



# Annual Report 2018

# Introductory word of the CEO

## Dear associates, business partners, colleagues,

I would like to present OQEMA's annual report for 2018, which was a year when we started, after 25 years, to operate on the market under the new trade mark, OQEMA, along with other members of our group. I am happy that our customers have remained loyal to us and as a result we managed to continue our achievements of the previous years. It was confirmed that our success is based not only on our reputation but especially on our employees' responsible work and our services, which we provide with maximum effort and with the knowledge of our customers and their needs.

### Our Business Plan

Our main business plan is the production and distribution of industrial chemicals for customers in the area of industry, agriculture and trade. Our competitive advantage is based on providing comprehensive services in the area of chemical supplies and on technical support for selected industries, which are especially the following:

- production of coating compositions, glues and construction chemicals
- treatment of drinking, non-potable and waste water
- production of cosmetics, cleaning agents and consumer chemicals for households
- pharmaceutical industry
- food industry and feed production
- machinery and metal finishing

We are part of the OQEMA Group, which belongs among the leading European distributors of industrial chemicals, special products and services. It has more than 965 employees in 18 European countries and an extensive network of competent partners. As a result, more than 27,000 customers can benefit from its vast knowledge and expertise, large number of customized solutions and wide portfolio of products, which includes more than 12,000 items.

Thanks to the professional team of our employees with many years of experience, knowledge of the industrial market and the individual industries, we provide new, innovative solutions with added value for our customers.

### Market Share and Sales Development

In 2018 we managed to continue our success from the previous year and besides increasing sales we kept the company's very good profitability. Its total 2018 sales reached CZK 1,229 million, which is the highest figure throughout our history of 26 years and in comparison with 2017 there was an 11% increase. The company's economic result before tax reached CZK 32.703 million, which is CZK 4.788 million less than in 2017. This decrease was caused by higher depreciations and cost interest and above all by higher personnel costs resulting from the situation on the labour market. The 2018 EBITDA was CZK 48.873 million, which is almost CZK 3 million less than in the previous year.

Our economic result was positively influenced by another increase in the sales of goods of higher added value from our warehouses. Thanks to previous years' investment in higher capacity at our central warehouse in Slatiňany, we were able to keep more stock when there was a lack of goods and meet our customers' higher demand.

Apart from the distribution of basic industrial chemicals we put a lot of effort in developing the distribution of special chemicals, which is where we see the potential of future growth and opportunities to extend the range of our services. As the exclusive supplier for Synthomer we managed to extend the sales of dispersions and powdered polymers used in coating compositions and construction substances, which contributed to an increase in the company's revenue, and at the same time we created conditions for our future growth in the segment of industrial applications in the following period.

Within the OQEMA Group we presented our products and services at selected fairs and congresses. Our customers and suppliers met us at the SEPAWA congress, which is a key event for the field of detergents and cleaning agents. We also participated in the international fair, Chemspec Europe, which is focused on special chemicals. We will continue promoting our services in the area of special chemicals distribution in 2019.

### Our Subsidiary, OQEMA, s.r.o., Slovakia

Our subsidiary, OQEMA, s.r.o., Slovakia achieved excellent results in 2018 as well. Its total sales reached EUR 12,051 thousand, which means a 33% increase in sales in comparison with 2017. The economic result before tax was a record figure of EUR 282.6 thousand, which had been positively influenced by the recognition of our entitlement to be refunded the VAT for 2014 exports amounting to EUR 137.8 thousand, which had been disputed at court by the Revenue Authority; however we won the case.

### Investment in 2018

In 2018 we invested mainly in the preparation of the project documents for our new administrative building in Slatiňany, including the procurement of the building permit, and in preparing the project documents for the zoning permit regarding the next stages of the modernisation of our central warehouse in Slatiňany.

# Introductory word of the CEO

In the area of business we finished the implementation of our new CRM system (SAP/CRM).

For our warehouses we purchased new electric-drive handling equipment, which is environment-friendly and complies with the highest occupational safety standards.

In the environmental area we started the project of "The Removal of Old Contamination in the Compound of EURO-Šarm, Plzeň-South Warehouse." The aim of the project is to remove the old contamination from the compound in Plzeň and the removal or at least minimization of health and environmental risks caused in the past as a result of the pollution of the bedrock and groundwater especially by chlorinated aliphatic hydrocarbons. Besides our own funds, the project was also financed by the State Environment Fund's programme focused on old contamination.

In the area of occupational safety, after first aid training, we bought the first defibrillator for our Slatiňany warehouse.

## **Employee Education**

In the previous year, our company put a lot of emphasis on the level of its employees' knowledge. For several years in a row we had been increasing the number of hours of employee training focused on legislation in chemistry, environmental protection, prevention of serious accidents, and foreign languages.

In cooperation with AZ-Medica Educa, a company of professional rescuers, a basic first aid course took place, as part of our corporate summer event. During the course our employees learnt how to react in the case of a failure of vital functions and how to give first aid easily. The course included practical first aid training.

## **Environmental Protection and Integrated Management System (IMS)**

We approach environmental protection and occupational safety very responsibly because we are fully aware of the risks connected with our activities, which is why we regard these areas as essential for the sustainability and development of our business. In the past 7 years our company has invested more than CZK 150 million in modernizing our warehouse facilities, increasing occupational safety and improving environmental protection. An inseparable part of this responsible approach is consistent checking of our compliance with applicable legislation in all our activities.

Our company has an integrated management system in place, whose main and permanent goal is to improve our processes, especially the delivery of goods and services of appropriate quality and in a timely fashion, based on our customers' needs; protection of the environment and higher occupational safety. In 2018 we managed to retain our quality system certificate according to ČSN ISO 9001:2015 and environment certificate according to ČSN ISO 14001:2015.

In September we managed to retain our right to use the Responsible Care logo (for responsible business in the area of chemistry) for the next four years. The Responsible Care programme is a voluntary initiative of the global chemical industry in the area of health, safety and environment. It represents a long-term strategy coordinated by the International Council of Chemical Associations (ICCA) and in Europe by the European Chemical Industry Council (CEFIC).

In the area of feed distribution we met the requirements for the production of feed mixtures and pre-mixes and as a result we managed to retain the existing GMP+ B1 certification of our feed safety.

As part of our system of preventing serious accidents, our two plants included in it went through extensive integrated inspections by government bodies, which found no serious flaws. Like in the previous years, there were also one-day fire safety training sessions organised in cooperation with the fire brigades of Slatiňany and Sokolov, which checked how our employees and third parties are prepared for emergency situations.

In the same year, our company was checked by the Czech Environmental Inspection Authority. No violation of applicable legislation or decisions was found.

Throughout the year, the integrated management system was monitored by internal audits, which also checked the quality of strategic materials, including their suppliers.

Like every year, our system was also checked by the strictest auditors, i.e. our customers. In all cases our system was assessed as competent.

Within the system of environmental protection our company has indicators in place for waste separation, emissions of volatile substances, and water and fuel consumption. The positive trend of all indicators was retained in 2018. In the area of waste management we newly joined the system of battery collection, ECOBAT.

As part of air pollution prevention, our company uses the latest technology of recuperation and filtering and as a result ensures the maximum possible air pollution prevention with regard to VOC emissions. Another step in the area of environmental protection and occupational safety was the installation of a vapour separator for diverting volatile organic compounds, which helped us to decrease the risk level in the system of work categorization by one degree.

Thanks to all our employees' responsible approach to the measures in place within the integrated management system, the year 2018 was, in the area of certification, as successful as all previous years and we believe that we will be able to ensure high-quality cooperation for all interested parties.

The 2018 results motivate us to continue the existing trend of providing our services with increasing quality and with the least possible negative impact on the environment and on our employees' health and safety.

# Introductory word of the CEO

## **Risk Management**

In 2018 we introduced a uniform risk management system within the whole OQEMA Group. The individual identified risks are clearly recorded in the system and then assessed in terms of any negative impact on the company and its business. Based on this analysis, measures are taken in order to minimise these risks. Every half a year the individual risks are assessed, compliance with the measures is checked and, if necessary, other measures are taken to minimise the risks related to our activities.

## **Expected Development and Strategy for 2019**

In 2019 we expect consistent positive development of our business. We will be paying attention to finding new opportunities for the development of sales and of our services to customers. We will also be reinforcing our cooperation within the OQEMA Group, especially in the area of special chemicals. We will be continuing the project of "The Removal of Old Contamination in the Compound of EURO-Šarm, Plzeň-South Warehouse." and investing in our new administrative building in Slatiňany.

In Šenov, on 7 February 2019

Ing. Oldřich Zahradník  
CEO  
OQEMA, s.r.o.

