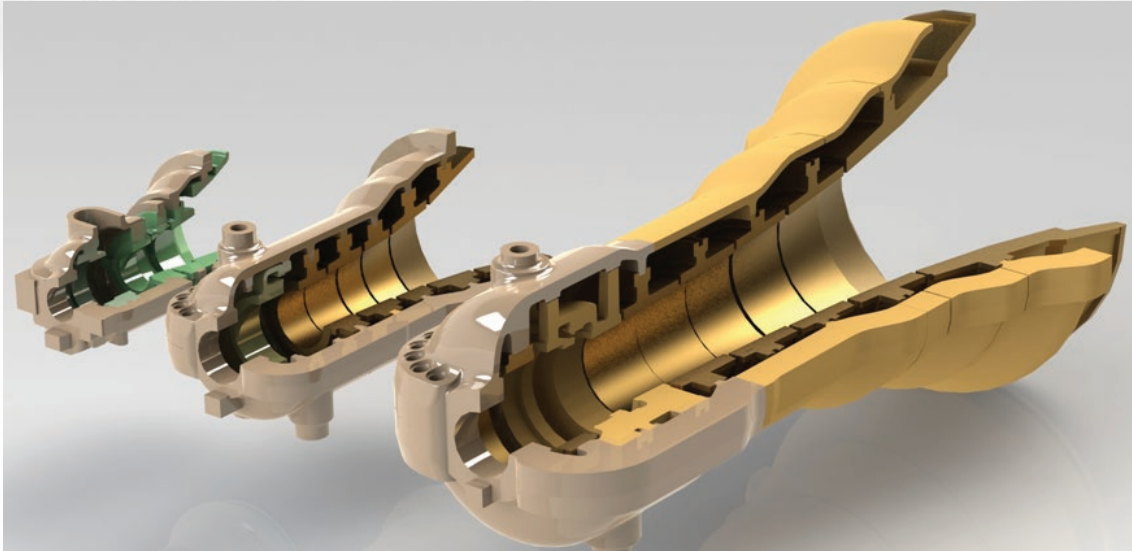
Development activities related to the actual project are approached in two principal ways:

1. Approach focused on an industrial research of a standardised dimension and parameter line of core knots (last grade vanes, cases, bearing pedestals, regulation valves etc). Thus, a new parameter line of respective knot is being developed, and each representative of the line corresponds to the usage parameters or dimensions of parameter values set for a specific gas turbine.

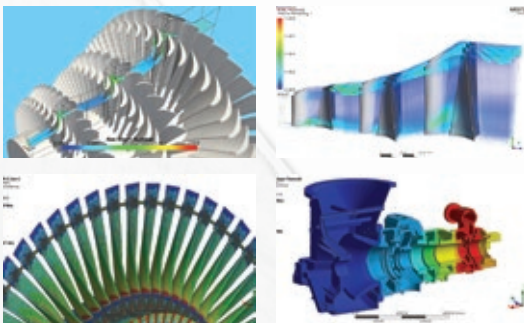
No	ID	D	L	R	T	Tt
1	foil 110-15-LT	1100	500	4000	135	545
2	foil 100-15-LT	1000	480	4300	135	545
3	foil 090-15-MT	900	450	4600	110	545
4	foil 080-15-MT	800	420	5100	110	545
5	foil 071-15-MT	710	400	5700	110	545
6	foil 063-15-MT	630	380	6500	110	545



2. Documentation of three imaginary gas turbines, where each of them represents a representative from the given power range, ie lines EST 30, EST 50 and EST 60, thus enabling not only developing a conception in demanding applications, but also checking procedures from the design process described under 1).



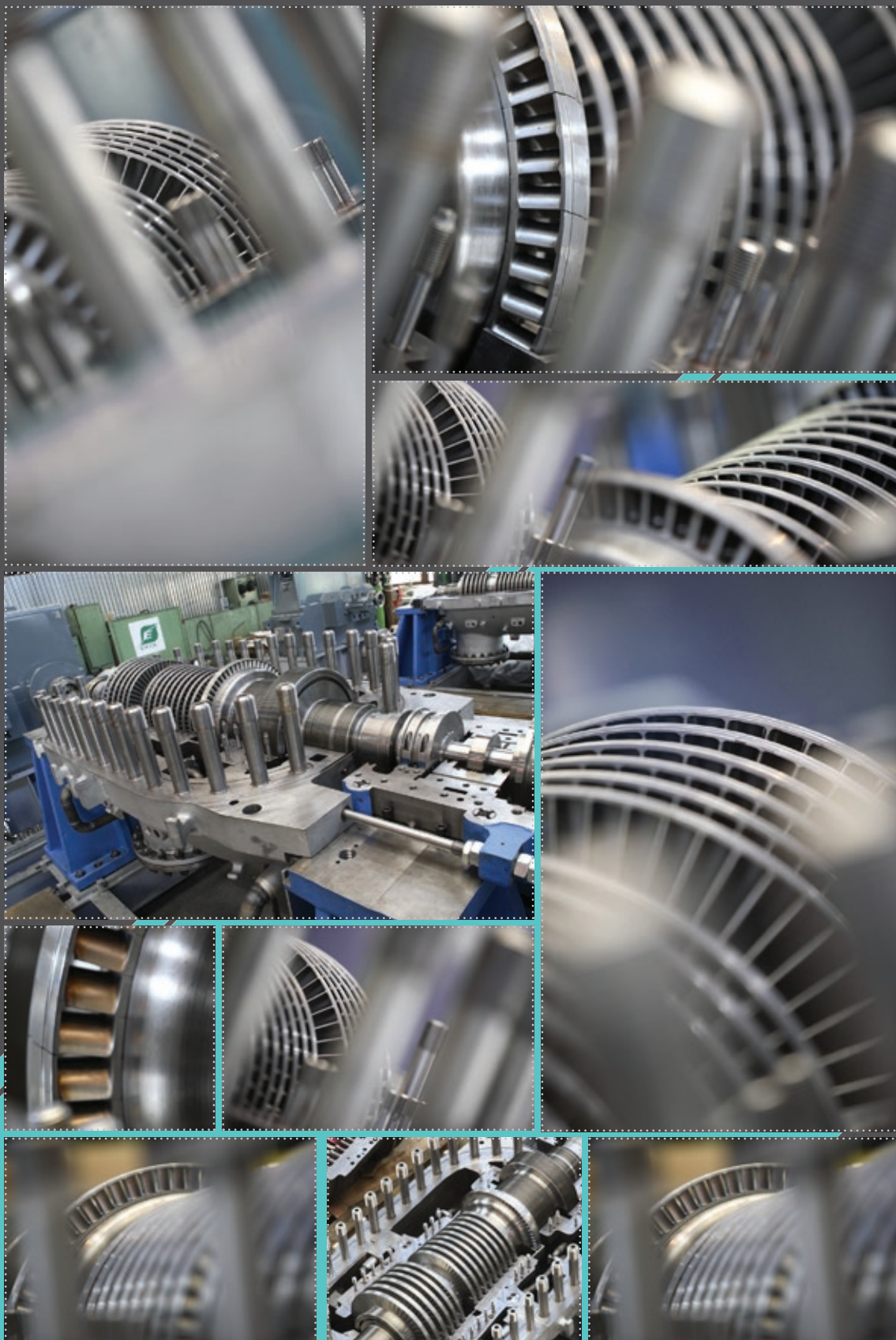
Internally, the division is divided into the construction department, calculation department and department for the analysis and decrease of costs related to unified parts; each department has clearly outlined and defined responsibilities and authorities. Within the calculation department, additionally, a subsection focused expressively on the development and design of last grades of vanes has been established. In order to make organisation, coordination and cooperation more efficient, long-term activity planning and short-term capacity planning has been introduced, on which also the system of valuation and remuneration is partially based as well.



In order for the division to run smoothly and to increase productivity, also the implementation of high-performance software instruments for the following fields contributes, among other characteristics mentioned above:

- Analytic calculations: supplementary modules of common SW instruments (HT basic, Visual Basic/Excel etc) processed by own programming capacities;
- Two-dimension design planning and 2-D documentation: solutions from the company Autodesk (AutoCAD mechanical, Plant 3D P&ID, ...);
- Preparation and verification of 3-D data and documentation: solutions from the companies Autodesk (Navisworks, Inventor, Plant 3D, ...) and Dassault Systemes (SolidWorks, SolidWorks Simulation, SolidWorks Enterprise PDM);
- Draft checks: in order to check flow-parts of rotary machines, solutions of NREC (AxCent TurboOPT and turboGrid) and instruments from Ansys (Ansys Mechanical Enterprise, Ansys CFX, Fluent, etc) are used.

The results of experimental development, both achieved by advanced calculation methods and performance of experimental checks, help us define new research fields and specify key calculation models in the process of verification of industrial research outputs not only for the now realised unification project, but throughout the spectre of needs of the Company's technical departments.





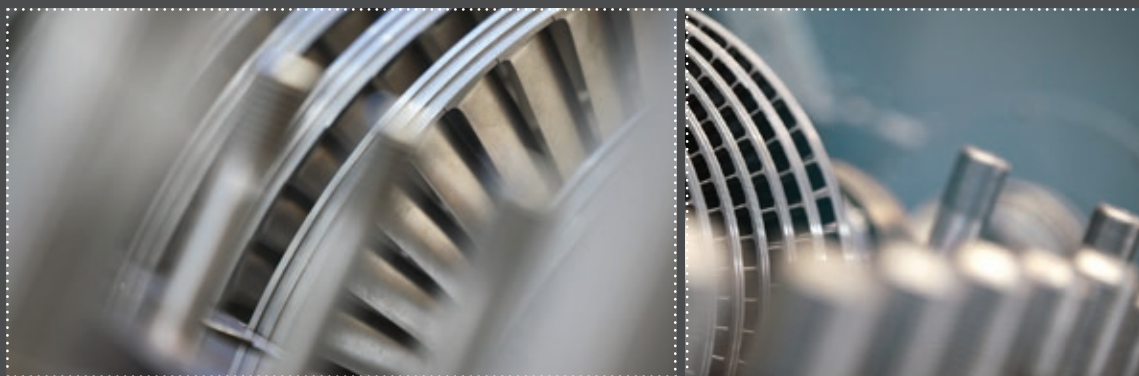
7.

Major Contracts in 2016



Steam Turbines and Heat & Power Plants:

- **ZUOK Bialystok, Poland**
Completion of tests and handover of a 9 MW condensing steam turbine for a waste incineration plant.
- **ZUO Szczecin, Poland**
Assembly of a 15 MW condensing steam turbine at the customer's premises.
- **Soda Inowroclaw, Poland**
Completion of assembly and putting into operation of a 10.5 MW back-pressure steam condensing controlled extraction turbine.
- **ŠčekinoAzot, Russia**
Completion of production and dispatch of a 2.4 condensing steam turbine for driving a feed pump.
- **MINGSHUI, China**
Terminated construction and dispatch of two 25 MW condensing steam turbines for driving a compressor.
- **KPRIA**
Delivery of a 25 MW condensing steam turbine with controlled extraction.
- **EL BRACHO, Argentina**
Front End Design of a 2x30 MWe biomass heat and power plant.
- **YANTAI, China**
Completion of production and dispatch of a 8.9 MW condensing steam turbine for driving a compressor.
- **BIA, Tunis**
Project and start of construction of key components of an energocentre for a 3000tpd sugar refinery in Saudi Arabia comprising two 75 t/h boilers, two 7 MWe gas turbines and a comprehensive exhaust gas cleaning systems (FGT).





