

# ANNUAL REPORT

AŽD PRAHA S.R.O.  
FOR THE FISCAL YEAR 2015/2016





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# GENERAL DIRECTOR'S FOREWORD

*The range of activities of AŽD Praha in the period under review focused especially on foreign markets. We tried to fulfil one of principal strategic targets –to increase the share of export and to balance the imaginary weight between the home and foreign activities.*

Dear Associates, Business  
Partners, Colleagues,  
Dear Friends,



I am very glad to address you on the issue of an Annual Report of the AŽD Praha company, which, based on the legal requirements, maps the 2015/2016 fiscal year. Also in the past year, we continued the positive results of previous years and we succeeded to join it to more successful years. Even in a complicated period we are in reliable economic and financial condition, and we gradually fulfil the strategic program both in technical and business area. In the table part, you will find the business results in predefined items. At this place, I would like to thank to you, employees of our company, business partners, associates, friends and to all, who know our company and are on its side. Without you, our company could exist and carry business only with difficulties.

The range of activities of AŽD Praha in the period under review focused especially on foreign markets. We tried to fulfil one of principal strategic targets – to increase the share of export and to balance the imaginary weight between the home and foreign activities. The greatest challenge for us, it was the market of Turkish Republic. Two contracts in railway area and one contract in road telematics placed the Turkish market on one of leading places of our foreign trade. However, it will be very important to follow through these contracts successfully during this year and the next year.

Our own top technologies, complex technical solutions, further flexibility, action, and courage were competitive advantage for us – this was not missing to us in the last year, and so as partners we deepened appreciation of our customers from the ranks

of public bodies, construction, and technological firms.

In the field of technology, we continued with application of the all-electronic interlocking ESA 44 with new functionalities. This interlocking was also subject of series of foreign applications. The new electronic elements, interface to new LED signals and LED indicators and elements in the railyard, this all gives prerequisites for success to the new interlocking. The modern line equipment and especially the all-electronic and modular level crossing system PZZ-J was considerable success of the last year. The new automatic train protection, new telecommunication, transmission, and information systems and finally the own ETCS L2, which we put in operation on some sections – these are the basic milestones of technical development. One of next and not less important technical systems is the automatized traffic control based on the scheduled train diagram and separate solving of conflicting situations. In this year, we believe, the system will be put into real operation and will bring the so needed reducing of operating personnel, but also higher efficiency, flexibility, and velocity. Through buying of two railway lines from SŽDC, we are stepwise being realized the strategic target to gain the open-air laboratory, and to test the latest technical solutions in real operation.

Our company does not forget also the field of social activities. We helped to disabled people by means of the Kociánka endowment fund and Jedlička Institute, we supported many cultural and

sport events and concrete sportsmen.

By the above-mentioned buying of lines, their repair and planned operating of a touristic line T4 in cooperation with the Ústí nad Labem Region, we contribute also for travelling public and public interest. It is clearly apparent here that we provide our free financial means especially for publicly beneficial activities joint with our Czech railway.

Every year, our company pays a great attention to the positive media image and promoting of the whole our branch. We publish not only our internal journal for our employees, but also the quarterly journal Reportér, which already long ago exceeded the imaginary borders of AŽD Praha and became a railway journal for a wide range of readers. The „Po-zor vlak (Attention Train)“ video-magazine has become a respectable program to the extent that it is already taken over by some television stations.

Our participation in some worldwide exhibitions and fairs, in Istanbul, Belgrade, Plovdiv, Amsterdam, in Baku and other, was also very important, and further strengthened the position of AŽD Praha on the market.

Dear Friends,

Review of other information on the 2015/2016 fiscal year, which I would like to present here, could further continue, but with regards to given limited space of this report, I have focused only to principal milestones of the last year.

I thank you once more for your work, support, and confidence.



Ing. Zdeněk Chrdle  
*General Director and CEO*





# MANAGING BODIES AND ORGANIZATIONAL UNITS

*The Company labour relations were fulfilled during the fiscal period in compliance with the legal regulations of the Czech Republic and a Corporate Collective Agreement.*

AŽD Praha s.r.o. (Identification No. 48029483) is a solely Czech company owned by a long time stable group of owners. Pursuant to the Act No.90/2012 Coll. On commercial corporations, it is a limited liability company. It is registered in the Commercial Register administered by the Municipal Court in Prague, Section C, Insert 14616. From legislative and economic point of view, it constitutes a single legal entity.

Three Executive Directors act on behalf of the company in accordance with the Memorandum of Association. Each of Executive Directors is entitled to act independently on behalf of the company.

The Company Head Office has been established to ensure top management functions and it manages and coordinates activities aimed at implementation of the Company's subject of business.

The Company labour relations were fulfilled during the fiscal period in compliance with the legal regulations of the Czech Republic and a Corporate Collective Agreement.

The Company's bodies and representatives are mentioned in this Annual report according to the state as at September 30, 2016.

## **COMPANY BODIES**

as at 30. 9. 2016

### **GENERAL ASSEMBLY**

### **EXECUTIVES**

#### **Ing. Zdeněk CHRDLÉ**

*General Director – CEO*

#### **Ing. Roman JUŘÍK**

*Technical Director*

#### **Daniela VESELÁ**

*Manager of Supplies and Sales (Logistic) Activities*

### **SUPERVISORY BOARD**

#### **Ing. Miroslav KOZÁK**

*Financial Director*

#### **Petr ROTT**

*Partner*

#### **Ing. František FORMÁNEK**

*Partner*

## COMPANY HEAD OFFICE AND HEADQUARTERS

### **AŽD Praha s.r.o.**

Žirovnická 2/3146, 106 17 Prague 10

Telephone: (+420) 267 287 111

E-mail: info@azd.cz

Internet: www.azd.cz

### **General Director**

Ing. Zdeněk CHRDLÉ

Telephone: (+420) 267 287 201

### **Commercial Director**

Ing. Petr FALTUS

Telephone: (+420) 267 287 416

### **Financial Director**

Ing. Miroslav KOZÁK

Telephone: (+420) 267 287 190

### **Technical Director**

Ing. Roman JUŘÍK

Telephone: (+420) 267 287 361

### **Installation & Production Director**

Ing. Radek ZAMRAZIL

Telephone: (+420) 267 287 797

### **Director of Equity Holdings**

Ing. Jiří BAŤKA

Telephone: (+420) 267 287 203

### **Commercial Director for Road Telematics**

Ing. Vladimír KETNER

Telephone: (+420) 267 287 284

### **Commercial Export Director**

Ing. Petr ŽATECKÝ

Telephone: (+420) 267 287 263

### **European Affairs Director**

Ing. Vladimír KAMPÍK

Telephone: (+420) 267 287 437

### **Personnel Manager**

Ing. Miloslav SOVÁK

Telephone: (+420) 267 287 754

## **ORGANIZATION UNITS**

### ***TECHNIKA PLANT***

#### **Director of the Plant**

Ing. Karel VIŠNOVSKÝ  
AŽD Praha s.r.o., Technika plant  
Žirovnická 2/3146, 106 17 Prague 10  
Telephone: 267 287 223