# Basic Company Data

<b>Company:</b>	OQEMA, s.r.o.
<b>Registered office:</b>	Těšínská 222, 739 34 Šenov
<b>Legal form:</b>	Limited liability company

## List of persons (person, legal entity) with more than 20% share of the capital:

OQEMA AG
Ing. Oldřich Zahradník

## Object of activity:

- Purchase of goods for resale and sale
- Production and import of chemicals and chemical products classified as explosive, oxidizing, extremely flammable, highly flammable, flammable, highly toxic, toxic, carcinogenic, mutagenic or toxic for reproduction, dangerous for the environment, and sale of chemical products classified as highly toxic and toxic
- Production and sale of chemicals and chemical products classified as flammable, harmful, corrosive, irritant, sensitizing

<b>Date of establishment:</b>	31. 7. 1995, registration in registered office under label C38395
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<b>Company management:</b>	Chief Executive Officer	Oldřich Zahradník
	Financial Manager	Marcela Šmigalová
	Investment Director	Luboš Hadrava
	Operations Director	Alena Hadravová
	Head of Purchasing	Libuše Čebišová
	Head of Sale	Jan Jedlička
	Marketing Manager	Petr Špinler

<b>Number of employees:</b>	as of December 31, 2018	100
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<b>Members of statutory bodies:</b>	Oldřich Zahradník, Heinrich Eickmann
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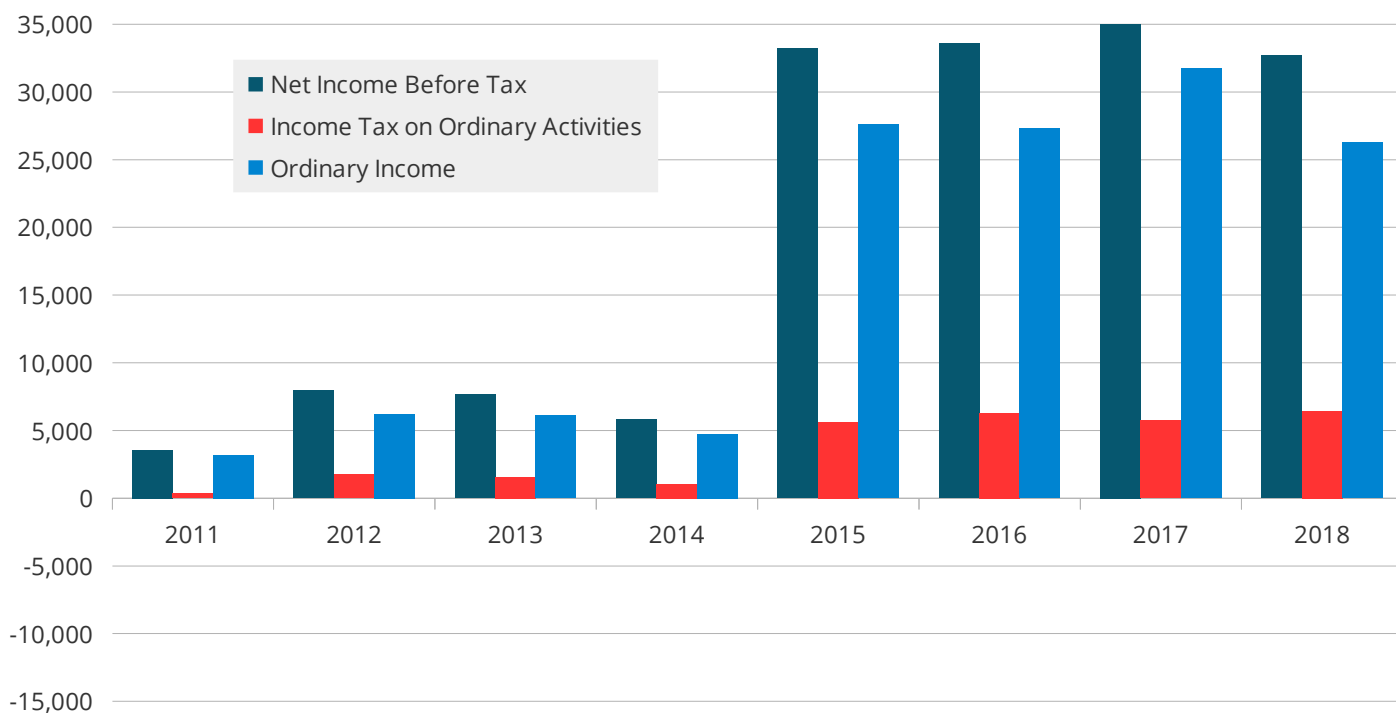
## The share in the registered capital of other companies:

70 % OQEMA, s.r.o., Slovakia
100 % PPD CHEMICALS s.r.o.

## Ordinary Income 2011 - 2018

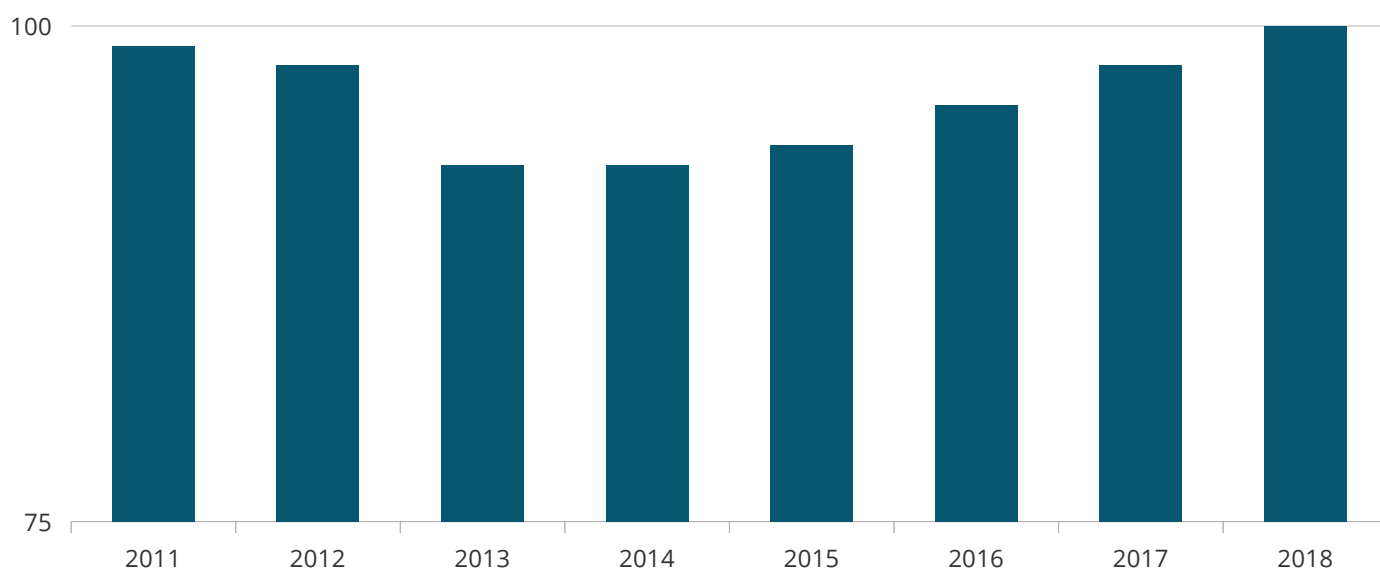
(in thousands of Czech Crowns)

	2011	2012	2013	2014	2015	2016	2017	2018
Net income before tax	3,537	7,949	7,649	5,813	33,207	33,577	37,491	32,703
Income tax on ordinary activities	345	1,751	1,556	1,056	5,605	6,286	5,743	6,434
Ordinary Income	3,212	6,198	6,093	4,757	27,602	27,291	31,748	26,269



## Average of Employees 2011 - 2018

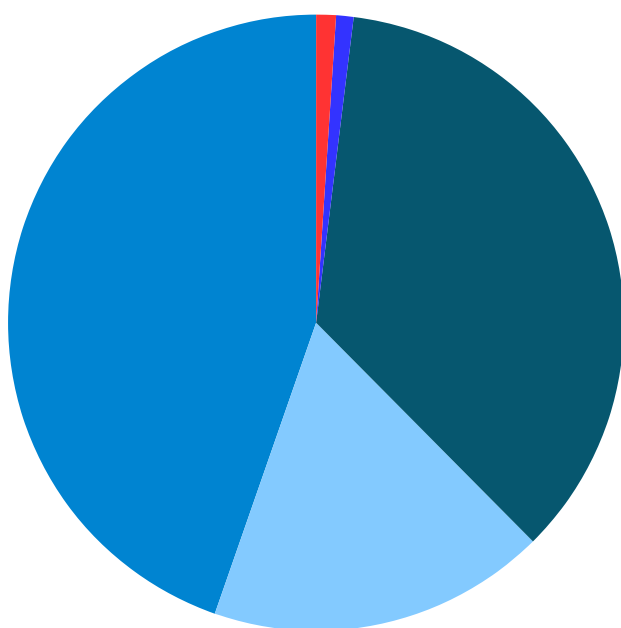
	2011	2012	2013	2014	2015	2016	2017	2018
Total	99	98	93	93	94	96	98	100



## Structure of Assets and Liabilities as of 31.12.2018

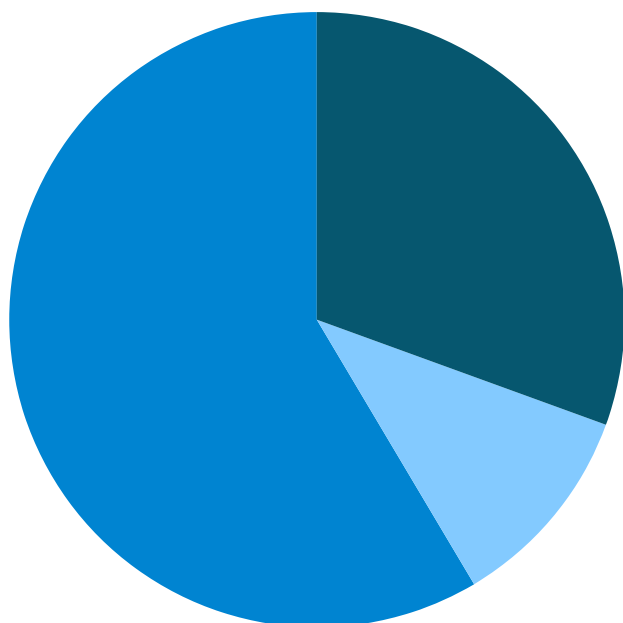
(in thousands of Czech Crowns)

ASSETS		LIABILITIES	
Stock subscriptions receivables	0	Equity	294,916
Fixed assets	225,085	Reserves	0
Inventory	89,462	Long-term obligations	55,000
Receivables	179,458	Short-term obligations	153,891
Financial assets	4,558	Accruals	0
Accruals	5,244		
<b>TOTAL ASSETS</b>	<b>503,807</b>	<b>TOTAL LIABILITIES</b>	<b>503,807</b>



### Assets

- Receivable for subscribed capital
- Long-lived assets
- Inventory
- Short-term receivables
- Short-term financial assets
- Accruals