Combustion Turbines:

- **UZTAŠKINĚFTĚGAZ Taskent, Uzbekistan**
Supply of seven sets of regeneration pipe exchangers and utilisation boilers for GT 750-6 combustion turbines.
- **NET4GAS Prague, Czech Republic**
Repair and reconstruction of GT 750-6 combustion turbine at KS Břeclav.
- **ONTRAS Lipsko, Germany**
Supply of low-emission combustion chamber spare parts for GT 750-6 combustion turbine at KS Sayda.
- **LOVOCHEMIE Lovosice, Czech Republic**
General repair and supply of ST1Ch turbo compressor spare parts, repair of the ST1CH gas turbine.
- **LANCASTER SUPPLIES EUROPE, Ukraine**
Supplies of VTT engine for GT 750-6 combustion turbine.
- **SYNTHESIA Semtín, Czech Republic**
Repair of ST1CH combustion turbine.
- **PROVIO TL, Ukraine**
Supply of spare parts for GT 750-6 combustion turbine.



Boiler Division

- **CET Oradea, Romania**
Termination of the installation and putting into operation two hot-water 116.3 MWt boilers and 50MWt utilisation boiler.
- **ŠčekinoAzot, Russian Federation**
Termination of deliveries of feed pumps.
- **ŠčekinoAzot, Russian Federation**
Supply and putting into operation of a 60 t/h steam boiler.
- **ESIIC - Egypt**
Delivery and putting into operation of fuel lines for steam boilers.
- **ESIIC - Egypt**
Delivery and putting into operation of fans for steam boilers.
- **ESIIC - Egypt**
Delivery and putting into operation of sootblowers for steam boilers.

8.

Major Contracts in 2017

☐ Steam Turbines and Heat & Power Plants:

- **BIA, Tunis**
Project and start of construction of key components of an energocentre for a 3000tpd sugar refinery in JAZAN, Saudi Arabia comprising two 75 t/h boilers, two 7 MWe gas turbines and a comprehensive exhaust gas cleaning systems (FGT).
- **BARLINEK Investycje, Poland**
EPC Projekt: project, design, construction and delivery of a biomass power plant including EKOL 33 t/h boiler and EKOL 5,8 MWe gas turbine.
- **ENERGANA GOSPIČ, Croatia**
EPC Projekt: project, design and construction of biomass power plant components including EKOL 24t/h boiler and EKOL 6,4 MWe steam turbine.



Combustion Turbines:

- **NET4GAS Prague, Czech Republic**
Repairs and reconstruction of GT 750-6 combustion turbines, ecological modernisation of combustion chambers.
- **LUTEBA LTD, Uzbekistan**
Delivery of spare parts for GT 750-6 combustion turbines.
- **LOVOCHEMIE Lovosice, Czech Republic**
General repair of the compressor of ST1CH combustion turbine, general repair of the rotor of ST1CH gas turbine.
- **PROVIO TL, Ukraine**
Delivery of rotors and general repair of GT 750-6 combustion turbine.
- **AKRON Moskva, Russia**
Delivery of EGT 700-8.5 gas turbine.

Boiler Division:

- **EPC projekty EKOL:**
Projection, construction and delivery of boilers for EPC projects of EKOL, ie two pieces for JAZAN, BARLINEK and GOSPIC.
- **E.S.I.I.C - Egypt**
Delivery of spare parts for 40t/h boiler.
- **E.S.I.I.C - Egypt**
Delivery of spare parts for boilers.
- **SUAS Vřesová, Czech Republic**
Delivery of a special boiler to cool down exhaust gases when producing sulphuric acid.

9.

EKOL Brno – World Triathlon Partner

EKOL SUPERPRESTIGE

EKOL
team

BACK IN 1997

EKOL, spol. s r.o. became involved in one of the most progressive sports – the triathlon.

The **EKOL SUPERPRESTIGE** race held in Brno has always been part of the elite category of triathlon events; **it was included in the World Triathlon Series three times and it was a race of the European Cup six times.**



Filip Ospalý

The only European Triathlon champion from the Czech Republic

European Triathlon champion
Two-times European Triathlon runner-up
Three-times World Cup winner
Three-times University World Champion



Vendula Frintová

The only European Triathlon vicechampion from the Czech Republic

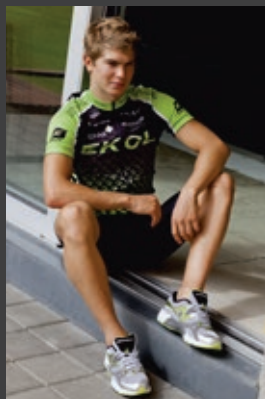
European Triathlon vicechampion
U23 European Champion
Two-times silver medalist from U23 World Championship
Winner of a World Cup event



Radka Vodičková

The only absolute winner of the European Cup series from the Czech Republic

Sixth place from European Championship
European Duathlon Champion
Absolute winner of the European Cup series



Lukáš Kočař

The winner of the European Junior Cup

Sixth place from World Youth Games
Third place from the University World Championship

10.

Approval Certificates ISO



11.

Independent Auditor's Report



Deloitte Audit s.r.o.
Registered seat:
Karolínská 654/2
106 00 Praha 8 - Karlín
Czech Republic

Office address:
Spielberk Office Centre
Holandská 1
639 00 Brno
Czech Republic

Tel: +420 246 043 500
Fax: +420 246 042 555
DeloitteCZ@deloitteCZ.com
www.deloitte.cz

Registered by the Municipal Court
in Prague, Section C, File 24349
ID No.: 49620992
Tax ID No.: C269620592

INDEPENDENT AUDITOR'S REPORT

To the Partners of EKOL, spol. s r.o.

Having its registered office at: Křenová 211/65, Trnitá, 602 00 Brno

Opinion on the Financial Statements and Consolidated Financial Statements

We have audited the accompanying financial statements of EKOL, spol. s r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 December 2016, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We have audited the accompanying consolidated financial statements of the EKOL, spol. s r.o. consolidation group (hereinafter also the "Group") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the consolidated balance sheet as of 31 December 2016, and the consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion:

- The accompanying financial statements give a true and fair view of the financial position of EKOL, spol. s r.o. as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.
- The accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the EKOL, spol. s r.o. consolidation group as of 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and the consolidated financial statements and auditor's report thereon. The Statutory Executives is responsible for the other information.

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Our opinion on the financial statements and the consolidated financial statements does not cover the other information. In connection with our audit of the financial statements and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements and the consolidated financial statements is, in all material respects, consistent with the financial statements and the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executives for the Financial Statements and the Consolidated Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the financial statements and the consolidated financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executives determine is necessary to enable the preparation of financial statements and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the consolidated financial statements, the Statutory Executives are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Executives either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements and the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the consolidated financial statements, including the disclosures, and whether the financial statements and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Statutory Executives regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 2 June 2017

Audit firm:


Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Pavel Raštica
registration no. 2180





**Unconsolidated
Financial
statements
2016**

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

Company name: EKOL, spol. s r.o.

Registered office: Křenová 211/65, Trnitá, 602 00 Brno

Legal form: Limited Liability Company

Company ID No.: 416 00 983

Parts of Financial Statements:

Balance Sheet

Profit & Loss Account

Statement of Changes to Equity

Cash Flow Statement

The financial statements were elaborated on 2 June 2017.

Authorized representative of accounting unit

Signature



Balance Sheet – Full Version

As of 31. 12. 2016 (in thousands CZK)

	31.12.2016		31.12.2015	
	Gross	Adjustment	Net	Net
TOTAL ASSETS	1,163,251	188,009	975,242	1,210,126
B. Fixed assets	386,403	175,078	211,325	214,871
B.I. Intangible fixed assets	74,349	61,649	12,700	9,567
B.I.2. Valuable rights	68,285	55,585	12,700	9,496
B.I.2.1. Software	55,552	42,925	12,627	9,350
B.I.2.2. Other valuable rights	12,733	12,660	73	146
B.I.4. Other intangible fixed assets	6,064	6,064	-	71
B.II. Tangible fixed assets	145,338	112,790	32,548	39,227
B.II.1. Land and structures	48,170	30,820	17,350	18,978
B.II.1.2. Structures	48,170	30,820	17,350	18,978
B.II.2. "Tangible movable assets and sets of tangible movable assets"	97,168	81,970	15,198	20,249
B.III. Non-current financial assets	166,716	639	166,077	166,077
B.III.1. Equity investments - controlled or controlling entity	166,716	639	166,077	166,077
C. Current assets	775,629	12,931	762,698	993,007
C.I. Inventories	125,541	-	125,541	120,161
C.I.1. Material	12,604	-	12,604	18,712
C.I.2. Work in progress and semifinished goods	112,937	-	112,937	101,449
C.II. Receivables	382,057	12,931	369,126	667,723
C.II.1. Long-term receivables	19,692	-	19,692	17,670
C.II.1.1. Trade receivables	5,833	-	5,833	4,467
C.II.1.4. Deferred tax asset	13,859	-	13,859	13,203
C.II.2. Short-term receivables	362,365	12,931	349,434	650,053
C.II.2.1. Trade receivables	260,263	12,931	247,332	543,591
C.II.2.4. Receivables - other	102,102	-	102,102	106,462
C.II.2.4.3. State - tax receivables	56,935	-	56,935	80,750
C.II.2.4.4. Short-term prepayments made	43,384	-	43,384	23,956
C.II.2.4.5. Estimated receivables	1,692	-	1,692	1,731
C.II.2.4.6. Sundry receivables	91	-	91	25
C.III. Current financial assets	11,779	-	11,779	11,779
C.III.2. Other current financial assets	11,779	-	11,779	11,779
C.IV. Cash	256,252	-	256,252	193,344
C.IV.1. Cash on hand	1,423	-	1,423	1,669
C.IV.2. Cash at bank	254,829	-	254,829	191,675
D. Other assets	1,219	-	1,219	2,248
D.1. Deferred expenses	1,115	-	1,115	2,248
D.3. Accrued income	104	-	104	-

Balance Sheet – Full Version

As of 31. 12. 2016 (in thousands CZK)