#### **Deputy Director of Research and Development**

Ing. Antonín DIVIŠ  
Telephone: 267 287 364

#### **Deputy Director of Design**

Ing. Josef BOREČEK  
Telephone: 267 287 259

### ***PRODUCTION PLANT BRNO***

#### **Director of the Plant**

Ing. Jolana HORSÁKOVÁ  
AŽD Praha s.r.o., Production plant Brno  
Křížíkova 32, 612 00 Brno – Královo Pole  
Telephone: 549 122 101

### ***PRODUCTION PLANT OLOMOUC***

#### **Director of the Plant**

Ing. Stanislav SLAVÍČEK  
AŽD Praha s.r.o., Production plant Olomouc  
Roháče z Dubé 6, P.O.Box No. 13, 779 00 Olomouc 2  
Telephone: 585 113 510

### ***INSTALLATION PLANT KOLÍN***

#### **Director of the Plant**

Ing. Václav PAŘÍZEK  
AŽD Praha s.r.o., Installation plant Kolín  
Polepská 724, 280 02 Kolín IV  
Telephone: 321 720 692

### ***INSTALLATION PLANT OLOMOUC***

#### **Director of the Plant**

Ing. Zdeněk BĚBAR  
AŽD Praha s.r.o., Installation plant Olomouc  
Jiráskova 5, 779 00 Olomouc  
Telephone: 585 113 660

### ***SUPPLIES AND SALES (LOGISTIC) PLANT OLOMOUC***

#### **Director of the Plant**

Ing. František GRAMBAL  
AŽD Praha s.r.o., Supplies and Sales (Logistic) Plant  
Olomouc  
Železniční 1, 779 00 Olomouc  
Telephone: 585 113 210

### ***DIVISION TELEINFORMATICS***

#### **Director of the Division**

Pavel ZÁLESKÝ  
AŽD Praha s.r.o., Division Teleinformatics Prague  
Ukrajinská 4, 101 28 Prague 10 - Vršovice  
Telephone: 274 012 612

### ***DIVISION OF SERVICE FOR TELECOMMUNICATION AND SIGNALLING TECHNOLOGY***

#### **Director of the Division**

Ing. Václav BARTŮNĚK  
AŽD Praha s.r.o., Division of Service for  
Telecommunication and Signaling Technology  
Žirovnická 2/3146, 106 17 Prague 10  
Telephone: 267 287 153

## ***DIVISION OF ROAD TECHNOLOGY AUTOMATION***

### **Director of the Division**

Ing. Zdeněk GRUBL  
AŽD Praha s.r.o., Division of Road Technology  
Automation  
Křižíkova 32, 612 00 Brno – Královo Pole  
Telephone: 541 421 540

## ***AŽD PRAHA S.R.O., ORGANIZATION UNIT BRATISLAVA***

### **Director of the Unit**

Ing. Štefan GLOVIČKO  
AŽD Praha s.r.o., Organization unit Bratislava  
Ružinovská 1G, 821 02 Bratislava  
Telephone: (+421) 258 282 350

## ***Activities in Labour-Law Relations***

During the 2015/2016 fiscal year, no principal changes or activities occurred in the field of labour law relations. Mostly, common operative matters of the labour-law nature were solved.

## ***Comments on Organizational Scheme***

During the 2015/2016 fiscal year, organizational changes occurred, which influenced the organizational structure of the company. The Organizational Scheme reflects the state as at 30. 09. 2016.

Based on the Decision of General Director, organizational changes were made in the telecommunication technology department and within the installation-production department, effective from 01. 10. 2015.

With effect from 0 1.0 7. 2016, the Testing laboratory department was transferred from the Production plant Brno to the subordination of the Installation and Production department.

## ***Changes of Statutory Body***

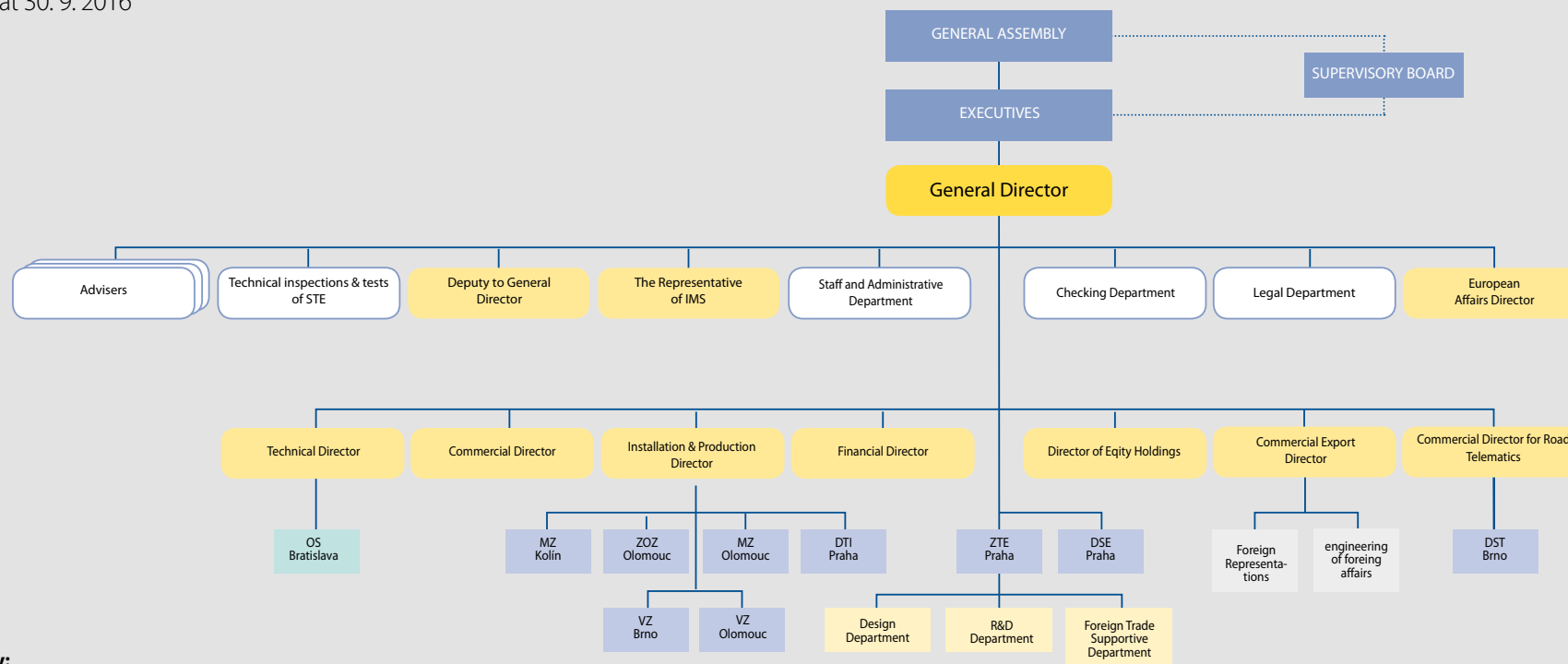
During the observed period, the statutory body worked in a stable assembly.