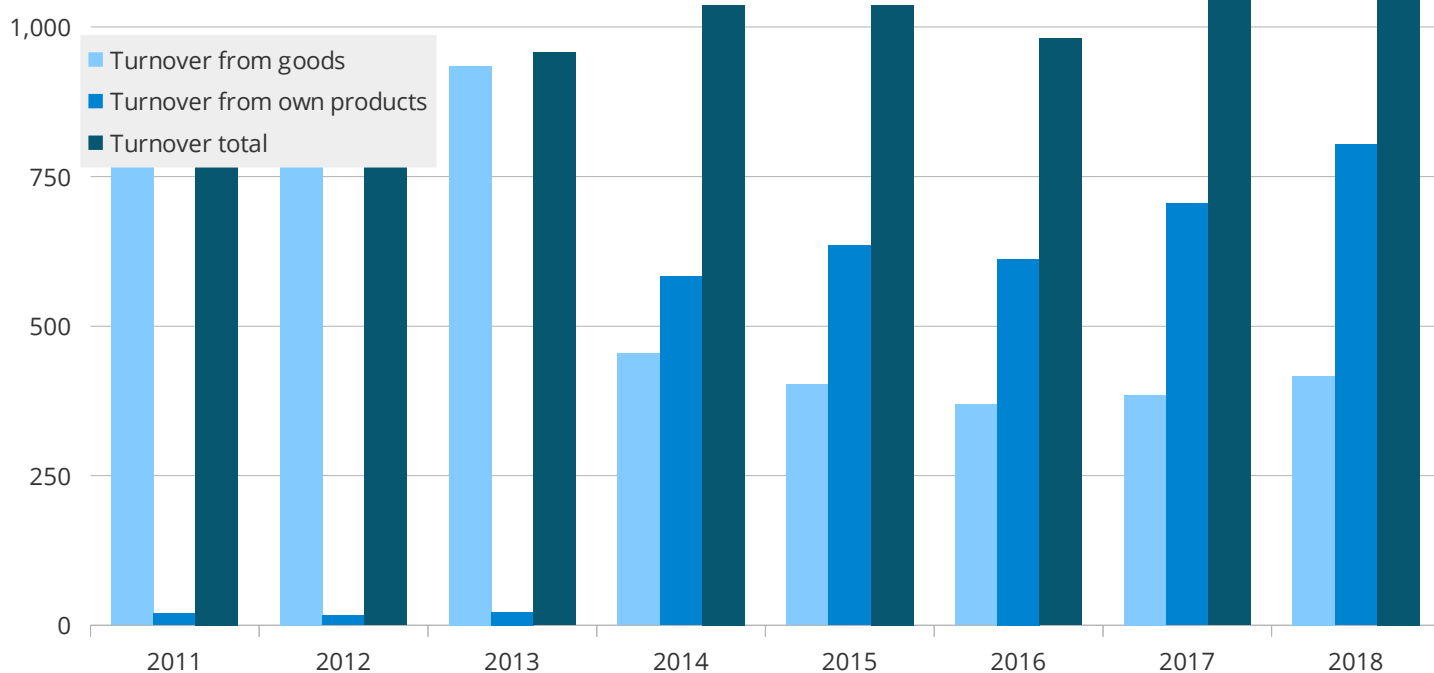
### Liabilities

- Equity
- Reserves
- Long-term liabilities
- Short-term liabilities
- Accruals

## Turnover 2011 - 2018

(in millions of Czech Crowns)

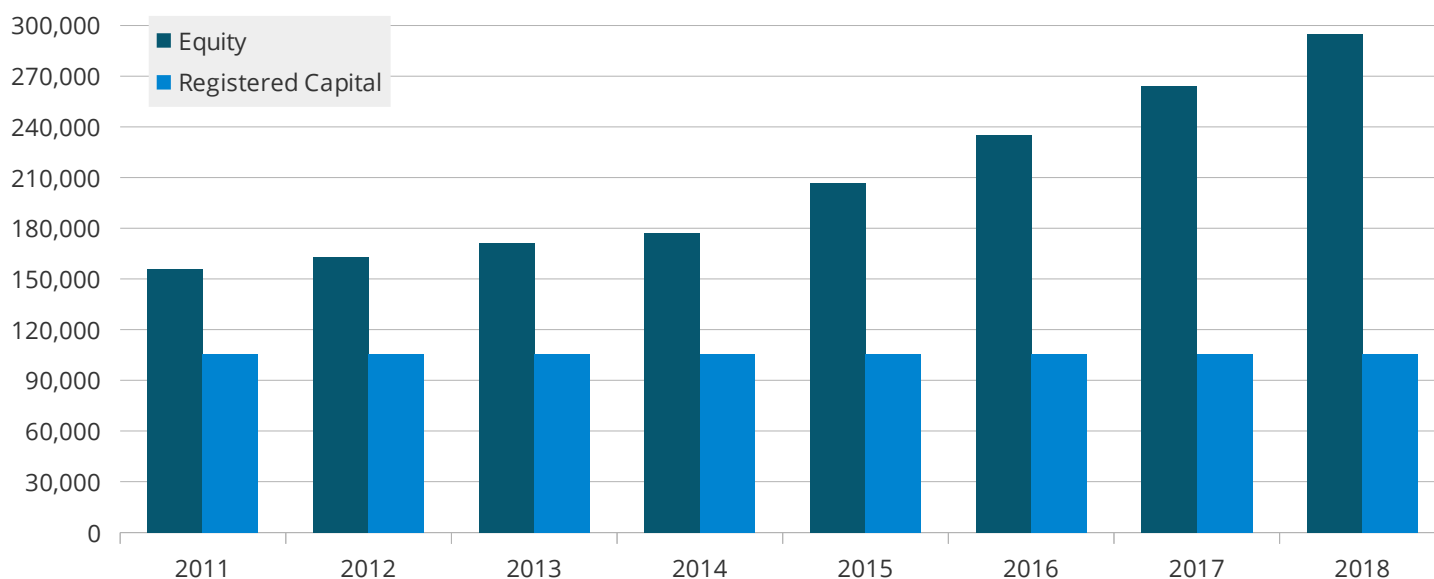
	2011	2012	2013	2014	2015	2016	2017	2018
Turnover from goods	915.27	952.86	935.09	454.22	402.48	368.64	384.63	416.77
Turnover from own products	19.66	16.01	22.44	582.99	634.54	612.30	704.81	803.96
Turnover total	934.93	968.87	957.53	1,037.21	1,037.02	980.94	1,089.44	1,220.73



## Equity and Basic Capital 2011 - 2018

(in thousands of Czech Crowns)

	2011	2012	2013	2014	2015	2016	2017	2018
Equity	156,044	163,069	170,970	177,271	206,726	234,867	264,030	294,916
Registered Capital	105,500	105,500	105,500	105,500	105,500	105,500	105,500	105,500





# Contacts

Registered office of OQEMA, s.r.o.	Těšínská 222, 739 34 Šenov, Czech Republic
Phone	+420 597 485 910
Fax	+420 596 831 102
Web address	<a href="https://www.oqema.cz">https://www.oqema.cz</a>
E-mail	<a href="mailto:oqema@oqema.cz">oqema@oqema.cz</a>
Twitter	@EuroSarm
GPS coordinates	49°47'26.8"N 18°23'40.8"E

Central warehouse Slatiňany	Vítězství 251, 538 21 Slatiňany, Czech Republic
Phone	+420 469 777 774
Fax	+420 469 777 700
GPS coordinates	49°55'12.8"N 15°49'36.9"E

Warehouse Šenov	Těšínská 222, 739 34 Šenov, Czech Republic
Phone	+420 597 485 919
Fax	+420 597 485 900
GPS coordinates	49°47'23.6"N 18°23'39.6"E

Warehouse Plzeň	Velenická 230/91, 326 00 Plzeň, Czech Republic
Telefon	+420 376 944 442
Fax	+420 376 944 440
GPS coordinates	49°43'23.2"N 13°25'07.0"E

Production in Sokolov	Tovární 2093, 356 80 Sokolov
Phone	+420 354 777 991
Fax	+420 354 777 990
GPS coordinates	50°10'52.4"N 12°40'05.1"E

Subsidiary company in Slovakia	OQEMA, s.r.o.
Phone	+421 465 420 778
Phone	+421 465 420 779
Fax	+421 465 420 780
Web address	<a href="http://www.oqema.sk">http://www.oqema.sk</a>
E-mail	<a href="mailto:oqema@oqema.sk">oqema@oqema.sk</a>

**Report of independent auditor and  
final accounts  
as of 31<sup>st</sup> December 2018  
of the company  
OQEMA, s.r.o.**

**Report of independent auditor**  
**about verification of the final accounts compiled as of 31.12.2018**  
**intended for the partners of the company OQEMA, s.r.o.**

**Identification of the accounting unit:**

Company:	<b>OQEMA, s.r.o.</b>
Reg. No.:	639 88 186
Registered office:	Těšínská 222, 739 34 Šenov
Legal form:	Limited liability company
Registration in the Commercial Register:	Regional Court Ostrava C 38395
Subject of enterprise:	<ul style="list-style-type: none"><li>- Purchase of goods for the purpose of their further sale and sales</li><li>- Production and import of chemical substances and chemical preparations classified as explosive, oxidizing, extremely flammable, highly flammable, flammable, highly toxic, toxic, carcinogenic, mutagenic, toxic for reproduction, dangerous to the environment and sales of chemical preparations classified as highly toxic and toxic</li><li>- Production and sales of chemical substances and chemical preparations classified as flammable, harmful to health, caustic, irritating, sensitizing</li></ul>
The report is submitted by:	Ing. Eleni Lipperová - auditor Authorization number 2016 Poštovní 2 702 00 Ostrava
Annexes:	Balance sheet as of 31. 12. 2018 Profit and loss statement as of 31. 12. 2018 Annex to the final accounts as of 31. 12. 2018 Overview of changes of own capital as of 31. 12. 2018 Overview of cash flows as of 31. 12. 2018

## **Statement of the auditor**

I have performed an audit of the enclosed final accounts of the company OQEMA, s.r.o. compiled on the basis of the Czech accounting regulations, which consist of the Balance Sheet as of 31. 12. 2018, Profit and loss statement, Overview about changes of own capital and Overview about cash flows for the years ending on 31. 12. 2018, and Annexes to these final accounts, which includes a description of the applied significant accounting methods and other explanatory information. The data about the company OQEMA, s.r.o. are identified in the section "General data" of the Annex to these final accounts.