	31. 12. 2016	31. 12. 2015
TOTAL LIABILITIES & EQUITY	975,242	1,210,126
A. Equity	590,670	634,387
A.I. Share capital	5,000	5,000
A.I.1. Share capital	5,000	5,000
A.II. Share premium and capital funds	7,170	7,196
A.II.2. Capital funds	7,170	7,196
A.II.2.1. Other capital funds	7,170	7,170
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	-	26
A.III. Funds from profit	500	500
A.III.1. Other reserve funds	500	500
A.IV. Retained earnings (+/-)	621,691	596,100
A.IV.1. Accumulated profits brought forward	636,058	610,467
A.IV.3. Other profit or loss from prior years (+/-)	(14,367)	(14,367)
A.V. Profit or loss for the current period (+/-)	(43,691)	25,591
B.+C. Liabilities	334,249	431,166
B. Reserves	15,158	16,332
B.IV. Other reserves	15,158	16,332
C. Payables	319,091	414,834
C.I. Long-term payables	6,729	14,468
C.I.4. Trade payables	6,729	14,468
C.II. Short-term payables	312,362	400,366
C.II.3. Short-term prepayments received	40,018	60,473
C.II.4. Trade payables	262,649	325,458
C.II.6. Payables - controlled or controlling entity	154	154
C.II.8. Other payables	9,541	14,281
C.II.8.3. Payables to employees	5,285	5,429
C.II.8.4. Social security and health insurance payables	3,032	3,133
C.II.8.5. State - tax payables and subsidies	973	1,039
C.II.8.6. Estimated payables	129	3,687
C.II.8.7. Sundry payables	122	993
D. Other liabilities	50,323	144,573
D.2. Deferred income	50,323	144,573

Profit and Loss Account

Year ended 31. 12. 2016 (in thousands CZK)

	Year ended 31. 12. 2016	Year ended 31. 12. 2015
I. Sales of products and services	810,529	894,077
A. Purchased consumables and services	680,027	721,101
A.2. Consumed material and energy	467,425	499,485
A.3. Services	212,602	221,616
B. Change in internally produced inventory (+/-)	(11,488)	76,703
D. Staff costs	102,565	94,158
D.1. Payroll costs	74,864	68,410
D.2. Social security and health insurance costs and other charges	27,701	25,748
D.2.1. Social security and health insurance costs	25,018	22,929
D.2.2. Other charges	2,683	2,819
E. Adjustments to values in operating activities	27,814	12,393
E.1. Adjustments to values of intangible and tangible fixed assets	15,820	13,645
E.1.1. Adjustments to values of intangible and tangible fixed assets - permanent	15,820	13,645
E.3. Adjustments to values of receivables	11,994	(1,252)
III. Other operating income	11,386	11,922
III.1. Sales of fixed assets	385	8,542
III.2. Sales of material	1,573	555
III.3. Sundry operating income	9,428	2,825
F. Other operating expenses	24,019	19,427
F.1. Net book value of sold fixed assets	-	5,693
F.2. Net book value of sold material	2,120	510
F.3. Taxes and charges	1,739	1,574
F.4. Reserves relating to operating activities and complex deferred expenses	(1,175)	5,870
F.5. Sundry operating expenses	21,335	5,780
* Operating profit or loss (+/-)	(1,022)	(17,783)
IV. Income from non-current financial assets - equity investments	-	15,815
IV.1. Income from equity investments - controlled or controlling entity	-	15,815
G. Costs of equity investments sold	-	15,815
VI. Interest income and similar income	151	121
VI.2. Other interest income and similar income	151	121
VII. Other financial income	2,503	6,790
K. Other financial expenses	15,924	30,282
* Financial profit or loss (+/-)	(13,270)	(23,371)
** Profit or loss before tax (+/-)	(14,292)	(41,154)
L. Income tax	29,399	(66,745)
L.1. Due income tax	30,056	(55,667)
L.2. Deferred income tax (+/-)	(657)	(11,078)
** Profit or loss net of tax (+/-)	(43,691)	25,591
*** Profit or loss for the current period (+/-)	(43,691)	25,591
* Net turnover for the current period	824,569	928,725



Cash Flow Statement


Year ended 31. 12. 2016 (in thousands CZK)

	Year ended 31. 12. 2016	Year ended 31. 12. 2015
P. Opening balance of cash and cash equivalents	193,344	199,700
Cash flows from ordinary activities (operating activities)	-	-
Z. Profit or loss before tax	(14,292)	(41,154)
A.1. Adjustments for non-cash transactions	20,972	24,223
A.1.1. Depreciation of fixed assets	15,820	13,645
A.1.2. Change in provisions and reserves	10,820	4,624
A.1.3. Profit/(loss) on the sale of fixed assets	(385)	(2,849)
A.1.5. Interest expense and interest income	(151)	(121)
A.1.6. Adjustments for other non-cash transactions	(5,132)	8,924
A.* Net operating cash flow before changes in working capital	6,680	(16,931)
A.2. Change in working capital	67,966	(4,054)
A.2.1. Change in operating receivables and other assets	292,820	(395,469)
A.2.2. Change in operating payables and other liabilities	(219,474)	323,867
A.2.3. Change in inventories	(5,380)	69,219
A.2.4. Change in current financial assets	-	(1,671)
A.** Net cash flow from operations before tax	74,646	(20,985)
A.4. Interest received	151	121
A.5. Income tax paid from ordinary operations	-	12,139
A.*** Net operating cash flows	74,797	(8,725)
Cash flows from investing activities	-	-
B.1. Fixed assets expenditures	(12,274)	(21,988)
B.2. Proceeds from fixed assets sold	385	24,357
B.*** Net investment cash flows	(11,889)	2,369
Cash flow from financial activities	-	-
F. Net increase or decrease in cash and cash equivalents	62,908	(6,356)
R. Closing balance of cash and cash equivalents	256,252	193,344

Statement of Change in Equity

Year ended 31. 12. 2016 (in thousands CZK)

	Share capital	Capital funds	Profit funds, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Other profit or loss from prior years	Profit or loss for the current period	Total Equity
Balance at 31 December 2014	5,000	7,132	500	600,695	-	(9,074)	4,479	608,732
Correction of prior year misstatement	-	-	-	-	-	(5,293)	5,293	-
Distribution of profit or loss	-	-	-	9,772	-	-	(9,772)	-
Revaluation of derivatives	-	64	-	-	-	-	-	64
Profit or loss for the current period	-	-	-	-	-	-	25,591	25,591
Balance at 31 December 2015	5,000	7,196	500	610,467	-	(14,367)	25,591	634,387
Distribution of profit or loss	-	-	-	25,591	-	-	(25,591)	-
Revaluation of derivatives	-	(26)	-	-	-	-	-	(26)
Profit or loss for the current period	-	-	-	-	-	-	(43,691)	(43,691)
Balance at 31 December 2016	5,000	7,170	500	636,058	-	(14,367)	(43,691)	590,670



**NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

Name of the Company: **EKOL, spol. s r.o.**

Registered office: Křenová 211/65, Trnitá, 602 00 Brno
Legal status: Limited Liability Company
Corporate ID: 416 00 983

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Notes to the Full-Scope Financial Statements for the Year Ended 31 December 2016

(Monetary values are presented in CZK '000)

The Notes to the Financial Statements have been prepared in accordance with Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of Accounting Act 563/1991 Coll., as amended. The data in the Notes to the Financial Statements are based on the Company's accounting records and other documents available to the Company.

I. GENERAL INFORMATION

1. Description of the Reporting Entity

1.1 Company

Name	EKOL, spol. s r.o. (the "Company")
Registered office:	Křenová 211/65, Trnitá, 602 00 Brno
Corporate ID.:	41600983
Legal status:	Limited liability company
Date of incorporation:	31 July 1991
Principal business activities	Manufacturing, trade and services – project activities related to construction; and Manufacturing, installation, repairs of electric machines and devices, electronic and telecommunication devices.

1.2 Persons (Individuals/Legal Entities) with Significant or Controlling Influence in the Company (an Equity Interest Equal to or Greater than 20%)

Since 1 July 2015, 75% of the Company's equity investment has been owned by the Chinese company Xi'an Shaangu Power Co., Ltd. through Shaangu Power (Hong Kong) Co., Ltd. The consolidated financial statements for the narrowest consolidation group are prepared by Ekol, spol. s r.o. The consolidated financial statements for the widest consolidation group are prepared by Xi'an Shaangu Power Co.

Individual/Company	Ownership percentage
Shaangu Power (Luxemburg) S.A.	75 %
Prof. Ing. Stanislav Veselý, CSc.	13,385 %
Ing. Gustav Poslušný	11,115 %
Ing. Jaromír Kříž	0,5 %

The shares of the above-listed shareholders amount to 100 %
Investments of shareholders in the share capital are fully paid up.

A) Members of the Statutory Body

Statutory executives

Prof. Ing. STANISLAV VESELÝ, CSc.	statutory executive A
Ing. JAROMÍR KŘÍŽ	statutory executive A
LIU LI JIA	statutory executive B
JIANG GUODONG	statutory executive B
JIN QINGJUN	statutory executive C

Manner of acting:

No fewer than two (2) statutory executives act jointly on behalf of the Company regarding all matters; one (1) of them will always be statutory executive A and one (1) will always be statutory executive B or statutory executive C.

B) Changes in and Amendments to the Register of Companies in the Reporting Period

During the year ended 31 December 2016, no changes were made to the Register of Companies.

C) Organisational structure of the Company

Ing. Jaromír Kříž	General Manager since 1 July 2015
Ing. Václav Heža	Financial Manager from 1 July 2015 to 31 October 2016
Ing. Jaroslav Zapletal	Financial Manager since February 2017

From 1 November 2016 to February 2017, the position of the financial manager was not taken.

Technical Division	Ing. Jan Saňka
Gas Turbine Division	Václav Janišťin
Steam Turbine Division	Ing. Jiří Bedáň
Technical Service Division	Ing. Bohumil Krška
Boiler Division	Ing. Miloš Vavříčka
DAZ Division	Ing. Zdeněk Smejkal

II. EQUITY INVESTMENTS OF THE COMPANY**2.1 Subsidiaries or Associates of the Company (with Equity Investment Equal to or Greater than 20%)**

Name	Registered office	Ownership percentage	Vlastní kapitál (in CZK '000)	Účetní hospodářský výsledek (in CZK '000)
EKOL energo s.r.o.	Křenová 65 Brno	100	332,695	20,534
AEZ s.r.o.	Zaoralova 2831/7 Brno	100	33,664	3,325
EKOL, spol. s r.o.	Hečkova 2 Martin. Slovakia	100	50,878	1,081
Ekol Turbo a.s.	Křenová 65 Brno	100	1,817	(6)
POWER ELECTRIC SP. Z O.O.	Ks. Londzina 7, Bielsko-Biala, Poland	51	3,324	346

The Company also exercises significant or controlling influence in the businesses as follows:**EKOL GmbH Energiesysteme**

Ownership percentage (%)	70 %
Equity investment	CZK 639 thousand
2001 Profit or loss	CZK (7,685) thousand

Given that the Company has not received financial statements from EKOL GmbH Energiesysteme since 2001, a provision against equity investments in the amount of CZK 639 thousand was recognised in 2011.

S.C. Centrala Bioval S.R.L.

Ownership percentage (%)	99,9 %
Equity investment	CZK 11,779 thousand
Profit for 2016	CZK (163) thousand

This company was purchased for resale. The sale of the company is expected to be made in 2017, therefore, it is recognised as part of current financial assets.