Executives: Ing. Zdeněk Chrdle, Ing. Roman Juřík, and Daniela Veselá

Supervisory Board: Ing. Miroslav Kozák, Ing. František Formánek, and Petr Rott

# ORGANISATIONAL CHART

as at 30. 9. 2016



**Key:**

- VZ – Production Plant
- MZ – Installation Plant
- ZOZ – Supplies and Sales Plant
- ZTE – Technika Plant
- PRJ – Design
- VAV – Research and Development
- DSE – Division of Service for Telecommunication and Signalling Technology
- DTI – Division Teleinformatika
- DST – Division of Road Technology Automation
- IMS – Integrated Management System (Quality, Environment,...)
- UTZ – Specific Technical Equipment (STE)
- UZZ – Foreign Trade Supportive Department

# SCOPE OF BUSINESS AND ITS ANTICIPATED DEVELOPMENT

*Our installation plants overcame with honor the tasks related to construction and reconstruction of the railway traffic route, and they assured within their capacities finishing and activation of many important constructions and repair works.*



The installation and production department are represented in direct construction activities by the Installation plant Olomouc, Installation plant Kolín, and Division of Teleinformatics seated in Prague. These installation plants assure the complete supplying activities on constructions of AŽD Praha. The high level of installation is assured by qualified workers, which are continuously being prepared for works in the field of signalling technology and telecommunication systems. During the evaluated fiscal year, capacities of installation plants were concentrated on sections of railway corridors and secondary lines including some junctions, which have not been modernized up to now. All these constructions are carried out by modern technologies produced by AŽD Praha, and they provide not only service comfort, but they also substantially increase the safety of railway traffic. There are mainly systems of the modern station interlocking equipment of ESA 44 with the line signalling equipment ABE-1. The diagnostics of the own equipment is also very important, and it is an integral part of these systems. Other modern elements are represented by systems for safety increasing, such as for example the EZŠ system (Evidence of Loss of Shunt), and VNPN, (Warning of Non-Permitted Passing the Signal) with the General Stop function on the TRS equipment on all concerned train routes. In the field of remote control of stations DOZ, we continue also with the extended offer and adding of new telecommunication systems with precise digital technology including the incorporated GTN system for traffic workers. In

the field of mobile systems, we offer the LS06 equipment joint with AVV for railway vehicles including the offered CAB radios for wireless communication, and the Radioblock system, too.

Our installation plants overcame with honor the tasks related to construction and reconstruction of the railway traffic route, and they assured within their capacities finishing and activation of many important constructions and repair works. Within quality increasing of delivered systems, coordination on all levels is very important, from design works, via production up to the own installation and commissioning of the equipment to permanent operation.

The MVU department cooperates with all elements of processes from design, construction hand-over up to the final phase of equipment activation.

### ***State of scope of business and its anticipated development in the field of foreign orders***

Foreign orders of AŽD Praha show very dynamic progress. Centralization of foreign activities is the main aspect of the foreign trade of the AŽD Praha. Individual destinations, how are called the locations of interest, are always administrated by a specialized team of people. This team is usually put together in the moment, when an interesting contract is received, or a significant position on specific foreign market is gained. These teams are placed under the unified head of Foreign Trade, which enables a better control over the foreign activities and coordination of implementation of contracts within the company. Under the head of Foreign Trade, the “Engineering of Foreign Orders” department works successfully, providing management of implementation of individual foreign projects and monitoring of economic indicators of orders in the context of planning.

Destinations in the area of main interest of AŽD Praha are Slovakia, Lithuania, Belarus, Serbia, Montenegro, Bosnia and Herzegovina, Macedonia, Turkey, Iran, Bulgaria, and Malaysia. Newly, the company strives to penetrate the territories of Poland, Croatia, Rumania, Slovenia, Latvia, and Georgia.

### ***Subsidiaries and organizational units of AŽD Praha abroad***

Development of foreign orders belongs to important attributes of the AŽD Praha company. As one of indicators showing the growth of the company foreign trade is that in the last year, the next subsidiary AŽD Polska was opened in Warsaw. The main subject of this subsidiary is the business support of AŽD Praha on this territory. Other subsidiaries of the AŽD Praha company established abroad are AZD BH in Bosnia and Herzegovina, providing support during implementation of running contracts, the AZDAP company providing coordination of business activities of AŽD Praha in Turkey, the MPC Servis company in Belarus, which provides all service activities connected with deliveries of the AŽD Praha for Belarussian Railways, AZD SASI in Serbia, AZD Zagreb in Croatia, AZD SLOVAKIA and Automatizácia železničnej dopravy, a.s. in Slovakia, and BALKAN SAST in Bulgaria providing support at creating and implementation of foreign orders. Organizational units established in Montenegro, in Bosnia and Herzegovina and in Slovakia fulfil the function of local organizer and they create background intended mainly for installation works.



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# AŽD PRAHA, EU, AND INTERNATIONAL COOPERATION

*In September 2016, further to these activities, a visit of delegation of the European Parliament – Transport and Tourism Committee took place in CR, during which the activity of the Automatic Train Operation system was demonstrated in operation on common line.*

The year 2016 was very rich from the perspective of international events, significantly influencing business of AŽD Praha.

### ***Fourth Railway Package***

The adoption of the so called “Fourth Railway Package” was one of very important events to improve European railways. The aim of the legislation incorporated in the Fourth Railway Package is to remove the remaining barriers for creating of single European railway area. The proposed legal regulations reform the railway traffic and support the competition and innovations on markets of inland passenger traffic. They also introduce structural and technical reforms. The result should be the higher level of safety, interoperability, and reliability of European railway network.