According to my opinion, the final accounts provide a true and fair picture of the assets and liabilities of the company OQEMA, s.r.o. as of 31. 12. 2018 and of the costs and revenues and its EBIT and cash flows for the year ending on 31. 12. 2018 in compliance with the Czech accounting regulations.

## **Basis for the statement**

I have performed the audit in compliance with the Act on auditors and the standards of the Chamber of Auditors of the Czech Republic (CA CR) for the audit, which are the international standards for audit (ISA) or, as the case may be, completed and amended ones by the related applicable clauses. My responsibility established by the said regulations is described in detail in the section Responsibility of the auditor for the audit of the final accounts. In compliance with the Act on auditors and the Ethical Code adopted by the Chamber of Auditors of the Czech Republic, I am independent of the company OQEMA, s.r.o. and I have also met other ethical obligations resulting from the said regulations. I suppose that the evidential information, which I have gathered, provides a sufficient and suitable basis for the provision of my statement.

## **Other information identified in the Annual report**

Other information is, in compliance with Section 2, Letter b) of the Act on auditors, the information identified in the Annual report, outside of the final accounts and my report of the auditor. The managing directors of the company OQEMA, s.r.o. shall be responsible for the other information.

My statement about the final accounts does not relate to the other information. Nevertheless, it is a part of my obligations related to the verification of the final accounts to get acquainted with the other information and assess if the other information is not in a significant (material) incompliance with the final accounts or my knowledge about the accounting unit obtained during the verification of the final accounts or if such information does not appear significantly (materially) incorrect otherwise. I also assess if the other information was elaborated in all significant (material) aspects in compliance with the applicable legal regulations. This assessment shall mean if the other information complies with the requirements of the legal regulations for formal prerequisites and procedure of the elaboration of the other information in the context of significance (materiality), i.e. if the possible incompliance with the said requirements would be capable of influencing the judgement made on the basis of the other information.

On the basis of the performed procedures, to the level to which I can assess, I state that

- the other information, which describes the facts that form the subject of depiction in the final accounts, is in compliance with the final accounts in all significant (material) aspects and
- other pieces of information were elaborated in compliance with the legal regulations.

Furthermore, I am obliged to state if, on the basis of the findings and awareness about the company OQEMA, s.r.o., which I have obtained while performing the audit, the other information includes significantly (materially) incorrect facts. Within the said procedures, I have not detected any significant (material) incorrect facts in the received other information.

The managing directors of the company OQEMA, s.r.o. shall be responsible for the compilation of the final accounts providing a true and fair picture in compliance with the Czech accounting regulations and for such internal control system, which is considered by them to be vital for the compilation of the final accounts so as it does not include significant (material) incorrectness caused by deceit or error.

When compiling the final accounts, the managing directors of the company are obliged to assess if the company is able to exist continually and if it is relevant, describe in the Annex to the final accounts the issues concerning its continuous existence and the application of the assumption of the continuous existence in the compilation of the final accounts, with the exception of the cases when the managing directors plan to dissolve the company or terminate its activity or, as the case may be, when they have no other real possibility than to do so.

## **Responsibility of the auditor for the audit of the final accounts**

My objective is to obtain adequate certainty that the final accounts as a whole do not include any significant (material) incorrectness caused by deceit or error and issue a report of the auditor including my statement. An adequate level of certainty is a high level of certainty; nevertheless, it is not a guarantee that the audit performed in compliance with the aforesaid regulations will detect, in all cases in the final accounts, a possible existing significant (material) incorrectness. Incorrectness may be formed due to deceits or errors and shall be considered significant (material), if it can be expected realistically that individually or in accumulation, they could influence economic decisions, which are made by the users of the final accounts on the basis thereof.

When performing an audit in compliance with the aforesaid regulations, my obligation is to apply an expert judgement and maintain professional scepticism during the whole audit. Furthermore, it is my obligation to:

- Identify and assess the risks of significant (material) incorrectness of the final accounts caused by deceit or error, propose and perform auditor procedures reacting to such risks and obtain adequate and suitable evidential information so that I could express the statement on the basis thereof. The risk that I will not detect a significant (material) incorrectness, which occurred as a result of deceit, is higher than the risk of a failure to detect a significant (material) incorrectness caused by error because the deceit can include secret agreements, falsification, intentional omissions, untrue statements or bypassing internal controls.
- Get acquainted with the internal control system of the company that is relevant to the audit within such a range so as I could propose auditor procedures that are suitable with respect to the particular circumstances, not because I could express an opinion about efficiency of the internal control system.
- Assess suitability of the applied accounting rules, adequacy of the performed accounting estimates and information identified in this context by the managing directors of the company in the Annex to the final accounts.
- To assess suitability of the application of the assumption of the continuous existence in the compilation of the final accounts by the managing directors and the fact if with respect to the gathered evidential information, there is a significant (material) insecurity resulting from the events or conditions that can considerably question the ability of the company to exist continually. If I reach the conclusion that there is such significant (material) insecurity, it is my obligation to notify, in my report, of the information provided in this context in the Annex to the final accounts, and if such information is not sufficient, to express a modified statement. My conclusions concerning the ability of the company to exist continually are based on the evidential information obtained by me by the date of my report. Nevertheless, future events or conditions can cause that the company will lose the ability to exist continually.

# Report of independent auditor

- Assess the overall presentation, break-down and content of the final accounts, including the Annex, and also if the final accounts depict the underlying transactions in such a way that results in true depiction.

My obligation is to inform the managing directors, among other things, about the planned scope and timing of the audit and about significant findings, which I made during the course thereof, including the detected significant shortcomings in the internal control system.

Name of auditor:	Ing. Eleni Lipperová
Address:	Poštovní 2, 702 00 Ostrava
Number of authorization:	2016
Date of report:	8.2.2019

Signature of the auditor:



# Financial Statement of the company

Minimum compulsory information under Regulation 500/2002 Coll.

**BALANCE SHEET**  
in a full format  
as at December 31st, 2018  
(in thousand of Czech Crowns)

Commercial name or other name of an accounting unit

**OQEMA, s.r.o.**

Registered office or address of an accounting unit

Těšínská 222

Šenov

739 34

IC
<b>63988186</b>

a	ASSETS b	Row c	Current accounting period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
	<b>TOTAL ASSETS (r. 02 + 03 + 37 + 78)</b>	001	<b>626 726</b>	<b>-122 919</b>	<b>503 807</b>	<b>496 881</b>
A.	Receivables from subscriptions	002	0	0	0	0
B.	<b>Fixed assets (r. 04 + 14 + 27)</b>	003	<b>337 495</b>	<b>-112 410</b>	<b>225 085</b>	<b>222 737</b>
B. I.	<b>Intangible fixed assets (r. 05 + 06 + 09 to 11)</b>	004	<b>19 400</b>	<b>-17 731</b>	<b>1 669</b>	<b>1 987</b>
B. I. 1	Research and development	005	0	0	0	0
2	Valuable rights (r. 07 + 08)	006	19 177	-17 508	1 669	1 252
2.1	Software	007	19 151	-17 482	1 669	1 252
2.2	Other valuable rights	008	26	-26	0	0
3	Goodwill (+/-)	009	0	0	0	0
4	Other intangible fixed assets	010	223	-223	0	0
5	Advance payments for intangible fixed assets and intangible fixed assets under construction (r. 12 + 13)	011	0	0	0	735
5.1	Advance payments for intangible fixed assets	012	0	0	0	0
5.2	Intangible fixed assets under construction	013	0	0	0	735
B. II.	<b>Tangible fixed assets (r. 15 + 18 to 20 + 24)</b>	014	<b>301 162</b>	<b>-94 679</b>	<b>206 483</b>	<b>208 434</b>
B. II. 1	Lands and Constructions (r. 16 + 17)	015	207 017	-36 145	170 872	177 113
1.1	Lands	016	13 350	0	13 350	13 350
1.2	Constructions	017	193 667	-36 145	157 522	163 763
2	Equipment	018	75 212	-51 957	23 255	27 041
3	Adjustment to acquired assets	019	8 968	-6 577	2 391	2 988
4	Other tangible fixed assets (r. 21 + 22 + 23)	020	0	0	0	0
4.1	Perennial crops	021	0	0	0	0
4.2	Breeding and draught animals	022	0	0	0	0
4.3	Other tangible fixed assets	023	0	0	0	0
5	Advance payments for tangible fixed assets and tangible fixed assets under construction (r. 25 + 26)	024	9 965	0	9 965	1 292
5.1	Advance payments for tangible fixed assets	025	0	0	0	212
5.2	Tangible fixed assets under construction	026	9 965	0	9 965	1 080
B. III.	<b>Long-term financial assets (r. 28 to 34)</b>	027	<b>16 933</b>	<b>0</b>	<b>16 933</b>	<b>12 316</b>
B. III. 1	Shares - controlled and controlling organizations	028	16 933	0	16 933	12 316
2	Loans - controlled and controlling organizations	029	0	0	0	0
3	Shares - substantial influence	030	0	0	0	0
4	Loans - substantial influence	031	0	0	0	0
5	Other securities and shares	032	0	0	0	0
6	Other loans	033	0	0	0	0
7	Other financial investments (r. 35 + 36)	034	0	0	0	0
7.1	Other financial investments	035	0	0	0	0
7.2	Advance payments for long-term financial assets	036	0	0	0	0