INFORMATION ON ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

3. Material Accounting Information

3.1 Accounting Principles

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis (unless stated otherwise), the accruals principle, the prudence concept and the going concern assumption.

The Company's financial statements have been prepared as of 31 December 2016 for the 2016 calendar year. These financial statements are presented in thousands of Czech crowns ("CZK") unless stated otherwise.

These financial statements are presented in thousands of Czech crowns ("CZK") unless stated otherwise.

3.2 Valuation Method

A) Inventory Developed Internally and Purchased Using own Funding

Purchased inventory is valued at acquisition cost. Internally developed inventory:

Production in progress is valued at internal production costs (in direct costs + production overheads).

Material and construction that are directly attributable to individual constructions are charged directly to the consumption of individual projects using the B method.

Material purchased for internal processing is recognised using the A method.

Types of indirect acquisition costs

- Related to purchased inventory: transportation costs, external assembly services, customs; and
- Internally developed inventory: material consumption, wages, social security and health insurance, transportation costs, external assembly services, other direct costs, production overheads.

B) Tangible and Intangible Fixed Assets

Purchased: purchase price + acquisition costs (transportation costs, external assembly services, customs)

Low-value assets with acquisition costs of less than CZK 20 thousand are expensed on a one-time basis for tax and accounting purposes and subsequently recorded as part of operational records, except for software, information technology and office equipment with acquisition costs of less than CZK 5 thousand which is expensed on a one-time basis for tax and accounting purposes.

C) Financial Assets

Non-current financial assets include financial assets with maturity or intent to hold exceeding one year. Current financial assets include financial assets with maturity or intent to hold of less than one year.

Valuation of financial assets upon acquisition

Equity investments, securities and derivatives are stated at acquisition cost at the date of acquisition, including premium and related costs.

Valuation of financial assets at the balance sheet date

Securities held for trading, other available-for-sale securities and derivatives are stated at fair value. If the fair value cannot be determined objectively, securities are stated at acquisition cost less provisions.

Securities with a fixed revenue held to maturity are stated at acquisition cost increased or decreased by an interest income or expense.

Equity investments in subsidiaries and associates are stated at acquisition cost less provisions.

3.3 Provisioning of Assets**Provisions against inventory**

Provisions against slow-turning and obsolete assets or otherwise temporarily impaired assets are made based on an inventory turnover analysis and individual assessment of inventory.

Provisions against receivables

Upon origination, receivables are stated at their nominal value. Purchased receivables are stated at acquisition cost. Doubtful receivables are stated at cost less provisions and expensed to the exercise amount on the basis of an individual assessment of individual debtors and aging structure of receivables.

Type of provision	31 Dec 2015	Change	31 Dec 2016
Provision against non-current financial assets	639	0	639
Provision against receivables	939	11,992	12,931

3.4 Depreciation of Fixed Assets

Depreciation plan of fixed assets is related to the actual useful life of individual items. Depreciation begins in the month subsequent to the putting into operation and terminates in the month of disposal.

3.5 Foreign Currency Translation

For the translation of business operations throughout the reporting period, the exchange rate of the Czech National Bank on the first day of the month used; at the end of the reporting period, the exchange rate of the Czech National Bank as of 31 December is used.

3.6 Reserves

Reserves are intended to cover future risks and expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

3.7 Revenue Recognition

Revenues from the sale of own products and services are recognised based on the accruals principle. Revenues are recognised in the appropriate prices of received supply or supply to be received and represent amounts that will be collected for supplied goods and services provided in the course of the reporting period as part of business activity net of rebates, VAT and other sale-related taxes.

Work in progress is recognised in terms of all manufacturing projects in line with the Accounting Act. The accruals principle by means of deferred income applies to projects where the billing is realised before costs are incurred (including calculated profit).

3.8 Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

3.9 Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

Cash and cash equivalents can be analysed as follows:

	31 Dec 2015	31 Dec 2016
Cash on hand and cash in transit	1,668	1,423
Bank accounts	191,675	254,829
Total cash and cash equivalents	193,343	256,252

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

3.10 Year-on-Year Changes in the Classification and Designation of Balance Sheet and Profit and Loss Account Items and their Substance

In preparing the financial statements, the Company proceeded in line with Czech Accounting Standard No. 024 – Comparable Period for the Reporting Period Starting in 2016.

IV. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4. Significant Accounting Information

4.1 Fixed Assets (Except for Receivables)

A) Received Leases

The Company has no payables arising from leases.

B) Movements of Tangible and Intangible Fixed Assets (in thousands CZK):

	1 Jan 2015	Additions / reclassification	Disposal	31 Dec 2015
Acquisition cost				
Software	38,841	7,931	0	46,772
Valuable rights	12,733			12,733
Other intangible investment assets	6,064			6,064
Land	244	0	,244	0
Construction	53,733	0	5,562	48,171
Tangible movable assets and sets of movable assets	99,267	5,539	9,694	95,112
Total	210,882	13,470	15,500	208,852
Accumulated depreciation/amortisation				
Software	35,526	1,896	0	37,422
Valuable rights	11,905	682		12,587
Other intangible investment assets	5,135	858		5,993
Construction	29,930	4,825	5,562	29,193
Tangible movable assets and sets of movable assets	73,722	10,835	9,694	74,863
Total	156,218	19,096	15,256	160,058
Net book value	54,664	0	0	48,794

	1 Jan 2016	Additions / reclassification	Disposal	31 Dec 2016
Acquisition cost				
Software	46,772	8,790	10	55,552
Valuable rights	12,733	0	0	12,733
Other intangible investment assets	6,064	0	0	6,064
Land	0	0	0	0
Construction	48,170	0	0	48,170
Tangible movable assets and sets of movable assets	95,112	3,611	1,555	97,168
Total	208,851	12,401	1,565	219,687
Accumulated determination/amortisation				
Software	37,422	5,513	10	42,925
Valuable rights	12,587	73	0	12,660
Other intangible investment assets	5,993	71	0	6,064
Construction	29,193	1,627	0	30,820
Tangible movable assets and sets of movable assets	74,863	8,662	1,555	81,970
Total	160,058	15,946	1,565	174,439
Net book value	48,794			45,248

Low-value off-balance sheet assets as of 31 December 2016 amount to CZK 7,383 thousand (CZK 6,125 thousand as of 31 December 2015).

C) Movements of Non-current Financial Assets (in CZK thousand):

	1 January 2016	Additions / reclassification	Disposals	31 December 2016
EKOL energo s.r.o.	106,443	0	0	106,443
AEZ s.r.o.	27,500	0	0	27,500
EKOL, spol. s r.o. , Martin	26,273	0	0	26,273
Ekol Turbo a.s.	1,875	0	0	1,875
POWER ELECTRIC SP. Z O.O.	3,986	0	0	3,986
Total	166,077	0	0	166,077

	1 January 2015	Additions / reclassification	Disposals	31 December 2015
EKOL energo s.r.o.	106,443	0	0	106,443
AEZ s.r.o.	27,500	0	0	27,500
EKOL, spol. s r.o. , Martin	21,646	4,627	0	26,273
Ekol Turbo a.s.	1,875	0	0	1,875
POWER ELECTRIC SP. Z O.O.	0	3,986	0	3,986
ETTE OOO	92	0	92	0
Energo Future	15,816	0	15,816	0
Total	173,372	8,613	15,908	166,077

Given that the Company has not received financial statements from EKOL GmbH Energiesysteme since 2001, a provision against equity interests of CZK 639 thousand was made.

4.2 Receivables**A) Aggregate Amount of Trade Receivables**

(in CZK thousand):	2016	2015
	253,165	548,058
Total	253,165	548,058

B) Group Receivables

Group Company (in CZK thousand):	2016	2015
Ekol energo s.r.o.	0	8,472
Ekol, spol.s.r.o. Martin	420	33
AEZ s.r.o.	102	31
Total	522	8,536

As of 31 December 2016, past-due receivables amount to CZK 134,220 thousand (2015: CZK 182,723 thousand).

4.3 Payables

A) Aggregate Amount of Trade Payables

(in CZK thousand):	2016	2015
	269,378	339,926
Total	269,378	339,926

B) Group Payables

Group company (in CZK thousand):	2016	2015
Ekol energo s.r.o.	6,466	46,103
AEZ s.r.o.	383	4,866
Ekol, spol.s.r.o. Martin	303	556
Power electric	96	11
Total	7,248	51,536

As of 31 December 2016, past-due payables amounted to CZK 10,114 thousand (2015: CZK 4,072 thousand).

C) Due Mounts Arising from Social Security Insurance and Contribution to the State Employment Policy

CZK 2,110 thousand (CZK 2,175 thousand as of 31 December 2015)

D) Due Amounts Arising from Public Health Insurance

CZK 934 thousand (CZK 969 thousand as of 31 December 2015)

E) Tax Arrears

As of 31 December 2016, the Company does not record any tax arrears (as of 31 December 2015: CZK 0 thousand).

F) Income Taxation

The Company is claiming a refund on the income tax based on utilised research and development costs for 2011, 2012 and 2013 in the amount of CZK 26,544 thousand (2015: CZK 55,667 thousand). The lower refund of income tax is based on the result of a review performed by the Tax Office that did not acknowledge all costs applied. The amount of CZK 26,544 thousand was paid out to the Company in May 2017.

4.4 Equity

Pursuant to the decision of the General Meeting of 30 June 2016, the accounting profit of CZK 25,591 thousand was transferred to retained earnings of prior years. The profit for the current period has not yet been distributed. It will be distributed at the general meeting based on a decision of the majority owner.

4.5 Correction of Prior Year Misstatements

Other profit or loss as of 31 December 2016 includes a correction of prior year misstatements – an unrecognised reserve for complaints for 2013 in the amount of CZK 11,203 thousand and the corresponding deferred tax of CZK (2,129) thousand. This reserve was further adjusted by the impact of 2014 consisting of a decrease in the reserve of CZK 2,590 thousand and a decrease in the deferred tax asset of CZK 492 thousand. In addition, other profit or loss was utilised to decrease contractual fines billed in 2014 by CZK 7,390 thousand.

4.6 Statutory and Other (Accounting) Reserves (in thousands CZK)

Type of reserve	Balance at 31 Dec 2015	Charge for reserves	Use of reserves	Balance at 31 Dec 2016
Reserve for additional costs	6,000	6,000	6,000	6,000
Reserve for audit	1,152	0	1,152	0
Reserve for complaints	9,180	9,158	9,180	9,158
Total	16,332	9,158	10,332	15,158

Type of reserve	Balance at 31 Dec 2014	Charge for reserves	Use of reserves	Balance at 31 Dec 2015
Reserve for additional costs	1,849	6,000	1,849	6,000
Reserve for audit	0	1,152	0	1,152
Reserve for complaints	8,613	9,180	8,613	9,180
Total	10,462	16,332	10,462	16,332

4.7 Breakdown of Deferred Tax Liability or Asset

Recognised Deferred Tax Assets and Liabilities (in thousands CZK)

Deferred tax	2016	2015
Fixed assets ARV - TRV	(593)	(388)
Financial assets	640	640
Receivables	12,931	856
Tax loss	56,511	52,052
Accounting reserves	15,158	16,332
Outstanding contractual fines	(11,701)	0
Total	72,945	69,492
Deferred tax asset	13,859	13,203

In line with accounting principles, a 19% tax rate for 2016 was used for the calculation of the deferred tax.