### ***New Technical Specifications for Interoperability – Control Command and Signalling Subsystem***

Demands for interoperability of railway infrastructure, equipment, rail vehicles, systems of control and operation are specified in the regulation by the so called technical specifications for interoperability (TSI). In July 2016, the regulation for the Control Command and Signalling subsystem (TSI CCS)

became effective, updating the specifications of the unified European Rail Traffic Management System (ERTMS), the part of which is formed also by the European Train Control System ETCS.

### ***Description of New Memorandum of Understanding in ERTMS***

In September, during the Innotrans expert fair of railway technology in Berlin, the memorandum on ERTMS was undersigned between the European Commission and the European Railway Agency (ERA) on one side, and the railway sector (CER, EIM, EPTTOLA, ERFA, ERTMS Users group, industrial group GSM-R, UIC, UNIFE and UNISIG) on the second side. The Memorandum brings the aim of a disciplined development of the ERTMS system in Europe. However, the task of European authorities will be the maximum efficiency of the approval process. The platform around the ERTMS will assure the implementation of principles of the memorandum, provide instructions to achieve compatibility, and will support creating of value added services based on ERTMS. Hence, the Memorandum makes a question of both the long-time sustainable development of the ERTMS system, and of its natural evolution included into the Shift2Rail program, and supporting the legislation of the Fourth Railway Package. The AŽD Praha company has been directly involved in these activities through its membership in UNIFE

and especially in UNISIG. In future months, this social obligation will be acknowledged by signature of a separate document with the European Commission, expressing the support of our company to determined targets of the Memorandum.

### ***UNISIG***

AŽD Praha has been an active member since 2009, and it is fully involved in all working activities of the UNISIG consortium, which concerns about creating of specifications for one of interoperability elements in Control Command and Signalling (CCS) of the ERTMS/ETCS system. The European Commission thinks, the ERTMS/ETCS is the most important element of interoperability, and creating of this system is a condition for providing of co-financing from the budget of the European Community for projects of railway infrastructure including the signalling technology on individual railway networks.

## **SHIFT<sup>2</sup>RAIL**

In 2016, the research and development works of the SHIFT<sup>2</sup>RAIL-Joint Technology Initiative- project also started in fact. The European Commission EU (EC) is a tool, serving to create a partnership between the public and private sector with the aim to support the competitive strength of European industry, and SHIFT<sup>2</sup>RAIL is its implementation tool. AŽD Praha participated on a long-term basis in creating of this project, which after approval by European Commission in autumn 2014 passed in the phase of selecting of appointed members to the joint undertaking JTI SHIFT<sup>2</sup>RAIL. These members have become on a long-term basis involved in the research and development activities, and so it is possible to make the innovation process more efficient from the initial research up to the absorption of its results by the market. This procedure should avoid fragmentation and lack of continuity of research and innovative efforts, such as sometimes happened during previous framework programs.

The own JTI SHIFT<sup>2</sup>RAIL is incorporated into the framework to support the science and research in the Horizon2020 program.

## **Other Activities**

AŽD Praha is still very active within the UNIFE, which has proved as a very efficient tool for coordinating of activities in the field of research, development, marketing and lobbying for interests of the railway sector.

AŽD Praha has other activities within the Rail Forum Europe (RFE) organisation with its registered office in Brussels. RFE is an interest group of members of the European Parliament, which still acts as a discussion platform between members of the European parliament and the railway transport branch. In the past period, we successfully presented the operation of the Automatic Train Operation system, which has been operating in CR for more than 20 years in commercial traffic, and which is only now being actively discussed in EU.

In September 2016, further to these activities, a visit of delegation of the European Parliament – Transport and Tourism Committee took place in CR, during which the activity of the Automatic Train Operation system was demonstrated in operation on common line.

Beside the international cooperation, our company is an active member of ACRI on a national level, where in this year, we also significantly participated in the operation of the Centre of technical standardization in CEN and CENELEC areas.

AŽD Praha remains established as a respectable and reliable partner in control command and

signalling systems for transport with a very responsible approach to norms-making, international legislation and own and international research and development.



# IMS AND ENVIRONMENTAL PROTECTION

*Supervisory audits on all organizational units, which are independent certified places, passed also successfully, and these units defended their certificates from the level of the EZU certifying body, too.*



The fulfilment of requirements and needs of customers is one of priorities of AŽD Praha. To achieve this target, the company management system is used among others – the so called Integrated Management System (IMS), which protects processes for assuring of quality of products and services and strategic targets in the field of quality, environment and occupational health and safety, summary declared in the document „Politics of Integrated Management System of AŽD Praha s.r.o.“.

The company management permanently creates a pressure on increasing of efficiency and effectivity of IMS – AŽD Praha, for which it provides corresponding sources.

The Integrated Management system is as a standard verified by regular audits of the CQS certifying body. Based on the successful result of the supervisory audit, which took place on 22 and 23 February 2016, the AŽD Praha – RSP, DSE and ZTE defended the certificates from the level of the international certifying body IQNet Reg. No. CZ-2014/2015 (compliance with requirements of ISO 9001:2008), CZ-16/2015 (compliance with requirements of ISO 14001:2004) and CZ-17/2015 (compliance with requirements of BS OHSAS 18001:2007).

Supervisory audits on all organizational units, which are independent certified places, passed also successfully, and these units defended their certificates from the level of the EZU certifying body, too.

The granted certificates provide to our customers guarantee of observance of modern manage-

ment principles in AŽD Praha, assuring of quality of products and services, environmentally friendly approach, and assurance of occupational health and safety.

# FINANCIAL MANAGEMENT OF COMPANY

*Our company spent totally CZK 272 million for the research and development in the period monitored.*

In the 2015/2016 fiscal year, the grant title – Operational program Transport I finished, and so reducing of building of railway constructions occurred. This situation started to project to the gradual decreasing of turnover of our company. The company turnover for the 2015/2016 fiscal year decreased to the amount of CZK 9,9 billion, which is 84 % of the previous period. The company management continues the entry on foreign markets, where we gradually successfully apply our new technologies. Signalling systems for each foreign location are adapted to local legislation, transport regulations and they continue the already operated technology and customs, including a control in the appropriate language. In most foreign countries, the whole signalling system must again undergo the local process of approval. Thus, the entry to foreign markets is significantly demanding in terms of technology, business, and time, but it is a long-time solution for stabilization and prosperity of the company.