# Financial Statement of the company

a	ASSETS b	Row c	Current accounting period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
C.	<b>Current assets (r. 38 + 46 + 72 + 75)</b>	037	<b>283 987</b>	<b>-10 509</b>	<b>273 478</b>	<b>270 664</b>
C. I.	<b>Inventory (r. 39 + 40 + 41 + 44 + 45)</b>	038	<b>89 937</b>	<b>-475</b>	<b>89 462</b>	<b>81 808</b>
C. I. 1	Materials	039	6 894	0	6 894	5 238
2	Work in progress and semi-products	040	1 172	0	1 172	1 136
3	Finished products and merchandise (r. 42 + 43)	041	81 531	-475	81 056	75 338
3.1	Finished products	042	75 782	-475	75 307	69 732
3.2	Merchandise	043	5 749	0	5 749	5 606
4	Animals	044	0	0	0	0
5	Advance payments for inventory	045	340	0	340	96
C. II.	<b>Receivables (r. 47 + 57 + 68)</b>	046	<b>189 492</b>	<b>-10 034</b>	<b>179 458</b>	<b>172 023</b>
C. II. 1	<b>Long-term receivables (r. 48 to 52)</b>	047	<b>1 863</b>	<b>0</b>	<b>1 863</b>	<b>1 503</b>
1.1	Trade receivables	048	0	0	0	0
1.2	Receivables - controlled and controlling organizations	049	0	0	0	0
1.3	Receivables - accounting unist with substantial influence	050	0	0	0	0
1.4	Deffered tax receivable	051	1 863	0	1 863	1 503
1.5	Other receivables (r. 53 to 56)	052	0	0	0	0
1.5.1	Receivables from partners	053	0	0	0	0
1.5.2	Long-term deposits given	054	0	0	0	0
1.5.3	Estimated receivable	055	0	0	0	0
1.5.4	Other receivables	056	0	0	0	0
C. II. 2	<b>Short-term receivables (r. 58 to 61)</b>	057	<b>187 629</b>	<b>-10 034</b>	<b>177 595</b>	<b>170 520</b>
2.1	Trade receivables	058	180 692	-10 034	170 658	168 849
2.2	Receivables - controlled and controlling organizations	059	0	0	0	22
2.3	Receivables - accounting unist with substantial influence	060	0	0	0	0
2.4	Other receivables (r. 62 to 67)	061	6 937	0	6 937	1 649
2.4.1	Receivables from partners	062	0	0	0	0
2.4.2	Receivables from social security and health insurance	063	0	0	0	0
2.4.3	Due from state - tax receivable	064	0	0	0	0
2.4.4	Short-term deposits given	065	250	0	250	374
2.4.5	Estimated receivable	066	24	0	24	317
2.4.6	Other receivable	067	6 663	0	6 663	958
C. II. 3	<b>Accruals (r. 69 to 71)</b>	068	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3.1	Deferred expenses	069	0	0	0	0
3.2	Complex deferred costs	070	0	0	0	0
3.3	Deferred income	071	0	0	0	0
C. III.	<b>Short-term financial assets (r. 73 +74)</b>	072	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
C. III. 1	Shares - controlled and controlling organizations	073	0	0	0	0
2	Other short-term financial assets	074	0	0	0	0
C. IV.	<b>Cash and bank accounts (r. 76 +77)</b>	075	<b>4 558</b>	<b>0</b>	<b>4 558</b>	<b>16 833</b>
C. IV. 1	Cash	076	484	0	484	830
2	Bank accounts	077	4 074	0	4 074	16 003
D.	<b>Accruals (r. 79 to 81)</b>	078	<b>5 244</b>	<b>0</b>	<b>5 244</b>	<b>3 480</b>
D. 1	Deferred expenses	079	5 244	0	5 244	3 480
2	Complex deferred costs	080	0	0	0	0
3	Deferred income	081	0	0	0	0



# Financial Statement of the company

a	LIABILITIES		Row	Current period	Previous period
	b		c	5	6
	<b>TOTAL LIABILITIES (r. 83 + 104 + 147)</b>		082	<b>503 807</b>	<b>496 881</b>
A.	<b>Equity (ř. 84 + 88 + 96 + 99 + 102 - 103)</b>		083	<b>294 916</b>	<b>264 030</b>
A. I.	<b>Registered capital (r. 85 to 87)</b>		084	<b>105 500</b>	<b>105 500</b>
1	Registered capital		085	105 500	105 500
2	Ownership interests (-)		086	0	0
3	Changes of registered capital (+/-)		087	0	0
A. II.	<b>Share premium and capital funds (r. 89 + 90)</b>		088	<b>36 403</b>	<b>31 786</b>
A. II. 1	Share premium and capital funds		089	0	0
2	Capital funds (r. 91 to 95)		090	36 403	31 786
2.1	Other capital funds		091	31 000	31 000
2.2	Differences from revaluation of assets and liabilities (+/-)		092	5 403	786
2.3	Differences from revaluation in transformation of companies (+/-)		093	0	0
2.4	Differences from transformation of companies (+/-)		094	0	0
2.5	Differences from valuation in transformation of companies (+/-)		095	0	0
A. III.	<b>Funds from earnings (r. 97 + 98)</b>		096	<b>0</b>	<b>0</b>
A. III. 1	Other reserve funds		097	0	0
2	Statutory and other funds		098	0	0
A. IV.	<b>Profit/loss - previous years (+/-) (r. 100 + 101)</b>		099	<b>126 744</b>	<b>94 996</b>
A. IV. 1	Retained earnings, accumulated losses from previous years (+/-)		100	126 744	94 996
2	Other profit/loss - previous years (+/-)		101	0	0
A. V.	<b>Profit/loss - current year (+/-)</b>		102	<b>26 269</b>	<b>31 748</b>
	/ř.01 - (+ 84 + 88 + 96 + 99 - 103 + 104 + 144)/				
A. VI.	<b>Decided on advance for payment of a profit share (-)</b>		103	0	0
B. + C.	<b>Other sources (r. 105 + 110)</b>		104	<b>208 891</b>	<b>232 851</b>
B.	<b>Reserves (r. 106 to 109)</b>		105	<b>0</b>	<b>0</b>
B. 1	Reserves for pension and similar payables		106	0	0
2	Income tax reserves		107	0	0
3	Reserves under special statutory regulations		108	0	0
4	Other reserves		109	0	0
C.	<b>Payables (r. 111 + 126 + 144)</b>		110	<b>208 891</b>	<b>232 851</b>
C. I.	<b>Long-term payables (r. 112 + 115 to 122)</b>		111	<b>55 000</b>	<b>111 000</b>
C. I. 1	Issues bonds (r. 113 + 114)		112	0	0
1.1	Exchangeable obligations		113	0	0
1.2	Other bonds		114	0	0
2	Liabilities to credit institutions		115	55 000	111 000
3	Long-term advances received		116	0	0
4	Trade payables		117	0	0
5	Long-term notes payables		118	0	0
6	Payables - controlled and controlling organizations		119	0	0
7	Payables - accounting units with substantial influence		120	0	0
8	Deferred tax liability		121	0	0
9	Other payables (r. 123 to 125)		122	0	0
9.1	Payable to partners		123	0	0
9.2	Estimated payables		124	0	0
9.3	Other payables		125	0	0

# Financial Statement of the company

a	LIABILITIES b	Row c	Current period 5	Previous period 6
C. II.	<b>Short-term payables (r. 127 + 130 to 136)</b>	126	<b>153 891</b>	<b>121 851</b>
C. II. 1	Issues bonds (r. 128 + 129)	127	0	0
1.1	Exchangeable obligations	128	0	0
1.2	Other bonds	129	0	0
2	Payables to banks	130	19 904	18 427
3	Short-term deposits received	131	66	10
4	Trade payables	132	108 813	85 849
5	Short-term notes payables	133	0	0
6	Payables - controlled and controlling organizations	134	0	0
7	Payables - accounting units with substantial influence	135	0	0
8	Other payables (r. 137 to 143)	136	25 108	17 565
8.1	Payable to partners	137	332	78
8.2	Short-term accommodations	138	0	0
8.3	Payroll	139	4 134	3 405
8.4	Payables to social securities and health insurance	140	2 290	1 876
8.5	Due from state - tax liabilities and subsidies	141	16 062	10 354
8.6	Estimated payables	142	2 238	1 807
8.7	Other payables	143	52	45
C. III.	<b>Accruals (r. 145 + 146)</b>	144	0	0
C. III. 1	Accrued expenses	145	0	0
2	Deferred revenues	146	0	0
D.	<b>Accruals (r. 148 + 149)</b>	147	0	0
D. 1	Accrued expenses	148	0	0
2	Deferred revenues	149	0	0

Signature:



# Financial Statement of the company

Minimum compulsory  
information under  
Regulation 500/2002 Coll.

## PROFIT & LOSS ACCOUNT as at December 31st, 2018 (in thousand of Czech Crowns)

Commercial name or other  
name of an accounting unit

**OQEMA, s.r.o.**

Registered office or address of  
an accounting unit

Těšínská 222

Šenov

739 34

IC
63988186

a	TEXT b	Row c	Current period 1	Previous period 2
I.	Revenues from the sale of own products and services	01	803 951	704 810
II.	Revenues from sold goods	02	416 770	384 632
A.	Production consumption (r. 04 + 05 + 06)	03	1 100 901	985 885
1.	Expenses on sold goods	04	388 336	356 198
2.	Consumption of material and energy	05	650 788	573 359
3.	Services	06	61 777	56 328
B.	Change in inventory of own products (+/-)	07	-3 699	-12 663
C.	Capitalisation (-)	08	-675	-711
D.	Personal expenses (r. 10 + 11)	09	70 113	64 931
1.	Wages and salaries	10	51 253	47 490
2.	Social security, health insurance and other expenses (r. 12 + 13)	11	18 860	17 441
2. 1	Social security and health insurance expenses	12	17 165	16 001
2. 2	Other expenses	13	1 695	1 440
E.	Value adjustments in the operational area (r. 15 + 18 + 19)	14	15 327	12 649
1.	Value adjustments of intangible and tangible fixed assets (r. 16 + 17)	15	14 017	13 156
1. 1	Value adjustments of intangible and tangible fixed assets - permanent	16	14 017	13 156
1. 2	Value adjustments of intangible and tangible fixed assets - temporary	17	0	0
2.	Stock value adjustments	18	409	-195
3.	Receivable value adjustments	19	901	-312
III.	Other operating revenues (r. 21 + 22 + 23)	20	3 682	4 221
III. 1	Revenues from disposals of fixed assets	21	148	666
2	Revenues from disposals of materials	22	898	1 048
3	Other operating revenues	23	2 636	2 507
F.	Other operating expenses (r. 25 to 29)	24	6 793	7 667
1.	Net book value of sold fixed assets	25	0	1
2.	Net book value of sold material	26	3 040	2 783
3.	Taxes and fees	27	708	717
4.	Reserves and complex deferred costs	28	0	0
5.	Other operating expenses	29	3 045	4 166
*	Operating profit/loss (+/-) (ř. 01 + 02 - 03 - 07 - 08 - 09 - 14 + 20 - 24)	30	35 643	35 905