4.8 Deferred Income

As of 31 December 2016, deferred income amounted to CZK 50,323 thousand (CZK 144,573 thousand as of 31 December 2015).

This predominantly includes deferrals of work in progress relating to the JAZAN Sugar Refinery project – two 75t boilers, two back-pressure PT 7MW, and ESIIC – repair of the rotor and stator and turbine 4.5MW.

4.9 Details of Income by Principal Activity (in thousands CZK)

Principal activity	In-country	Cross-border	Total
	2016	2016	2016
Sale of own goods and services	249,446	561,083	810,529
Total	249,446	561,083	810,529

Principal activity	In-country	Cross-border	Total
	2015	2015	2015
Sale of own goods and services	42,961	851,116	894,077
Total	42,961	851,116	894,077

4.9.1 Income Generated with Related Parties

2016

Entity (in thousands CZK)	Service	Material	Products	Assets	Other	Total
EKOL energo s.r.o.	21,533	762	156	0	165	22,616
EKOL, spol. s r.o. Martin	637	0	45	0	0	682
AEZ s.r.o.	943	0	0	0	0	943
Power Electric Sp.z o o	13	0	0	0	0	13
ShaangGu Power (Hongkong) Co., Limited	3,444	0	54,100	0	0	57,544
Total	26,570	762	54,301	0	165	81,798

2015

Entity (in thousands CZK)	Service	Material	Products	Assets	Other	Total
EKOL energo s.r.o.	12,282	555	0	0	406	13,243
EKOL, spol. s r.o. Martin	192	0	0	0	2	194
AEZ s.r.o.	544	0	0	0	0	544
ShaangGu Power (Hongkong) Co., Limited	0	0	86,437	0	0	86,437
Shaangu Power (Luxembourg) S.A.,	1,733	0	0	0	0	1,733
Power Electric Sp.z o o	0	0	0	0	69	69
Total	14,751	555	86,437	0	477	102,220

All related party proceeds were generated on an arm's length basis.

4.10 Expenses

4.10.1 Purchases with Related Parties

2016

Entity (in CZK thousand)	Assets	Inventory	Services	Fin. expenses	Total
EKOL energo s.r.o.	0	87,426	14,860	0	102,286
EKOL, spol.s.r.o. Martin	0	0	336	2	338
AEZ s.r.o.	0	1,937	2,154	0	4,091
Power Electric Sp.z o o	0	0	2,031	5	2,036
Total	0	89,363	19,381	7	108,751

2015

Entity (in CZK thousand)	Assets	Inventory	Services	Fin. expenses	Total
EKOL energo s.r.o.	0	56,261	15,215	2,579	74,055
EKOL, spol.s.r.o. Martin	0	0	558	0	558
AEZ s.r.o.	0	3,698	3,072	0	6,770
Shaangu Power (Hongkong) Co., Limited	0	0	0	253	253
Power Electric Sp.z o o	0	0	4,701	19	4,720
Total	0	59,959	23,546	2,851	86,356

4.10.2 Services

(in thousands CZK)	2016	2015
Assembly work on projects	35,286	63,870
Rental	12,102	9,786
Travel expenses	5,929	6,237
Interpretation and legal services	2,228	3,974
Repairs and maintenance	1,059	1,551
Trade expenses	39,796	15,126
IT expenses	2,622	3,264
Project-related travel expenses	8,182	19,232
Promotion, trainings	4,579	
Projects	4,424	4,579
Other services – supervision, packing fees, advisory services	96,395	93,997
Total	212,602	221,616

4.10.3 Staff Costs

	Employees		Of which managers	
	2016	2015	2016	2015
Average recalculated headcount	164.37	162.97	10	10
Staff costs (CZK '000)	102,565	94,158	11,970	11,629
- Payroll costs	74,864	68,410	8,942	8,261
- Costs of social security and health insurance	25,018	22,929	2,860	2,808
- Social costs	2,683	2,819	168	560

Members of the statutory and management bodies did not receive any rewards, loans, credits, guarantees and other supplies.

4.11 Expenses for Statutory Audit

Expenses for the remuneration to the statutory auditor for the audit of the financial statements for the year ended 31 December 2016 amounted to CZK 1,152 thousand (CZK 1,042 thousand for the year ended 31 December 2015).

4.12 Guarantees

As of 31 December 2016, the value of open bank guarantees amounts to CZK 206,925 thousand.

4.13 Other Significant Post-Balance Sheet Events

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.



**Consolidated
Financial
statements
2016**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Name of the Company: EKOL, spol. s r.o.

Registered Office: Křenová 211/65, Trnitá, 602 00 Brno
Legal Status: Limited Liability Company
Corporate ID: 416 00 983

Components of the Consolidated Financial Statements:

Consolidated Balance Sheet
Consolidated Profit and Loss Account
Consolidated Statement of Changes in Equity
Consolidated Cash Flow Statement
Notes to the Consolidated Financial Statements

These consolidated financial statements were prepared on 2 June 2017.

Statutory body of the reporting entity:

Signature



Consolidated Balance Sheet - Full Version

Assets

As of 31. 12. 2016 (in thousands CZK)

	31. 12. 2016		31. 12. 2015	
	Gross	Adjustment	Net	Net
TOTAL ASSETS	1,618,363	355,267	1,263,096	1,437,712
B. Fixed assets	503,955	336,718	167,237	187,117
B.I. Intangible fixed assets	71,333	58,660	12,673	9,624
B.I.2. Valuable rights	71,333	58,660	12,673	9,553
B.I.2.1. Software	58,600	46,000	12,600	9,407
B.I.2.2. Other valuable rights	12,733	12,660	73	146
B.I.4. Other intangible fixed assets	-	-	-	71
B.II. Tangible fixed assets	419,902	274,435	145,467	167,795
B.II.1. Land and structures	163,380	60,174	103,206	108,213
B.II.1.1. Land	16,110	-	16,110	16,114
B.II.1.2. Structures	147,270	60,174	87,096	92,099
B.II.2. "Tangible movable assets and sets of tangible movable assets"	255,168	214,261	40,907	58,227
B.II.5. "Prepayments for tangible fixed assets and tangible fixed assets under construction"	1,354	-	1,354	1,355
B.II.5.2. Tangible fixed assets under construction	1,354	-	1,354	1,355
B.III. Non-current financial assets	644	640	4	4
B.III.3. Equity investments in associates	644	640	4	4
B.IV. Goodwill on consolidation	12,076	2,983	9,093	9,694
B.IV.1. Positive goodwill on consolidation	12,076	2,983	9,093	9,694
B.V. Securities and equity investments under equity accounting	-	-	-	-
C. Current assets	1,112,012	18,549	1,093,463	1,239,317
C.I. Inventories	195,696	500	195,196	212,024
C.I.1. Material	33,200	500	32,700	39,965
C.I.2. Work in progress and semifinished goods	162,496	-	162,496	172,059
C.II. Receivables	571,746	18,049	553,697	744,117
C.II.1. Long-term receivables	17,204	-	17,204	14,690
C.II.1.1. Trade receivables	5,832	-	5,832	4,467
C.II.1.4. Deferred tax asset	11,372	-	11,372	10,223
C.II.2. Short-term receivables	554,542	18,049	536,493	729,427
C.II.2.1. Trade receivables	450,655	18,049	432,606	619,256
C.II.2.4. Receivables - other	103,887	-	103,887	110,171
C.II.2.4.3. State - tax receivables	56,428	-	56,428	79,256
C.II.2.4.4. Short-term prepayments made	44,460	-	44,460	24,835
C.II.2.4.5. Estimated receivables	2,579	-	2,579	5,961
C.II.2.4.6. Sundry receivables	420	-	420	119
C.III. Current financial assets	11,806	-	11,806	11,802
C.III.2. Other current financial assets	11,806	-	11,806	11,802
C.IV. Cash	332,764	-	332,764	271,374
C.IV.1. Cash on hand	2,973	-	2,973	2,684
C.IV.2. Cash at bank	329,791	-	329,791	268,690
D. Other assets	2,396	-	2,396	11,278
D.1. Deferred expenses	1,247	-	1,247	3,287
D.3. Accrued income	1,149	-	1,149	7,991

Consolidated Balance Sheet - Full Version

Liabilities

As of 31. 12. 2016 (in thousands CZK)

	31. 12. 2016	31. 12. 2015
TOTAL LIABILITIES & EQUITY	1,263,096	1,437,712
A. Equity	851,659	875,957
A.I. Share capital	5,000	5,000
A.I.1. Share capital	5,000	5,000
A.II. Share premium and capital funds	7,170	7,196
A.II.2. Capital funds	7,170	7,196
A.II.2.1. Other capital funds	7,170	7,170
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	-	26
A.III. Funds from profit	11,000	11,000
A.III.1. Other reserve funds	11,000	11,000
A.IV. Retained earnings (+/-)	850,581	837,552
A.IV.1. Accumulated profits brought forward	865,976	855,021
A.IV.2. Accumulated losses brought forward (-)	(176)	(173)
A.IV.3. Other profit or loss from prior years (+/-)	(15,219)	(17,296)
A.V. Profit or loss for the current period, net of minority interests	(22,092)	15,209
A.V.1 Profit or loss for the period (+/-)	(22,092)	15,209
B.+C. Liabilities	365,556	420,435
B. Reserves	16,394	18,568
B.IV. Other reserves	16,394	18,568
C. Payables	349,162	401,867
C.I. Long-term payables	6,733	14,468
C.I.4. Trade payables	6,733	14,468
C.II. Short-term payables	342,429	387,399
C.II.3. Short-term prepayments received	40,928	64,300
C.II.4. Trade payables	282,336	301,641
C.II.6. Payables - controlled or controlling entity	569	154
C.II.8. Other payables	18,596	21,304
C.II.8.3. Payables to employees	8,981	9,379
C.II.8.4. Social security and health insurance payables	5,377	5,010
C.II.8.5. State - tax payables and subsidies	3,709	1,731
C.II.8.6. Estimated payables	249	4,061
C.II.8.7. Sundry payables	280	1,123
D. Other liabilities	44,253	139,429
D.1. Accrued expenses	42	-
D.2. Deferred income	44,211	139,429
E. Minority equity	1,628	1,891
E.I.1 Minority share capital	255	254
E.I.3 Minority funds from profit, including retained earnings and losses	1,205	538
E.I.4 Minority profit or loss for the current period	168	1,099

Consolidated Profit and Loss Account

Year ended 31. 12. 2016 (in thousands CZK)