The number of company employers in the end of the period monitored was 1815, which is the year-to-year increasing by 42 employers.

Our company spent totally CZK 272 million for the research and development in the period monitored. More than half of the composition of our assets is affected by receivables, which are mostly receivables within the due date, since a long due date period of invoices is set forth in the tender conditions of most contracts. Through the contractual distribution of the due dates of individual parts of

the executed work, the company supports the sale, especially in the case of foreign contracts. Shown receivables are recoverable and paid within the due dates.

In the monitored period the company showed non-tax reserves for a new generation of electronic signalling systems, which undergo a long-term testing operation and for which our company confirmed five-year guarantees.

The company's financing shows a stabilized state; the turnover proportionally reflects trade creditors accounts.

The company acquires no assets through financial lease and has neither due liabilities in the field of the health and social insurance nor tax underpayments.

The company has established organisational units in the Slovak Republic, Montenegro, Bosnia and Herzegovina. The company holds controlling and substantial interests in twenty-four subsidiaries, from which eleven subsidiaries are abroad (Slovakia (4), Bulgaria, Serbia, Belarus, Croatia, Bosnia and Herzegovina, Turkey, Poland).

No significant events fundamentally affecting the company's business occurred in the period between 30.09. 2016 and the time when this report was compiled.

The assumed development of the company's business is stabilized and so this creates conditions for further development of the company both at home and abroad.

## MAIN FINANCIAL INDICATORS OF AŽD PRAHA S.R.O.

For business year 2015/2016 – from 1. 10. 2015 till 30. 9. 2016

The company monitors its results in business periods beginning always from 1. 10. and lasting till 30. 9. of the next year

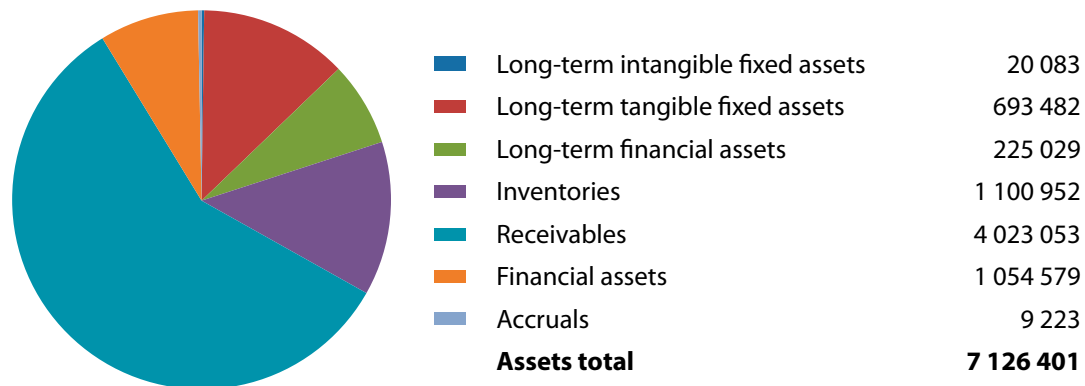
Indicator / period	2012/2013	2013/2014	2014/2015	<b>2015/2016</b>
Turnover (thous.CZK)	4 670 819	6 175 622	11 840 069	<b>9 961 322</b>
Profit after tax	230 817	293 977	790 026	<b>643 033</b>
Profit from turnover %	4,94	4,76	6,67	<b>6,46</b>
Value added tax	1 135 068	1 282 217	2 644 871	<b>2 672 170</b>
Bank loans	690 160	833 888	263 281	<b>0</b>
Employees-full time equivalent	1 553	1 667	1 773	<b>1 815</b>

### **Profit from turnover**

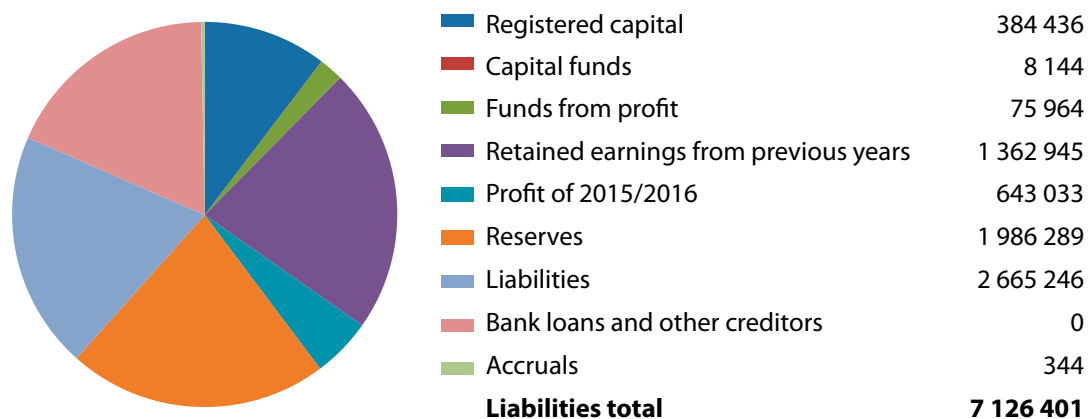
Indicator / period	2012/2013	2013/2014	2014/2015	<b>2015/2016</b>
Profit from turnover %	4,94	4,76	6,67	<b>6,46</b>



COMPOSITION OF ASSETS AS AT 30. 9. 2016 (in thous. CZK)



COMPOSITION OF LIABILITIES AS AT 30. 9. 2016 (in thous. CZK)



## BALANCE SHEET

as at 30. 9. 2016 (in thous. CZK)

Identif. a			ASSETS b	Row c	Current accounting period			Previous period
					Gross 1	Adjustment 2	Net 3	Net 4
			<b>TOTAL ASSETS (r. 02 + 03 + 31 + 62)</b>	001	8 604 763	1 478 362	<b>7 126 401</b>	6 883 896
A.			Receivables from subscriptions	002			0	0
B.			<b>Fixed assets (r. 04 + 13 + 23)</b>	003	2 228 479	1 289 885	<b>938 594</b>	830 110
B.	I.		<b>Intangible fixed assets (r.05 to 12)</b>	004	125 175	105 092	<b>20 083</b>	24 771
B.	I.	1	Incorporation expenses	005			0	0
		2	Research and development	006			0	0
		3	Software	007	120 283	100 669	<b>19 614</b>	24 198
		4	Valuable rights	008	4 403	3 971	<b>432</b>	519
		5	Goodwill ( +/- )	009			0	0
		6	Other intangible fixed assets	010	489	452	<b>37</b>	54
		7	Intangible fixed assets under construction	011			<b>0</b>	0
		8	Advance payments for intangible fixed assets	012			0	0
B.	II.		<b>Tangible fixed assets (r.14 to 22)</b>	013	1 664 193	970 711	<b>693 482</b>	623 548
B.	II.	1	Lands	014	140 343		<b>140 343</b>	133 826
		2	Constructions	015	527 277	258 285	<b>268 992</b>	221 277
		3	Equipment	016	975 514	712 426	<b>263 088</b>	256 865
		4	Perennial corps	017			0	0
		5	Breeding and draught animals	018			0	0
		6	Other tangible fixed assets	019			0	0
		7	Tangible fixed assets under construction	020	20 040		<b>20 040</b>	9 802
		8	Advance payments for tangible fixed assets	021	1 019		<b>1 019</b>	1 778
		9	Adjustment to acquired assets	022			0	0