# Financial Statement of the company

a	TEXT b	Row c	Current period 1	Previous period 2
IV.	<b>Revenues from long-term financial assets - shares (r. 32 + 33)</b>	31	0	567
IV. 1	Revenues from shares - controlled and controlling organizations	32	0	567
2	Other revenues from shares	33	0	0
G.	<b>Costs spent for sold shares</b>	34	0	0
V.	<b>Revenues from other long-term financial assets (r. 36 + 37)</b>	35	0	0
V. 1	Revenues from other long-term financial assets - controlled and controlling organ	36	0	0
2	Revenues from other long-term financial assets	37	0	0
H.	<b>Costs related to other fixed financial assets</b>	38	0	0
VI.	<b>Interest revenues (r. 40 + 41)</b>	39	0	22
VI. 1	Interest revenues - controlled and controlling organizations	40	0	22
2	Other interest expenses	41	0	0
I.	<b>Value adjustments and reserves in the financial area</b>	42	0	0
J.	<b>Interest expenses (r. 44 + 45)</b>	43	2 154	1 225
1.	Interest expenses - controlled and controlling organizations	44	0	0
2.	Other interest expenses	45	2 154	1 225
VII.	<b>Other financial revenues</b>	46	5 041	6 810
K.	<b>Other financial expenses</b>	47	5 827	4 588
*	<b>Profit/Loss from financial operations ( +/- )</b> (ř. 31 - 34 + 35 - 38 + 39 - 42 - 43 + 46 - 47)	48	-2 940	1 586
**	<b>Profit/Loss before tax (+/-) (r. 30 + 48)</b>	49	32 703	37 491
L.	<b>Income tax (r. 51 + 52)</b>	50	6 434	5 743
1.	Income tax - due tax	51	6 794	7 246
2.	Income tax - tax deferred	52	-360	-1 503
**	<b>Profit/Loss after tax ( +/- ) (r. 49 - 50)</b>	53	26 269	31 748
M.	<b>Transfer profit (loss) to partners (+/-)</b>	54	0	0
***	<b>Profit/Loss of current accounting period (+/-) (r. 53 - 54)</b>	55	26 269	31 748
*	<b>Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII</b>	56	1 229 444	1 101 062

Signature:

## Notes to the Financial Statements for the year 2018

The attached individual Financial Statements (unconsolidated) have been prepared in accordance with the Act No. 563/1991 Coll., On Accounting, as amended, (hereinafter referred to as the "Accounting Act"), and the Implementing Decree No. 500/2002 Coll., which implements certain provisions of the Act No. 563/1991 Coll., On Accounting, as amended, for reporting entities that are businesses maintaining double-entry bookkeeping, as amended, as applicable for 2018 and 2017, (hereinafter referred to as the "Implementing Decree to the Accounting Act"), and according to Czech accounting standards for entrepreneurs. The data in the appendix are based on the entity's records (accounting documents, ledgers and other records) and other documents which an entity has available. Figures are in thousands of CZK, unless stated otherwise.

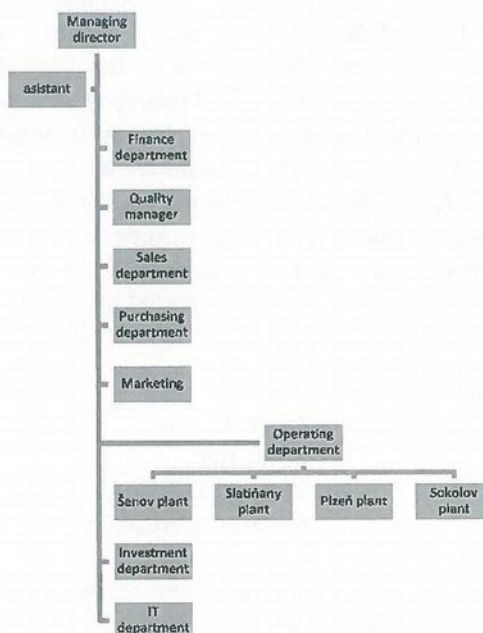
The appendix is made for the accounting period beginning on 1 January 2018 and ending on 31 December 2018.

### **I. General data:**

1. Trade name: OQEMA, s.r.o.
2. Reg.No: 63988186
3. Registered office: Těšínská 222, 739 34 Šenov
4. Legal form: společnost s ručením omezeným (Limited Liability Co.)
5. Subject of activity:
  1. purchase of goods for resale and sale (except the activities listed in the Appendix. 2 and 3 Act No.455 / 91 Coll
  2. production and import of chemicals and chemical products classified as explosive, oxidizing, extremely flammable, highly flammable, flammable, highly toxic, toxic, carcinogenic, mutagenic or toxic for reproduction, dangerous for the environment, and sale of chemical products classified as highly toxic and toxic,
  3. production and sale of chemicals and chemical products classified as flammable, harmful, corrosive, irritant, sensitizing
6. Date of founding: 31. 7. 1995  
Balance Sheet date: 31. 12. 2018  
Financial statements date: 05. 2. 2019
7. List of the entities with more than 20% share in the core capital:

7800/10550	OQEMA AG, D – Schloß Straße 39, Korshenbroich, Federal Republic of Germany
2750/10550	Ing. Oldřich Zahradník, Havířov - Životice, Hraniční 18
8. Description of changes and additions made in the past fiscal year in the trade register:  
During the reporting period, there were no significant changes in the trade register.
9. Names and surnames of statutory bodies as of 31. 12. 2018:  
Oldřich Zahradník, Ing. – executive head  
Heinrich Eickmann – executive head

## 10. Organization Structure applicable as of 31. 12. 2018:



11. The accounting entity does not have a branch abroad.

12. The title and address of the companies in which the entity has more than 20% of the share capital:

OQEMA, s. r.o.

Share amount:	70%
Registered office:	A. Stodolu 8/12, Prievidza, Slovakia
Amount of equity as of 31. 12. 2018:	926 thousand EUR
Economic result for the year 2018:	252 thousand EUR

PPD CHEMICALS s. r.o.

Share amount:	100%
Registered office:	Těšínská 222, Šenov
Amount of equity as of 31. 12. 2018:	254 thousand. Kč
Economic result for the year 2018:	- 2 thousand. Kč

13. Consolidating accounting entity:

The Company is the parent company of the group, which includes the above-mentioned companies and the attached Financial Statements have been prepared as separate. The consolidated Financial Statements have been prepared according to international accounting standards by the parent company OQEMA AG with its registered office in Schloß Straße 39, Korshenbroich, Federal Republic of Germany. According to the Czech accounting regulations, the company has an exemption to prepare the consolidated Financial Statements in accordance with the Czech law; however, the consolidated Financial Statements of the parent company will be published in the Commercial Register.

OQEMA, s.r.o.

IČ | ID: 63988186, DIČ | VAT: CZ63988186

IBAN: CZ32 0100 0000 0000 2150 7791

SWIFT / BIC: KOMBCZPPXXX

Těšínská 222, 739 34 Šenov, Czech Republic

Tel.: +420 597 485 910, Fax: +420 596 831 102, e-mail: [oqema@oqema.cz](mailto:oqema@oqema.cz); URL: [www.oqema.cz](http://www.oqema.cz)

2

14. Core capital OQEMA, s.r.o.:

OQEMA AG	78 000 thousand CZK
Ing. Oldřich Zahradník	27 500 thousand CZK

The company's share capital is fully paid.

**II. Information about the accounting methods, general accounting principles and valuation methods**

In the course of the accounting period, which is a calendar year, the accounting was based on matters that are subject to accounting so as to comply with the principle of accrual. When accounting was applied, the accounting methods stipulated by the accounting method primarily of fair presentation and going concern were applied.

**1. Fixed assets:**

Assessment method:

- of tangible fixed assets (DHM) and intangible assets (DNM), DHM and DNM created through the entity's own activities
- of securities, equity investments

DHM and DNM are stated at purchasing costs, which include the acquisition costs, transport costs and other related costs, interest on loan is not part of the cost. Assessment of DHM and DNM is reduced by subsidies from the state budget. Costs of technical appreciation of assets increase their acquisition cost, repair and maintenance of assets is expensed.

DHM and DNM created by the entity's activity are evaluated by their own costs.

Securities and investments are valued at acquisition cost, and once a year the amount of equity investments are revalued using the equity method, which is the basis for the revaluation of the equity capital of the company. Revaluation is recognized in equity as a revaluation of assets and liabilities.

Method of determining depreciation schedules

Depreciation of assets is calculated based on the purchase price and the estimated useful life of the asset.

Following the Accounting Act (no. 563/1991 Coll.), On Decree no. 500/2002 Coll., Czech accounting standards for businesses and Act no. 586/1992 Coll., On income taxes, as amended, a depreciation schedule for depreciation of tangible fixed assets, intangible fixed assets and small tangible fixed assets, which has been archived since the day of the Company's inception.

The depreciation schedule is created for buildings, tangible fixed assets with the purchase value over CZK 40 thousand and for intangible assets with purchase value over CZK 60 thousand. No depreciation schedule is created for land.