	Year ended 31. 12. 2016	Year ended 31. 12. 2015
I. Sales of products and services	1,000,666	1,024,059
II. Sales of goods	454	342
A. Purchased consumables and services	736,859	797,919
A.1. Costs of goods sold	447	300
A.2. Consumed material and energy	482,099	514,283
A.3. Services	254,313	283,336
B. Change in internally produced inventory (+/-)	6,592	38,700
C. Own work capitalised (-)	-	(406)
D. Staff costs	174,535	165,047
D.1. Payroll costs	127,914	120,576
D.2. Social security and health insurance costs and other charges	46,621	44,471
D.2.1. Social security and health insurance costs	42,380	40,113
D.2.2. Other charges	4,241	4,358
E. Adjustments to values in operating activities	42,813	33,807
E.1. Adjustments to values of intangible and tangible fixed assets	32,329	30,542
E.1.1. Adjustments to values of intangible and tangible fixed assets - permanent	32,329	30,542
E.2. Adjustments to values of inventories	(278)	-
E.3. Adjustments to values of receivables	10,762	3,265
III. Other operating income	10,266	14,277
III.1. Sales of fixed assets	138	8,560
III.2. Sales of material	1,012	328
III.3. Sundry operating income	9,116	5,389
F. Other operating expenses	28,698	20,189
F.1. Net book value of sold fixed assets	-	5,713
F.2. Net book value of sold material	2,135	526
F.3. Taxes and charges	3,031	2,400
F.4. Reserves relating to operating activities and complex deferred expenses	(2,194)	4,155
F.5. Sundry operating expenses	25,726	7,395
Amortisation of positive goodwill on consolidation	599	599
* Operating profit or loss (+/-)	21,290	(17,177)
IV. Income from non-current financial assets - equity investments	-	15,816
IV.1. Income from equity investments - controlled or controlling entity	-	15,816
G. Costs of equity investments sold	-	24,529
VI. Interest income and similar income	170	138
VI.2. Other interest income and similar income	170	138
J. Interest expenses and similar expenses	-	160
J.2. Other interest expenses and similar expenses	-	160
VII. Other financial income	2,842	6,959
K. Other financial expenses	17,180	32,123
* Financial profit or loss (+/-)	(14,168)	(33,899)
** Profit or loss before tax (+/-)	7,122	(51,076)
L. Income tax	29,046	(67,384)
L.1. Due income tax	30,155	(54,509)
L.2. Deferred income tax (+/-)	(1,109)	(12,875)
** Profit or loss net of tax (+/-)	(21,924)	16,308
** Consolidated profit or loss net of share of income of associates	(21,924)	16,308
Consolidated profit or loss net of share of minority interests	(22,092)	15,209
Minority profit or loss	168	1,099
*** Profit or loss for the current period (+/-)	(21,924)	16,308
*** Profit or loss for the current period net of minority interests (+/-)	(22,092)	15,209
*** Profit or loss for the current period incl. minority interests (+/-)	(21,924)	16,308
*** Profit or loss for the current period net of minority interests before tax (+/-)	6,954	(52,175)
* Net turnover for the current period	1,014,398	1,061,591

Consolidated Cash Flow Statement


Year ended 31. 12. 2016 (in thousands CZK)

	Year ended 31. 12. 2016	Year ended 31. 12. 2015
P. Opening balance of cash and cash equivalents	271,374	267,939
Cash flows from ordinary activities (operating activities)	-	-
Z. Profit or loss before tax	7,122	(51,076)
A.1. Adjustments for non-cash transactions	35,477	57,117
A.1.1. Depreciation of fixed assets	32,329	30,542
A.1.2. Change in provisions and reserves	8,332	10,682
A.1.3. Profit/(loss) on the sale of fixed assets	(138)	5,866
A.1.5. Interest expense and interest income	(170)	22
A.1.6. Adjustments for other non-cash transactions	(4,876)	10,005
A.* Net operating cash flow before changes in working capital	42,599	6,041
A.2. Change in working capital	34,054	(9,269)
A.2.1. Change in operating receivables and other assets	195,694	(398,269)
A.2.2. Change in operating payables and other liabilities	(178,741)	361,118
A.2.3. Change in inventories	17,106	29,576
A.2.4. Change in current financial assets	(4)	(1,694)
A.** Net cash flow from operations before tax	76,653	(3,228)
A.3. Interest paid	-	(160)
A.4. Interest received	170	138
A.5. Income tax paid from ordinary operations	(1,620)	10,051
A.*** Net operating cash flows	75,203	6,801
Cash flows from investing activities	-	-
B.1. Fixed assets expenditures	(13,048)	(13,904)
B.2. Proceeds from fixed assets sold	138	8,560
B.4. Cash flows from the purchase of business or its part	-	(7,080)
B.5. Cash flows from the deconsolidation of business or its part	-	15,816
B.*** Net investment cash flows	(12,910)	3,392
Cash flow from financial activities	-	-
C.1. Change in payables from financing	-	(6,758)
C.2. Impact of changes in equity	(903)	-
C.2.6. Profit shares paid	(903)	-
C.*** Net financial cash flows	(903)	(6,758)
F. Net increase or decrease in cash and cash equivalents	61,390	3,435
R. Closing balance of cash and cash equivalents	332,764	271,374

Consolidated Statement of Changes in Equity

Year ended 31. 12. 2016 (in thousands CZK)

	Share capital	Share premium and capital funds	Funds from profit, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Other profit or loss from prior years	Profit or loss for the current period	Consolidation reserve fund	Share of income from associates	TOTAL EQUITY
Balance at 31 December 2014	5,000	6,939	11,011	824,243	(148)	(9,074)	10,607	4,715	7,202	860,495
Transfer of correction of prior year misstatement	-	-	-	-	-	(8,222)	8,222	-	-	-
Distribution of profit or loss	-	-	-	18,854	(25)	-	(18,829)	7,202	(7,202)	-
Release of the consolidation reserve fund	-	-	(11)	11,928	-	-	-	(11,917)	-	-
Revaluation of derivatives	-	257	-	-	-	-	-	-	-	257
Other changes	-	-	-	(4)	-	-	-	-	-	(4)
Profit or loss for the current period	-	-	-	-	-	-	15,209	-	-	15,209
Balance at 31 December 2015	5,000	7,196	11,000	855,021	(173)	(17,296)	15,209	-	-	875,957
Distribution of profit or loss	-	-	-	15,212	(3)	-	(15,209)	-	-	-
Payment of dividends	-	-	-	(903)	-	-	-	-	-	(903)
Revaluation of derivatives	-	(26)	-	-	-	-	-	-	-	-
Other changes	-	-	-	(3,354)	-	2,077	-	-	-	(1,277)
Profit or loss for the current period	-	-	-	-	-	-	(22,092)	-	-	(22,092)
Balance at 31 December 2016	5,000	7,170	11,000	865,976	(176)	(15,219)	(22,092)	-	-	851,659



**NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

Name of the Company: **EKOL, spol. s r.o.**

Registered office: Křenová 211/65, Trnitá, 602 00 Brno
Legal status: Limited Liability Company
Corporate ID: 416 00 983

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□ Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

(Monetary values are presented in CZK '000)

The Notes to the Financial Statements have been prepared in accordance with Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of Accounting Act 563/1991 Coll., as amended. The data in the Notes to the Consolidated Financial Statements are based on the Company's accounting records and other documents available to the Company.

Name of the consolidating entity: EKOL, spol. s r.o.

I. GENERAL INFORMATION

1. Description of the Business

1.1 Reporting Entity

Name	EKOL, spol. s r.o. (the "Company")
Registered office:	Křenová 211/65, Trnitá, 602 00 Brno
Corporate ID:	41600983
Legal status:	Limited liability company
Date of incorporation:	31 July 1991
Principal business activities	Manufacturing, trade and services – project activities related to construction; and Manufacturing, installation, repairs of electric machines and devices, electronic and telecommunication devices.

On 1 July 2015, 75% of the Company's equity investment was sold to a Chinese company, Xi'an Shaangu Power Co., Ltd.

1.2 Members of the Statutory Body of the Consolidating Entity

Statutory executives:

Prof. Ing. STANISLAV VESELÝ, CSc.	statutory executive A
Ing. JAROMÍR KRÍŽ	statutory executive A
LIU LI JIA	statutory executive B
JIANG GUODONG	statutory executive B
JIN QINGJUN	statutory executive C

Manner of acting:

No fewer than two (2) statutory executives act jointly on behalf of the Company regarding all matters; one (1) of them will always be statutory executive A and one (1) will always be statutory executive B or statutory executive C.

II. DEFINITION OF THE CONSOLIDATION GROUP

The parent company is EKOL, spol. s r.o.

2.1 Full Consolidation Method

Name, registered office	Entity		Dependence on the share capital (influence)	Ownership percentage (equity interest)	Consolidation method	Balance sheet date
	Subsidiary	Associate				
EKOL energo s.r.o. Křenová 65, Brno	x		100%	100%	A	31 Dec 2016
EKOL, spol. s r.o., Hečková 2, Martin	x		100%	100%	A	31 Dec 2016
EKOL TURBO a.s. Křenová 65, Brno	x		100%	100%	A	31 Dec 2016
AEZ s.r.o. Zaoralova 7, Líšeň, Brno	x		100%	100%	A	31 Dec 2016
Power Electric Sp. z o o ul. Ks. Londzina 47/7 43382 Bielsko-Biala, Poland	x		51%	51%	A	31 Dec 2016

Note: Consolidation method: A – full consolidation method

2.2 Equity Method

In 2015, the equity investment in EnergoFuture a.s. was sold for CZK 15,816 thousand. The sale was recognised through expenses and revenues and is reported in the Profit and Loss Account, including the derecognised consolidation goodwill.

2.3 Companies Exempt from Consolidation Obligation

Name	Reason for exemption from consolidation obligation
EKOL GmbH Energysysteme - 70% Kurbrunnenstr. 30 52066 AAachen, Rakousko	The company does not present any information, disagreement in the management – influence due to the majority shareholder cannot be exercised.
BIOVAL S.R.L. 99.9% Bethlen Gábor street nr. 8 Valea lui Mihai Bihar County, Rumunsko	The company is held for sale and is reported in balance sheet line C.III.2. 'Other non-current financial assets'. The contribution of this company to the turnover of the consolidating group is immaterial.

The parent company EKOL spol. s r.o. recognised a provision against the equity investment of EKOL GmbH Energysysteme amounting to 100% of the acquisition cost.

2.4 Consolidation System

Direct consolidation of all entities of the consolidation group at the same time.

2.5 Changes in the Consolidation Group

In 2015, the parent company Ekol sold a 20% equity investment in EnergoFuture a.s.

In 2014, an equity investment in BIOVAL S.R.L. was purchased. BIOVAL S.R.L. was purchased for the purposes of resale and is reported in balance sheet line 3 'Short-term securities and investments'. The sale of the company is expected to be made in 2017.