Identif. a			ASSETS b	Row c	Current accounting period			Previous period
					Gross 1	Adjustment 2	Net 3	Net 4
B.	III.		<b>Long-term financial assets (r. 24 to 30)</b>	023	439 111	214 082	<b>225 029</b>	181 791
B.	III.	1	Shares in controlled and managed organizations	024	328 236	151 831	<b>176 405</b>	151 987
		2		025	48 624		<b>48 624</b>	29 804
		3	Shares in accounting units with substantial influence	026			<b>0</b>	0
		4	Other securities and shares	027	62 251	62 251	<b>0</b>	0
		5	Loans to controlled and managed organizations and to accounting unit with substantial	028			0	
		6	Other financial investments	029			0	
		7	Financial investments acquired	030			0	
C.			<b>Advance payments for long-term financial assets</b>	031	6 367 061	188 477	<b>6 178 584</b>	6 043 464
C.	I.		<b>Current assets (r. 32 + 39 + 47 + 57)</b>	032	1 155 163	54 211	<b>1 100 952</b>	1 605 320
C.	I.	1	Materials	033	522 805		<b>522 805</b>	695 709
		2	Work in progress and semi-products	034	632 035	54 211	<b>577 824</b>	861 398
		3	Finished products	035			0	0
		4	Animals	036			0	0
		5	Merchandise	037			0	0
		6	Advance payments for inventory	038	323		<b>323</b>	48 213
C.	II.		<b>Long-term receivables (r. 40 to 46)</b>	039	806 565	0	<b>806 565</b>	957 552
C.	II.	1	Trade receivables	040	443 775		<b>443 775</b>	710 634
		2	Receivables from controlled and managed organizations	041			0	0
		3	Receivables from accounting units with substantial influence	042			0	0
		4	Receivables from partners, cooperative members and association members	043			0	0
		5	Estimated receivable	044			0	0
		6	Long-term deposits given	044a	138		<b>138</b>	1 432

Identif. a			ASSETS b	Row c	Current accounting period			Previous period
					Gross 1	Adjustment 2	Net 3	Net 4
		7	Other receivables	045	320		320	0
		8	Differed tax receivable	046	362 332		<b>362 332</b>	245 486
C.	III.		<b>Short-term receivables (r. 48 to 56)</b>	047	3 350 754	134 266	<b>3 216 488</b>	3 295 370
C.	III.	1	Trade receivables	048	3 073 311	106 309	<b>2 967 002</b>	2 902 198
		2	Receivables from controlled and managed organizations	049	32 176	27 957	<b>4 219</b>	19 500
		3	Receivables from accounting units with substantial influence	050			0	0
		4	Receivables from partners, cooperative members and association members	051	354		<b>354</b>	1 433
		5	Receivables from social security and health insurance	052			0	0
		6	Due from state - tax receivable	053	100 407		<b>100 407</b>	105 352
		7	Other deposits given	054	111 672		<b>111 672</b>	173 058
		8	Estimated receivable	055	2 466		<b>2 466</b>	71 212
		9	Other receivables	056	30 368		<b>30 368</b>	22 617
C.	IV.		<b>Short-term financial assets (r. 58 to 61)</b>	057	1 054 579	0	<b>1 054 579</b>	185 222
C.	IV.	1	Cash	058	10 220		<b>10 220</b>	2 602
		2	Bank accounts	059	1 044 359		<b>1 044 359</b>	182 620
		3	Short-term securities and ownership interests	060			0	0
		4	Short-term financial assets acquired	061			0	0
D.	I.		<b>Accruals (r. 63 to 65)</b>	062	9 223	0	<b>9 223</b>	10 322
D.	I.	1	Deferred expenses	063	9 106		<b>9 106</b>	10 225
		2	Complex deferred costs	064			0	0
		3	Deferred income	065	117		<b>117</b>	97



Identif. a	LIABILITIES b		Row c	Current period 5	Previous period 6
	<b>TOTAL LIABILITIES (r. 67 + 84 + 117)</b>		066	<b>7 126 401</b>	6 883 896
A.	<b>Equity (r. 68 + 72 + 77 + 80 + 83)</b>		067	<b>2 474 522</b>	2 139 861
A.	I.	<b>Registered capital (r. 69 to 71)</b>	068	<b>384 436</b>	384 436
		1 Registered capital	069	<b>384 436</b>	384 436
		2 Company's own shares and ownership interests (-)	070		
		3 Changes of registered capital	071		
A.	II.	<b>Capital funds (r. 73 to 76)</b>	072	<b>8 144</b>	8 850
A.	II.	1 Share premium	073		
		2 Other capital funds	074	<b>555</b>	555
		3 Differences from revaluation of assets and liabilities	075	<b>7 589</b>	8 295
		4 Differences from revaluation in transformation	076		
A.	III.	<b>Reserve funds, statutory reserve account for cooperatives, and other retained earnings (r. 78 + 79)</b>	077	<b>75 964</b>	76 147
A.	III.	1 Legal reserve fund / indivisible fund	078	<b>73 732</b>	73 732
		3 Statutory and other funds	079	<b>2 232</b>	2 415
A.	IV.	<b>Profit / loss - previous year (r. 81 + 82)</b>	080	<b>1 362 945</b>	880 402
A.	IV.	1 Retained earnings from previous years	081	<b>1 362 945</b>	880 402
		2 Accumulated losses from previous years	082		
A.	V.	<b>Profit / loss - current year (+/-)/r.01 - (+ 68 + 72 + 77 + 80 + 84 + 117)/</b>	083	<b>643 033</b>	790 026
B.	<b>Other sources (r. 85 + 90 + 101 + 113)</b>		084	<b>4 651 535</b>	4 742 763
B.	I.	<b>Reserves (r. 86 to 89)</b>	085	<b>1 986 289</b>	1 527 371
B.	I.	1 Reserves under special statutory regulations	086		
		2 Reserves for pension and similar payables	087		
		3 Income tax reserves	088	<b>69 276</b>	229 718
		4 Other reserves	089	<b>1 917 013</b>	1 297 653
B.	II.	<b>Long-term payables (r. 91 to 100)</b>	090	<b>158 415</b>	118 709
B.	II.	1 Trade payables	091	158 236	118 598