The annual depreciation rate is determined by the ratio of input price and length of depreciation. The length of the amortization accounting is not applied in the same way as the length of depreciation for tax purposes, accounting and tax depreciation are therefore equal.

Method of determining the replacement cost for assets valued at this price and acquired during the reporting period

The replacement cost has not been applied in the accounting period 2018.

Substantial changes in valuation, depreciation, accounting procedures compared to the previous fiscal year, a procedure for determining deferred taxes:

Compared to the previous accounting period, depreciation procedures and accounting that would affect the amount of assets, liabilities and operating results did not change.

During that period a deferred tax was recognized and it was accounted.

**2. Stock:**

Purchased inventories are valued at acquisition cost, which includes the cost of inventories, including incidental costs of acquisition-related costs (freight, customs, etc.).

Products and work in progress are valued at their own planned cost according to processed calculations.

The price of goods and work in progress includes direct material costs, labour costs of production personnel and overhead costs (mainly the auxiliary material, amortization costs of returnable packaging, operation costs of handling technology).

Allowance for slow moving and obsolete inventory or otherwise impaired inventory is recognized based on the evaluation of turnover and individual evaluation of inventories.

**3. Receivables:**

Receivables are stated at their nominal value upon creation. Purchased receivables are stated at acquisition cost. In the case of doubtful receivables, the value is reduced through provisions, which are charged to expenses.

Unbilled active accounts are valued on the basis of expert estimates and calculations.

**4. Equity:**

The share capital is recognized at the amount recorded in the Commercial Register.

**5. External Resources:**

Accounting or statutory reserves were not created in 2018.

Long-term and short-term liabilities are stated at their nominal values.

Unbilled estimated liabilities were valued on the basis of expert estimates and calculations.



**6. Leasing:**

The leased assets have been charged so that the individual lease payments are included in the cost paid by a previously been deferred.

**7. Foreign exchange operations:**

Valuation of assets and liabilities in foreign currencies is performed according to § 24 par. 7 of the Accounting Act. During the reporting period assets and liabilities were translated at the fixed rate based on the current exchange rate of the Czech National Bank effective on the last day of the previous month. At the balance sheet date, the balances of assets and liabilities denominated in foreign currencies are translated using the exchange rate applicable to the CNB's balance sheet date and the differences were accounted nominally.

**8. Use of estimates:**

The 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 for the reporting period, were determined by the company's management on the basis of all the relevant information available. Nevertheless, as it is apparent from the nature of estimates, the actual results in the future may differ from these estimates.

**9. Accounting for revenues and expenses:**

Revenues and expenses are accounted on accrual basis, i.e. in the period to which they relate.

**10. Income Tax:**

The income tax is calculated according to applicable tax rate from the accounting profit increased or decreased by permanently or temporarily tax-deductible expenses and non-taxable income (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciations, etc.). Also, items decreasing the tax base (donations), deductibles and discounts on income tax are taken into account.

The deferred tax liability reflects the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts of income tax with respect to the time of implementation.

**11. Subsidy:**

Prescriptions of subsidies are accounted at the moment of their acceptance or finding unquestionable entitlement to its acceptance. Operating grants received to cover costs are charged to operating or financial revenues. Investment subsidies received for the acquisition of fixed assets reduces the acquisition value of the property.

**12. Significant events after the balance sheet date:**

There were no significant events after the balance sheet date and before the date of the balance sheet creation for the year 2018.

The financial statements as of December 31, 2018 have been prepared assuming the company to continue to exist. Therefore, the attached financial statements include no adjustments that might result from this uncertainty.

# Financial Statement of the company

## III. Additional information on the balance sheet and profit and loss statement

### 1. Fixed assets:

#### a) Overview of assets listed in the balance sheet:

Intangible assets (in thousands of CZK)	Purchase price					Accumulated depreciation				
	opening balance	increase	decrease	transfer	closing balance	opening balance	increase	decrease	transfer	closing balance
Other long-term intangible assets	1 128	0	-905	0	223	-1 128	0	905	0	-223
Royalties	26	0	0	0	26	-26	0	0	0	-26
Software	21 999	1 351	-4 199	0	19 151	-20 747	-934	4 199	0	-17 482
Intangible fixed assets under construction	735	616	-1 351	0	0	0	0	0	0	0
<b>Total 2018</b>	<b>23 888</b>	<b>1 966</b>	<b>-6 455</b>	<b>0</b>	<b>19 400</b>	<b>-21 901</b>	<b>-934</b>	<b>5 104</b>	<b>0</b>	<b>-17 731</b>
<b>Total 2017</b>	<b>23 468</b>	<b>793</b>	<b>0</b>	<b>-373</b>	<b>23 888</b>	<b>-20 684</b>	<b>-1 217</b>	<b>0</b>	<b>0</b>	<b>-21 901</b>

Tangible assets (in thousands of CZK)	Purchase price					Accumulated depreciation				
	opening balance	increase	decrease	transfer	closing balance	opening balance	increase	decrease	transfer	closing balance
Lands	13 350	0	0	0	13 350	0	0	0	0	0
Constructions	193 395	272	0	0	193 667	-29 632	-6 513	0	0	-36 145
Machinery and equipment	58 254	1 069	-137	0	59 186	-37 255	-4 279	138	0	-41 396
Vehicle fleet	14 373	1 037	-793	0	14 617	-8 457	-1 609	793	0	-9 273
Fixtures and fittings	1 469	130	-190	0	1 409	-1 343	-84	139	0	-1 288
Tangible fixed assets under construction	1 080	17 098	0	-8 213	9 965	0	0	0	0	0
Advance payments for tangible assets	212	295	0	-507	0	0	0	0	0	0
Adjustment to acquired assets	8 968	0	0	0	8 968	-5 980	-597	0	0	-6 577
<b>Total 2018</b>	<b>291 101</b>	<b>19 901</b>	<b>-1 120</b>	<b>-8 720</b>	<b>301 162</b>	<b>-82 667</b>	<b>-13 082</b>	<b>1 070</b>	<b>0</b>	<b>-94 679</b>
<b>Total 2017</b>	<b>265 029</b>	<b>58 742</b>	<b>-3 108</b>	<b>-29 562</b>	<b>291 101</b>	<b>-73 836</b>	<b>-11 939</b>	<b>3 108</b>	<b>0</b>	<b>-82 667</b>

Long-term financial assets	Purchase price				
	opening balance	increase (after revaluation by equivalent)	decrease (after revaluation by equivalent)	transfer	closing balance
<b>Total 2018</b>	<b>12 316</b>	<b>4 619</b>	<b>-2</b>	<b>0</b>	<b>16 933</b>
<b>Total 2017</b>	<b>14 972</b>	<b>0</b>	<b>-2 656</b>	<b>0</b>	<b>12 316</b>

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The accounting entity records the assets off balance sheet not detected in the balance sheet and at a total amount of 6 899 thousand. CZK.

b) List of tangible fixed assets that are pledged:

There is no lien burden with any property

c) Assets under operating leases

On the basis of the contract of lease of movable assets, the company has leased 25 personal cars. On the basis of the leasing contract with subsequent purchase of the leased asset the entity has leased 4 vehicles and 8 forklifts. These assets are recorded in memorandum accounts.

## 2. Inventory

On the balance sheet date, as a result of physical inventories, a provision was made for a diminution of inventory to the amount of 475 thousand. CZK.

## 3. Receivables:

The manner of determination of provisioning and reserves for assets:

Provisions for receivables were created for outstanding receivables according to the current wording of Act 593/1992 Coll.

In 2018, adjustments were created for receivables from debtors in bankruptcy proceedings amounting to CZK 1 188 thousand, while adjustments for receivables from debtors in bankruptcy proceedings totaling CZK 265 thousand were dissolved. Receivables from debtors after the completion of bankruptcy proceedings in the amount of CZK 264 thousand were written off.

Adjustments were created for other overdue receivables in the amount of CZK 267 thousand, out of which CZK 215 thousand as the tax adjustments and CZK 52 thousand as the accounting adjustments. The accounting adjustments amounting to CZK 554 thousand were abolished, out of which CZK 354 thousand as the tax adjustments and CZK 84 thousand as the accounting adjustments.

The total decrease in adjustments for the year 2018 amounted to CZK 936 thousand.

The total amount of short-term trade receivables (account no 311):

Gross amount	180 306	thous.CZK
Adjustments	10 034	thous.CZK
Net amount	170 272	thous.CZK
Including receivables within the group	2 415	thous.CZK

Time structure of receivables (In gross amount):

Pre-maturity receivables	143 706	thous.CZK
Amounts up to 30 days overdue	22 097	thous.CZK
Amounts up to 90 days overdue	3 363	thous.CZK
Amounts up to 180 days overdue	1 316	thous.CZK
Amounts up to 360 days overdue	902	thous.CZK
Amounts over 360 days overdue	8 922	thous.CZK
Inc. claims against debtors in banks and insolvency pr.	9 767	thous.CZK

Receivables with a maturity of more than 5 years are not recorded by the company.

#### 4. Financial accounts:

The Company has an overdraft account with KB allowing her to draw a loan to the amount of 20 000 thous. CZK. As of 31. 12. 2018 it amounted to a negative balance of 7 904 thous. CZK (by 31. 12. 2017 it amounted to 6 427 thous.CZK), it is distributed in the reported short-term bank loan.

#### 5. Accrued assets:

Prepaid expenses primarily include lease payments paid in advance and are accounted for in the period in which they were earned.

#### 6. Equity:

Statement of changes in equity is a separate annex to the financial statements.

The differences from revaluation are a recognized impact of the revaluation of investments in subsidiaries.

The 2017 income statement was converted to retained earnings from previous years.

#### 7. Long-term liabilities:

The company does not have any long-term liabilities.

#### 8. Short-term liabilities:

##### Total current liabilities – trade payables (account no. 321):

Amount:	108 713	thous.CZK
Incl. liabilities in the group:	9 021	thous.CZK

##### Time structure of liabilities:

Pre-maturity liabilities	91 373	thous.CZK
Amounts up to 15 days overdue	17 340	thous.CZK
Amounts up to 90 days overdue	0	thous.CZK

The company does not have liabilities with a maturity of more than 5 years overdue.