2.6 Manner of Transforming Data from Single to Consolidated Financial Statements (in CZK '000)

Consolidated financial statements disclose the above-specified amounts of equity investments of related parties with respect to each item of the Balance Sheet and Profit and Loss Account. Equity investments are excluded from the consolidated financial statements in full:

(CZK '000)	EKOL energo s.r.o.	Power electric	EKOL, spol. s r.o., SR	EKOL TURBO a.s	AEZ s.r.o.
Share capital	105,000	521	4,008	2000	100
Equity investments (cost)	106,443	3,986	26,273	1,875	27,500



BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

- The accounting records of all entities are in line with the Czech accounting principles (organisational branches abroad are transformed into the Czech accounting system), except for EKOL, spol. s r.o. based in Slovakia and Power electric based in Poland as the accounting principles applied by these entities do not show material differences from the Czech accounting principles.
- Charts of accounts and the organisation of items in financial statements are identical.
- Assets and liabilities are measured in line with the Accounting Act.
- With respect to received and issued invoices, foreign currencies are translated into Czech crowns using a fixed exchange rate promulgated by the Czech National Bank on the first day of the month; at the end of the reporting period, foreign currencies are translated using the exchange rate of the Czech National Bank.
- Consolidation is made in line with Regulation 500/02 Coll. and Czech Accounting Standard No. 20.

3.1 Year-on-Year Changes

During the year ended 31 December 2016, no changes were made.



ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4.1 Comments on and Explanation of the Change in Equity of the Consolidation Group

Explanation of the change in equity of the consolidation group between two consolidations, especially in the event of changing the scope of the consolidation group and the settlement of securities and equity investments issued by the consolidating entity held by consolidated entities.

The consolidated group's equity saw a year-on-year decrease of CZK 24,298 thousand, ie from CZK 875,957 thousand to CZK 851,659 thousand, predominantly due to the influence of the reported loss for the period of CZK (22,092) thousand.

As of 31 December 2016, other profit or loss includes a correction of prior years' misstatements of CZK 852 thousand (correction of work in progress) in EKOL energo s.r.o., a reserve for complaints of CZK 11,203 thousand and the relevant deferred tax of CZK (2,128) thousand in EKOL, spol. s r.o. This reserve was further adjusted by the impact of 2014 consisting of a decrease in the reserve of CZK 2,590 thousand and a decrease in the deferred tax asset of CZK 493 thousand. In addition, other profit or loss was utilised to decrease the contractual fine billed in 2014 by CZK 7,370 thousand in EKOL, spol. s r.o. The correction was made in 2015.

4.2 Sale of Inventory

2015

Seller	Purchaser	Inventory in stock	Profit from sale
EKOL, spol. s r.o. Brno	EKOL energo s.r.o. Brno	755	15
EKOL energo s.r.o. Brno	EKOL, spol. s r.o. Brno	1,910	166

2016

Seller	Purchaser	Inventory in stock	Profit from sale
EKOL, spol. s r.o. Brno	EKOL energo s.r.o. Brno	175	4
EKOL energo s.r.o. Brno	EKOL, spol. s r.o. Brno	26	0.5

4.3 Movements of Tangible and Intangible Fixed Assets

Entities in the consolidation group carry on depreciation for accounting and tax purposes.

4.4 Consolidation Difference (Goodwill)

As of 31 December 2016, the positive consolidation difference (goodwill) amounted to CZK 9,093 thousand (CZK 9,694 thousand as of 31 December 2015). The year-on-year decrease is attributable to the recognition of a part of the consolidation difference to the profit or loss achieved in the reporting period.

4.5 Explication of Receivables and Payables

A) Past-due Receivables

These predominantly include past-due receivables recorded by EKOL spol. s r.o. of CZK 107,442 thousand with a provision of CZK 12,931 thousand and Ekol Energo s.r.o. of CZK 17,055 thousand with a provision of CZK 1,911 thousand (more information on the provisioning is disclosed in the individual financial statements of the companies that form the consolidation group).

Maturity (CZK '000)	2015	2016
0 days or more	199,273	124,497

B) Past-due Payables

Maturity (CZK '000)	2015	2016
0 days or more	4,299	17,661

As of 31 December 2016, past-due payables of Ekol, spol. s r.o. and Ekol energo amount to CZK 17,661 thousand and CZK 0 thousand, respectively.

Receivables and payables with maturity of more than 5 years are not recorded.

4.6 Aggregate Amount of Other Potential Payables

Aggregate amount of other potential payables (monetary and non-monetary) that are not recorded in standard accounting books of individual entities of the consolidation group and are not disclosed in the consolidated balance sheet:

As of 31 December 2016, the value of open bank guarantees amounts to CZK 206,925 thousand.

EKOL energo s.r.o. is the guarantor of EKOL, spol. s r.o. with ČSOB a.s. pursuant to guarantor's statement No. 1527/10/07028. In the year ended 31 December 2016, no other legal acts related to the Controlling Company were made.

4.7 Details of Income by Principal Activity

Income by principal activity categorised as in-country and cross-border:

Principal activity (CZK '000)	In-country		Cross-border		Total	
	2015	2016	2015	2016	2015	2016
Sales of own products and services	800,488	392,795	223,271	607,447	1,024,059	1,000,666

4.7.1. Income Generated with Related Parties

2016

Entity (CZK '000)	Services	Material	Products	Assets	Other	Total
ShaangGu Power (Hongkong) Co., Limited	3,444	0	54,100	0	0	57,544
Total	26,570	762	54,301	0	165	81,798

2015

Entity (CZK '000)	Services	Material	Products	Assets	Other	Total
ShaangGu Power (Hongkong) Co., Limited	0	0	86,437	0	0	86,437
Shaangu Powe (Luxembourg) S.A.	1,733	0	0	0	0	1,733
Total	14,751	555	86,437	0	477	102,220

All revenues achieved with the related entities were at arm's length.

4.8 Average Recalculated Headcount

Average number of employees of the consolidation group during the reporting period at the consolidated balance sheet date:

	Employees		Of which managers	
	2015	2016	2015	2016
Average recalculated headcount	299	292	17	17
Staff costs (CZK '000)	165,047	174,535	17,963	19,327
Of which: - payroll costs	120,576	127,914	12,468	14,420
- Costs of social security and health insurance	40,113	42,380	4,238	4,631
- Social costs	4,358	4,241	1,257	276

Members of the statutory and management bodies did not receive any rewards, loans, credits, guarantees and other supplies other than described above.

4.9 Deferred Income

As of 31 December 2016 and 2015, deferred income amounts to CZK 44,211 thousand and CZK 139,429 thousand, respectively.

This predominantly includes deferrals of work in progress relating to the JAZAN Sugar Refinery project – two 75t boilers, two back-pressure PT 7MW, and ESIIC – repair of the rotor and stator and turbine 4.5MW.

4.10 Breakdown of Deferred Tax Liability or Asset

Recognised deferred tax assets and liabilities (in thousands CZK):

Deferred Tax	2015	2016
Fixed assets ARV - TRV	(24,902)	(16,067)
Financial assets	640	640
Receivables	3,100	13,412
Tax loss	56,951	57,473
Accounting reserves	17,763	15,700
Provision against material	778	500
Outstanding contractual fines	(525)	(11,805)
Total	53,805	59,853
Deferred tax asset/(liability)	10,223	11,372

In line with accounting principles, a 19% tax rate for 2016 was used for the calculation of the deferred tax.

4.11 Income Taxation

The Group is claiming a refund on the income tax based on utilised research and development costs for 2011, 2012 and 2013 in the amount of CZK 26,544 thousand (2015: CZK 55,667 thousand). The lower refund of income tax is based on the result of a review performed by the Tax Office that did not acknowledge all costs applied. The amount of CZK 26,544 thousand was paid out to the Company in May 2017.

4.12 Statutory and Other (Accounting) Reserves

Type of reserve (CZK '000)	Balance at 31 Dec 2015	Charge for reserves	Use of reserves	Balance at 31 Dec 2016
Reserve for additional costs	7,535	6,819	7,535	6,819
Reserve for audit	1,557	110	1,557	110
Reserve for complaints	9,476	9,465	9,476	9,465
Total	18,568	16,394	18,568	16,394

Type of reserve (CZK '000)	Balance at 31 Dec 2014	Charge for reserves	Use of reserves	Balance at 31 Dec 2015
Reserve for additional costs	1,849	7,535	1,849	7,535
Reserve for audit	-	1,557	-	1,557
Reserve for complaints	8,817	9,476	8,817	9,476
Total	10,666	18,568	10,666	18,568

4.13 Services

	2016	2015
Assembly work on projects	60,773	129,563
Rental	12,583	17,161
Travel expenses	9,442	9,965
Interpretation and legal services	2,521	3,974
Repairs and maintenance	4,142	3,110
Trade expenses	42,524	15,126
IT expenses	3,247	3,264
Project-related travel expenses	9,537	20,528
Projects	5,356	4,579
Other services – supervision, packing fees, advisory services	104,188	76,066
Total	254,313	283,336

4.14 Expenses for Statutory Audit

In year ended 31 December 2016, companies from the consolidation group incurred expenses for the statutory audit of the financial statements in the amount of CZK 1,556 thousand (CZK 1,447 thousand in the year ended 31 December 2015).

4.15 Significant Post-Balance Sheet Events

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

14.

Report on Related Party Transactions for 2016

prepared pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (Business Corporations Act)

EKOL, spol. s r.o., Brno – Trnitá, Křenová 211/65, Postal Code 602 00

represented by statutory executives Jaromír Kříž and Jiang Guodong

Preamble

Pursuant to Section 82 et seq. of Act No. 92/2012 Coll., on Business Corporations and Cooperatives, as amended (hereinafter the "Business Corporations Act"), based on its obligation, the statutory body of EKOL, spol. s r.o.

prepared this Report on related party transactions, ie on relations between the Controlled and the Controlling Entities and between the Controlled Entity and entities controlled by the same Controlling Entity, in line with the Business

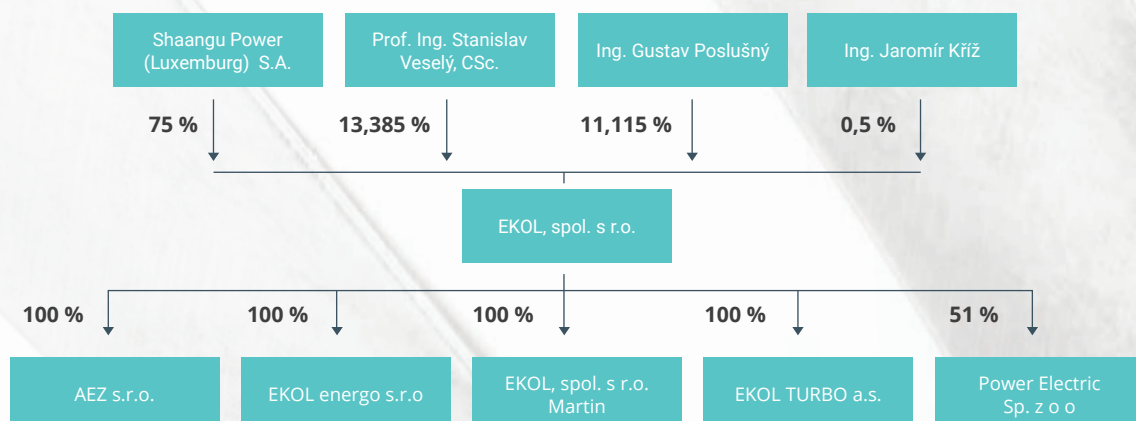
Corporations Act. The relations are described with regard to the necessity to comply with Section 504 of Act No. 89/2012 Coll., the Civil Code, regarding business secrecy restrictions.

I. Related Parties

1.1 CONTROLLING ENTITIES:

With reference to Section 74 et seq. of the Business Corporations Act, the Controlling Entities are the following companies:

Shaangu Power (Luxemburg) S.A.
Stanislav Veselý
Gustav Poslušný
Jaromír Kříž



Since 1 July 2015, the Controlling Entity has been a member of the Shaangu Group, ie through Shaangu Power (Luxembourg) S.A. and, subsequently, Shaangu Power (HONG KONG) Co., Limited, EKOL, spol. s r.o. is controlled by Xi'An Shaangu Power Co., Ltd., which is controlled by Shaanxi Blower (Group) Co., Ltd.

1.2 ENTITIES CONTROLLED BY EKOL, SPOL. S R.O.

- AEZ s.r.o.
- EKOL GmbH
- EKOL energo s.r.o.
- EKOL, spol. s r.o., Martin
- EKOL TURBO a.s.
- ETE ooo
- Power Electric Sp. z o o
- S.C. CENTRALA BIOVAL S.R.L.

II. Roles of the Controlled Entity EKOL, spol. s r.o.

The Controlled Entity is primarily an organisation dealing with the construction, manufacturing and sale of steam turbines, gas turbines, boilers and complete power unit supplies. The Company enters into relations with controlling and controlled entities as a seller or buyer in relation to its construction, manufacturing or business activities relating to the subject of its business. The Controlled Entity has equity interests in other legal entities disclosed under Section I.1.3.

III. Manner and Means of Control

The Company is controlled by means of the General Meeting.

IV. Contracts and Agreements Concluded between Related Parties

1. CONTRACTUAL RELATIONS WITH AEZ S.R.O.:

A) Supplies from contracts and agreements concluded in prior reporting periods, based on which supplies were performed in the 2016 reporting period:

Lease contracts for AEZ s.r.o.:

In 2016, supplies were performed based on the contract with AEZ s.r.o. as a lessee:

- Lease of a telephone connection.

Business contracts and agreements: sales contracts / contract agreements / orders

EKOL, spol. s r.o. provided supplies on the basis of the following contracts:

- Framework contract on the provision of DAZ services.

Business contracts and agreements: purchase contracts / contract agreements / orders

AEZ s.r.o. provided supplies on the basis of the following contracts:

- Assembly and dismantling;
- Supervision; and
- Automated Control System tests.

Lease contracts for AEZ s.r.o.:

In 2016 supplies were performed based on the below-mentioned contracts with AEZ s.r.o. as a lessor:

- Lease of parking lots.

B) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies were performed in the 2016 reporting period:

Business contracts and agreements: sales contracts / contract agreements / orders

AEZ s.r.o. provided supplies on the basis of the following contracts:

- Assembly and dismantling;
- Spare parts delivery;
- Switchboard manufacture;
- Cabling modifications; and
- Inspections.

C) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies are to be performed in upcoming years:

Business contracts and agreements: purchase contracts / contract agreements / orders

AEZ s.r.o. will provide supplies on the basis of the following contracts:

- Assembly and dismantling;
- Supervision; and
- Spare parts delivery.

2. CONTRACTUAL RELATIONS WITH EKOL ENERGO S.R.O.:

A) Supplies from contracts and agreements concluded in prior reporting periods, based on which supplies were performed in the 2016 reporting period:

Lease contracts for EKOL energo s.r.o.:

In 2016, supplies were performed based on the below contracts with EKOL energo s.r.o. as a lessee:

- Lease of storage rooms;
- Lease of a server, copy machines, PC incl. screen and software;
- Lease of SW licences;
- Lease of a telephone and data connection;
- Lease of a horizontal centre lathe; and
- Lease of a car.

Business contracts and agreements: sales contracts / contract agreements / orders

EKOL, spol. s r.o. provided supplies on the basis of the following contracts:

- Economic, IT services and health and safety at work services;
- Postal and receptionist services;
- Ancillary work for the ROTEZ construction;
- Framework agreement on the provision of digital telephone services (DTS);
- Framework agreement on the provision of DAZ services; and
- Framework agreement on the provision projection services.

Lease contracts for EKOL, spol. s.r.o.:

In 2016, supplies were performed based on the below contracts with EKOL energo s.r.o. as a lessor:

- Lease of a server room;
- Lease of a PC incl. screen and software;
- Lease of a car;
- Lease of storage rooms.

Business contracts and agreements: sales contracts / contract agreements / orders

EKOL energo s.r.o. provided supplies on the basis of the following contracts:

- Turbine manufacturing;
- Turbine assembly;
- Turbine inspections, repairs, maintenance;
- Technical support; and
- Warranty service.

Other supplies:

Employment of transfer prices based on internal policies regarding the application of transfer prices between EKOL, spol. s r.o. and EKOL energo s.r.o. (refer to Decree of the Main Manager No. 1/08).

B) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies were performed in the 2016 reporting period:

Business contracts and agreements: sales contracts / contract agreements / orders

EKOL spol. s r.o. provided supplies on the basis of the following contracts:

- The Vibroservis division activities;
- Modification of the control system; and
- Technical support.

Business contracts and agreements: purchase contracts / contract agreements / orders

EKOL energo s.r.o. provided supplies on the basis of the following contracts:

- Turbine assembly;
- Turbine inspections, repairs, maintenance;
- Supervision;
- Construction management;
- Turbine preservation;
- Spare parts production;
- Spare parts packing, transport of spare parts;
- Turbine parts machining;
- Turbine parts loading;
- Angle measuring of the 3S settings;
- Documentation;
- Technical support; and
- Sale of materials.

C) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies are to be performed in upcoming years:

Business contracts and agreements: purchase contracts / contract agreements / orders

Based on the below-mentioned contracts concluded in 2016, supplies will be provided in the upcoming years.

- Turbine manufacture;
- Turbine assembly;
- Supervision;
- Construction management;
- Turbine preservation and packing;
- Turbine inspections, repairs, maintenance;
- Storage fees; and
- Technical support.

3. CONTRACTUAL RELATIONS WITH EKOL, SPOL. S R.O., MARTIN:

A) Supplies from contracts and agreements concluded in prior reporting periods, based on which supplies were performed in the 2016 reporting period:

- None.

B) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies were performed in the 2016 reporting period:

Business contracts and agreements: sales contracts / contract agreements / orders

- Technical support.

Business contracts and agreements: purchase contracts / contract agreements / orders

- Assembly and dismantling.

C) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies are to be performed in upcoming years:

Business contracts and agreements: purchase contracts / contract agreements / orders

- Assembly and dismantling.

4. CONTRACTUAL RELATIONS WITH POWER ELECTRIC SP. Z O O:

A) Supplies from contracts and agreements concluded in prior reporting periods, based on which supplies were performed in the 2016 reporting period:

- Payment of remuneration based on the cooperation agreement.

B) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies were performed in the 2016 reporting period:

Business contracts and agreements: sales contracts / contract agreements / orders

- Technical support.

C) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies are to be performed in upcoming years:

- None.

5. CONTRACTUAL RELATIONS WITH EKOL GMBH, EKOL TURBO A.S., ETE 000 AND S.C. CENTRALA BIOVAL S.R.L.:

- None.

6. CONTRACTUAL RELATIONS WITH SHAANGU POWER (LUXEMBURG) S.A.:

- None.

7. CONTRACTUAL RELATIONS WITH SHAANGU POWER (HONG KONG) CO., LIMITED:

A) Supplies from contracts and agreements concluded in prior reporting periods, based on which supplies were performed in the 2016 reporting period:

Business contracts and agreements: sales contracts / contract agreements / orders

- Construction and delivery of turbines.

B) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies were performed in the 2016 reporting period:

- None.

C) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies are to be performed in upcoming years:

- None.

8. CONTRACTUAL RELATIONS WITH STANISLAV VESELÝ AND GUSTAV POSLUŠNÝ:

A) Supplies from contracts and agreements concluded in prior reporting periods, based on which supplies were performed in the 2016 reporting period:

Lease agreements for EKOL, spol. s r.o.:

- Lease of non-residential premises.

B) Supplies from contracts and agreements concluded in the 2016 reporting period, based on which supplies were performed in the 2016 reporting period:

- None.

C) Contracts and agreements concluded in the 2016 reporting period, based on which supplies are to be performed in upcoming years:

- None.

V. Other Legal Acts Made in the Interest or at the Instigation of the Controlling Entity

In 2016, EKOL spol. s r.o. did not make any other legal acts regarding the Controlling Entity.

VI. Other Measures Adopted or Made in the Interest or at the Instigation of Entities Controlled by the Controlling Entity

Apart from measures described in this Report, no other measures were adopted or made in the interest or at the instigation of related parties in 2016.

VII. Assessment as to whether the Controlled Party Incurred any Detriment

By participating in the aforementioned contractual relations between EKOL spol. s r.o. and the Controlling Entity, the Controlled Entity did not incur any detriment.

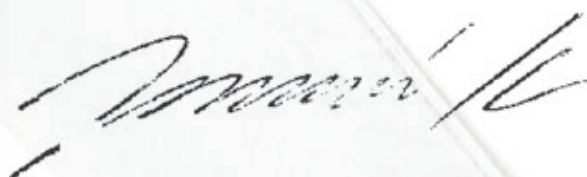
VIII. Assessment of Advantages and Disadvantages Resulting from the Relations between Related Parties

In general terms, related parties predominantly enjoy advantages resulting from related party transactions. The statutory executives declare that they are unaware of any material risks resulting from the relations between related parties.

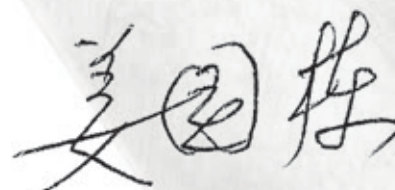
IX. Statement of the Statutory Body

The statutory executives as the statutory body of EKOL, spol. s r.o. declare that information disclosed in this Report is accurate and complete and this Report, pursuant to Section 82 et seq. of the Business Corporations Act, was prepared in full compliance with all information and data the statutory body possesses or acquired with due care. The Company decided not to disclose values of the contracts and agreements described referring to the business secret.

In Brno on 31 March 2017



.....
Ing. Jaromír Kříž
Statutory Executive



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Jiang Guodong
Statutory Executive



EKOL, spol. s r.o

Křenová 65, 602 00 Brno

Czech Republic

tel.: +420 543 531 710

fax: +420 543 242 912

e-mail: ekolsro@ekolbrno.cz