Identif. a		LIABILITIES b	Row c	Current period 5	Previous period 6
	2	Payables to controlled and managed organizations	092		
	3	Payables to accounting units with substantial influence	093		
	4	Payables from partners, cooperative members and association members	094		
	5	Long-term advances received	095	179	111
	6	Issues bonds	096		
	7	Long-term notes payables	097		
	8	Estimated payables	098		
	9	Other payables	099		
	10	Deffered tax liability	100		
B.	III.	<b>Short-term payables (r. 102 to 112)</b>	101	<b>2 506 831</b>	2 833 402
B.	III.	1 Trade payables	102	<b>1 621 681</b>	1 930 968
		2 Payables to controlled and managed organizations	103		
		3 Payables to accounting units with substantial influence	104		
		4 Payables from partners, cooperative members, and association members	105	<b>112 020</b>	104 020
		5 Payroll	106	<b>125 491</b>	122 261
		6 Payables to social securities and health insurance	107	<b>74 758</b>	72 926
		7 Due from state - tax liabilities and subsidies	108	<b>35 822</b>	35 253
		8 Short-term deposits received	109	<b>485 819</b>	396 143
		9 Issues bonds	110		
		10 Estimated payables	111	<b>32 416</b>	171 831
		11 Other payables	112	<b>18 824</b>	
B.	IV.	<b>Bank loans and financial accommodations (r. 114 to 116)</b>	113	<b>0</b>	263 281
B.	IV.	1 Long-term bank loans	114		
		2 Short-term bank loans	115		263 281
		3 Short-term accommodations	116		
C.	I.	<b>Accruals (r. 118 + 119)</b>	117	<b>344</b>	1 272
C.	I.	1 Accrued expenses	118	<b>313</b>	333
		2 Deferred revenues	119	<b>31</b>	939

## PROFIT/LOSS ACCOUNT

as at 30. 9. 2016 (in thous. CZK)

Identif. a	TEXT b	Row c	Fiscal period	
			Current 1	Previous 2
I.	Revenues from sold goods	01	667 932	879 835
A.	Expenses on sold goods	02	579 914	755 500
+	<b>Sale margin (r. 01-02)</b>	03	<b>88 018</b>	124 335
II.	<b>Production (r. 05+06+07)</b>	04	<b>9 901 547</b>	11 700 106
II.	1 Revenues from own products and services	05	8 911 111	10 016 136
	2 Change in inventory of own products	06	-279 601	142 342
	3 Capitalisation	07	1 270 037	1 541 628
B.	<b>Production consumption (r. 09+10)</b>	08	<b>7 317 395</b>	9 179 570
B.	1 Consumption of material and energy	09	6 088 002	8 387 169
B.	2 Services	10	1 229 393	792 401
+	<b>Added value (r. 03+04-08)</b>	11	<b>2 672 170</b>	2 644 871
C.	<b>Personnel expenses</b>	12	<b>1 320 039</b>	1 221 630
C.	1 Wages and salaries	13	984 584	907 663
C.	2 Remuneration of board members	14	2 310	1 902
C.	3 Social security expenses and health insurance	15	319 180	298 911
C.	4 Other social expenses	16	13 965	13 154
D.	Taxes and fees	17	8 223	5 740
E.	Depreciations of intangible and tangible assets	18	103 254	81 410
III.	<b>Revenues from disposals of fixed assets and materials (r. 20+21)</b>	19	<b>480 327</b>	578 095
III.	1 Revenues from disposals of fixed assets	20	2 333	1 263
	2 Revenues from disposals of materials	21	477 994	576 832
F.	<b>Net book value of disposed fixed assets and materials (r. 23+24)</b>	22	<b>299 683</b>	305 997
F.	1 Net book value of sold fixed assets	23	30	179

Identif. a	TEXT b	Row c	Fiscal period		
			Current 1	Previous 2	
F.	2	Net book value of sold material	24	299 653	305 818
G.		Change in operating reserves and adjustments and complex deferred costs ( + / - )	25	699 945	584 561
IV.		Other operating revenues	26	61 394	35 796
H.		Other operating expenses	27	54 610	39 378
V.		Transfer of operating revenues	28		
I.		Transfer of operating expenses	29		
*		<b>Operating profit / loss</b> <b>/(r.11-12-17-18+19-22-25+26-27+(-28)-(-29)/</b>	30	<b>728 137</b>	1 020 046
VI		Revenues from sales of securities and ownership interests	31		105 565
J.		Sold securities and ownership interests	32	<b>7</b>	69 859
VII.		<b>Revenues from long-term financial assets ( r. 34 + 35 + 36)</b>	33	<b>100 693</b>	53 306
VII.	1	Revenues from shares in controlled and managed organizations and in accounting units	34	<b>100 693</b>	53 306
VII.	2	Revenues from others securities and ownership interests	35		
VII.	3	Revenues from other long-term financial assets	36		
VIII.		Revenues from short-term financial assets	37		
K.		Expenses associated with financial assets	38		
IX.		Revenues from revaluation of securities and derivatives	39		
L.		Cost of revaluation of securities and derivatives	40		
M.		Change in financial reserves and adjustments	41		101 333
X.		Interest revenues	42	<b>10 538</b>	7 258
N.		Interest expenses	43	<b>1 072</b>	4 584
XI.		Other financial revenues	44	<b>8 927</b>	21 735
O.		Other financial expenses	45	<b>65 024</b>	75 402
XII.		Transfer of financial revenues	46		
P.		Transfer of financial expenses	47		
*		<b>Profit / loss from financial operations ( transactions ) /(r.31-32+33+37-38+39-40-41+42-43+44-45-(-46)+(-47)/</b>	48	<b>54 055</b>	-63 314

Identif. a	TEXT b	Row c	Fiscal period	
			Current 1	Previous 2
Q.	<b>Income tax on ordinary income (r. 50 + 51)</b>	49	<b>139 159</b>	166 706
Q.	1 Due tax	50	<b>256 005</b>	283 492
Q.	2 Tax deferred	51	<b>-116 846</b>	-116 786
**	<b>Operating profit / loss ordinary activity (r. 30 + 48 - 49)</b>	52	<b>643 033</b>	790 026
XIII.	Extraordinary revenues	53		
R.	Extraordinary expenses	54		
S.	<b>Income tax on extraordinary income (r. 56 + 57)</b>	55	<b>0</b>	0
S.	1 Due tax	56		
S.	2 Tax deferred	57		
*	<b>Operating profit / loss extraordinary activity (r. 53 - 54 -55)</b>	58	<b>0</b>	0
T.	Trasfer profit ( loss ) to partners (+/-)	59		
***	<b>Profit / loss of current accounting period (+/-) (r. 52 + 58 - 59)</b>	60	<b>643 033</b>	790 026
	<b>Profit / loss before tax (+/-) (r. 30 + 48 + 53 - 54)</b>	61	<b>782 192</b>	956 732

# SUPERVISORY BOARD'S REPORT

# INDEPENDENT AUDITOR'S REPORT

*Pursuant to my opinion, the final accounts of the AŽD Praha s.r.o. company provide in compliance with Czech accounting regulations a true and faithful image of the assets, and liabilities of the AŽD Praha s.r.o. company as at 30.09.2016, of the expenses and revenues of the company, its business results and cash flow achieved during the year ending on 30.09.2016 in compliance with Czech accounting regulations.*

***SUPERVISORY BOARD 'S REPORT OF AŽD PRAHA s. r.o.  
FOR BUSINESS RESULTS OF COMPANY FOR THE 2015–2016 FISCAL YEAR***

During the whole fiscal period, the Supervisory Board provided activities pursuant to provisions of the Commercial Code, Law on Commercial Corporations, and Partnership Deed (Memorandum of Association) and observed General Assembly resolutions.

At its regular meetings with Executives, the Supervisory Board was informed on fulfilment of accepted intentions of Executive Plan, on company's business results, the company's financial situation, the organizational changes, and company's activities implementation at home and abroad.

**The Supervisory Board familiarized with submitted business results of the AŽD Praha s.r.o. company as at 30.09.2016, approves them without any objections or complements.**

**The Supervisory Board therefore, after discussion with Executives, advises the General Assembly to approve the business results of the AŽD Praha s.r.o. company as at 30. 09. 2016 including the final accounts and profit distribution proposal.**



Ing. František Formánek



Petr Rott



Ing. Miroslav Kozák

In Prague, on 09.02.2017

## ***Independent Auditor's Report on Verification of Annual Report***

AŽD Praha s.r.o.  
For the verified period from  
01.10.2015 to 30.09.2016

Company: AŽD Praha s.r.o.  
Company Id.: 48029483  
Registered office: Prague 10, Žirovnická 2/3146, Post code 10617

### **Final Accounts**

I have made an audit of the attached final accounts of the AŽD Praha s.r.o. company, Company Id. No.48029483, registered office Prague 10, Žirovnická 2/3146, post code 10617, for the period ending on 30.09.2016. This final accounts consists of a balance sheet as at 30.09.2016, profit and loss statement for the year ending on 30.09.2016, summary of changes to the equity capital for the period ending on 30.09.2016, cash flow summary for the period ending on 30.09.2016 and the annex to these final accounts, including a description of accounting methods applied, and other explanatory information. Data on the AŽD Praha s.r.o. company are given in relevant points of the annex of this final accounts.

### **Responsibility of the statutory body of the accounting entity for the final accounts**

The statutory body of AŽD Praha s.r.o. companies is responsible for compilation of the final accounts and for true view of facts in it in compliance with Czech accounting regulations, and for such internal inspection system, which it considers necessary for compilation of the final accounts so, that it does not include any significant (material) inaccuracies caused by fraud or error.

### **Auditor's Responsibility**

My responsibility is to provide an opinion concerning these final accounts based on the audit performed. I have performed the audit in compliance with International Auditor's Standards and related application clauses of the Chamber of Auditors of the Czech Republic. These standards require me to observe the ethical demands and to plan and perform the audit to obtain reasonable certainty that the final accounts contain no significant (material) inaccuracies.

The audit includes performance of auditing procedures aimed at obtaining evidence on the amounts and facts stated in the final accounts. The selection of the auditing procedures depends on the auditor's judgment including an assessment of the risks of significant (material) inaccuracies in final accounts caused by fraud or error. When assessing such risks, the auditor takes into consideration internal inspection system, which is relevant for compilation of the final accounts



and true view of facts in it. The objective of the assessment is to propose appropriate auditing procedures, but not to comment on the effectiveness of internal inspection system of the accounting unit. The audit also includes an assessment of the suitability of the accounting methods used, reasonability of accounting estimations made by management as well as assessment of the overall presentation of the final accounts.

I truly believe that the obtained evidence provides a sufficient and appropriate base for providing my statement.

### **Auditor's statement**

**Pursuant to my opinion, the final accounts of the AŽD Praha s.r.o. company provide in compliance with Czech accounting regulations a true and faithful image of the assets, and liabilities of the AŽD Praha s.r.o. company as at 30.09.2016, of the expenses and revenues of the company, its business results and cash flow achieved during the year ending on 30.09.2016 in compliance with Czech accounting regulations.**

### **Other facts**

Other information we understand as information referred in the annual report, in addition to the final accounts and my Auditor's report. Statutory body of the AŽD Praha s.r.o. company is responsible for other information.

My statement to the final accounts does not relate to other information, and I do not issue any special statement to it. Nevertheless, it is part of my duties related to verification of the final accounts to familiarize with other information and to judge, whether other information given in the final accounts is not in a significant (material) discrepancy with the final accounts or with my knowledges on the accounting entity received during verification of the final accounts, whether the final accounts has been compiled in compliance with legal regulations, or whether this information otherwise does not prove significantly (materially) incorrect. When I find, based on works performed, it is not the case for other information received by the date of the report, I am obligated to mention the found facts in my report.

Within given procedures, I found nothing like that in received other information.

In Prague, on February 8, 2017



Ing. Jiřina Stolcpartová  
*Auditor's certificate No. 1780*



AŽD PRAHA • BEZPEČNĚ K CÍLI

AŽD PRAHA • BEZPEČNĚ K CÍLI

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CZ-AŽD 95 54 5 010 435-0



NEODRÁŽET  
NESPOUŠTĚT

LAR 1 Pozn.  
LAR 2 Pozn.  
LAR 3 Pozn.

ZASUVKA  
DÁLK. ŘÍZENÍ