##### Amount of liabilities towards Social security and health insurance as of 31. 12. 2018:

OSSZ	1 430	thous.CZK
ČPZP	175	thous.CZK
VZP	400	thous.CZK
RBP	48	thous.CZK
OZP	144	thous.CZK
MiV	81	thous.CZK
Voj.ZP	12	thous.CZK

All of the above commitments have been paid by the deadline of 31. 1. 2019.

By the date of submission of financial statements prepared as of 31. 12. 2018, the entity does not recognize any obligations to the state budget or the authorities of pension and health insurance that would cover liabilities outstanding at the balance sheet date.

## 9. Subsidy:

During 2018, the entity accounted for the receiving of subsidy amounting to CZK 8,321 thous. The operating subsidy amounted to CZK 61 thousand. And an investment subsidy of CZK 8,260 thousand.

## 10. Bank loans:

The company has concluded such credit arrangements:

- Framework Services Agreement with Komerční banka a.s., which is determined by a credit line to the amount of 130 000 thous. CZK the contract was concluded on 18 November 2014, the amendment to this agreement was concluded on 9 November 2018, maturity date obligation under this contract is:
  - overdraft credit amounting to 20 000 thous. CZK payable by 13. 11. 2019, amount used by 31. 12. 2018 – 7 904 thous. CZK,
  - revolving loan up to 120 000 thous. CZK payable by 13. 11. 2021, amount used by 31. 12. 2018 - 36 000 thous. CZK,

Loans are secured by a blank bill of the company, and pledged receivables as well as a Letter of Comfort issued by Overlack AG as collateral for this framework agreement on the loan.

- A contract for the provision of credit for investment total 61 000 thous. CZK the date of signing the contract was 10. 9. 2014, the loan balance on 31 12. 2018 was 31 000 thous. CZK, the loan maturity is 31.7. 2021. The loan is secured by a blank bill of company and at the same time was exposed a Letter of Comfort by Overlack AG was issued as collateral for a loan

The interest expense related to credit institutions in 2018 amounted to CZK 2,154 thousand (CZK 1,225 thousand in 2017). The interest was reflected in the financial result.

## 11. Other liabilities:

The company did not have any accrued expenses as of 31. 12. 2018.

## 12. Income from ordinary activities::

(in thous. CZK)

Type of activity	TOTAL		Inland		Abroad	
	2017	2018	2017	2018	2017	2018
Sales of products	696 992	795 501	639 315	728 503	57 677	66 998
Sales of services	7 818	8 450	5 748	5 916	2 070	2 534
Sales of goods	384 632	416 770	367 898	401 767	16 734	15 003
Other incomes	4 221	3 682	4 087	3 632	134	50
<b>Total</b>	<b>1 093 663</b>	<b>1 224 403</b>	<b>1 017 048</b>	<b>1 139 818</b>	<b>76 615</b>	<b>84 585</b>

# Financial Statement of the company

In the accounting period of 2018 no expenditures were incurred on research and development.

## Transactions with related parties:

In 2018 OQEMA did business with related entities in these amounts:

Transactions with related parties (in thous. CZK)	Sale of goods and products	Sale of services	Purchase of goods and material	Purchase of services
OQEMA AG (D)		2		1 290
OQEMA GmbH (D)	132		21 152	
OQEMA, s.r.o. (SK)	39 814	473	2 658	
OQEMA Sp. z o.o. (PL)	3		808	5
OQEMA UAB (LT)	559	35	4 635	
OQEMA LTD (GB)			5 823	
Quaron E.P.E.(GR)	109			
OQEMA EOOD (BG)	116			
OQEMA RO s.r.l. (RO)	653		146	
Novochem Kft. (H)	296		157	
OQEMA Contract GmbH (D)			8 976	
OQEMA Rotterdam B.V. (NL)			38	
<b>CELKEM</b>	<b>41 682</b>	<b>510</b>	<b>44 393</b>	<b>1 295</b>

These transactions were concluded under normal market conditions.

## **13. Deferred Tax:**

The Company quantified the deferred taxes as follows:

Reason for deferred taxes	Deferred tax receivable	Deferred tax liability
Residual value of assets	1692	
Adjustments for inventory	90	
Adjustments for receivables	10	
Outstanding premiums	71	
Unpaid fines	0	

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# Financial Statement of the company

	<b>1 863</b>	
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For reasons of prudence, the Company has included a deferred tax lien in the amount of CZK 1,863 thousand.

#### 14. Overview of cash flow, Statement of changes in equity:

Cash Flow Overview is a separate annex to the financial statements.

#### 15. The amount of personnel costs and data on the number of employees:

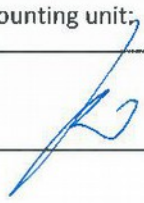
	Person s	Persons	Personnel costs (in thous.CZK)	Personnel costs (in thous.CZK)
Item / year	2017	2018	2017	2018
Average number of employees	98	100	64 931	70 113
Including: members of management bodies	7	7	12 954	13 439

The contribution to Pension insurance totaled CZK 90 thous.

Remuneration of statutory bodies:

Period	2017	2018
Amount (in thous. CZK)	0	0

Statutory authorities were not provided loans, guarantees or other benefits in cash or in other natural form.

Dispatched on:	Signature of the statutory body of the accounting unit:	Person responsible for accounting (name and signature):	Person responsible for financial statement (name and signature):
			

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# Financial Statement of the company

Minimum compulsory  
information under  
Regulation 500/2002 Coll.

## CASH FLOW STATEMENT

as at December 31st, 2018  
(in thousand of Czech Crowns)

Commercial name or other name of  
an accounting unit

OQEMA, s.r.o.

Registered office or adress of an  
accounting unit

Těšínská 222

Šenov

739 34

	TEXT	Current period	Previous period
P.	<b>Balance of cash on hand and financial equivalents as at the beginning of reporting period</b>	16 833	7 327
<b>Cash flows from running activities</b>			
Z.	Accounting profit/loss from running activities before taxation	32 703	37 491
A. 1	Adjustments by non-cash operations	17 367	13 713
A. 1 1	Depreciation of fixed assets and amortization of adjustments to acquired assets	14 017	13 156
A. 1 2	Change in balance of adjustments, reserves	1 310	-507
A. 1 3	Profit from sales of fixed assets	-148	-665
A. 1 4	Revenue from shares in profit	0	-567
A. 1 5	Accounted for interest expense, exclusive of interest capitalization and accounted for credit interest	2 154	1 203
A. 1 6	Possible adjustments by other non-cash operations	34	1 093
A. *	<b>Net cash flow from running activities before taxation, changes in working capital</b>	50 070	51 204
A. 2	Change in non-cash items of working capital	13 261	-32 811
A. 2 1	Change in balance of receivables from running activities, temporary assets accounts	-9 775	-32 357
A. 2 2	Change in balance of short-term payables from running activities, temporary liability accounts	31 098	11 774
A. 2 3	Change in balance of inventory	-8 062	-12 228
A. 2 4	Change in balance of current liquid assets not included in cash or equivalents	0	0
A. **	<b>Net cash flow from running activities before taxation</b>	63 331	18 393
A. 3	Paid interest with the exception of interest included in fixed assets pricing	-2 154	-1 225
A. 4	Interests received	0	22
A. 5	Income tax for running activities and additional tax assessments for previous periods	-7 331	-7 246
A. 6	Income and expense on unusual and/or extraordinary items, including income tax	0	567
A. ***	<b>Net cash flow from running activities</b>	53 846	10 511
<b>Cash flows from investing activities</b>			
B. 1	Expense on fixed assets acquisition	-11 746	-29 670
B. 2	Income from fixed assets sales	148	665
B. 3	Loans to related parties	0	0
B. ***	<b>Net cash flow from investing activities</b>	-11 598	-29 005
<b>Cash flows from financing activities</b>			
C. 1	Change in balance of long-term or short-term payables	-54 523	28 000
C. 2	Impact of changes in equity on cash on hand and financial equivalents	0	0
C. 2 1	Increase in cash on hand as a result of increased registered capital, share premium etc.	0	0
C. 2 2	Payment of share in equity to partners	0	0
C. 2 3	Other contributions of cash by partners and shareholders	0	0
C. 2 4	Loss coverage by partners	0	0
C. 2 5	Direct debit fund payments	0	0
C. 2 6	Paid shares in profit, including taxes paid	0	0
C. ***	<b>Net cash flow from financing activities</b>	-54 523	28 000
F.	<b>Net increase/decrease in cash on hand</b>	-12 275	9 506
R.	<b>Balance of cash on hand and financial equivalents as at the end of reporting period</b>	4 558	16 833

Signature:



Minimum compulsory  
information under  
Regulation 500/2002 Coll.

**STATEMENT OF CHANGES IN EQUITY**  
**as at December 31st, 2018**  
(in thousand of Czech Crowns)

Commercial name or other  
name of an accounting unit

**OQEMA, s.r.o.**

Registered office or adress of  
an accounting unit

Těšínská 222

Šenov

739 34

		Opening balance	Increase	Decrease	Closing balance
A.	Authorized capital registered in the Commercial	105 500	0	0	105 500
B.	Authorized capital unregistered in the Commercial Register	0	0	0	0
C.	Total A +/- B	105 500	0	0	105 500
D.	Own shares and ownership interests	0	0	0	0
*	Total A +/- B +/- D	105 500	0	0	105 500
E.	Share premium	0	0	0	0
F.	Reserve funds	0	0	0	0
G.	Other funds from earnings	0	0	0	0
H.	Capital reserve	31 000	0	0	31 000
I.	Differences from revaluation not included in trading loss/profit	786	4 617	0	5 403
J.	Profit/Loss of previous reporting periods	126 744	0	0	126 744
K.	Profit/Loss for the reporting period after taxation	0	26 269	0	26 269
*	Total	264 030	30 886	0	294 916

Signature:

