

Annual Report **2014**



IMPORTANT PILLARS OF OFZ

Using modern technologies OFZ transforms raw materials into high value-added products. The importance of OFZ goes far beyond Slovak borders.

02 CUSTOMERS

OFZ provides its customers with a wide range of products and technical consultancy related to their usage. OFZ builds on communication with its customers, and flexible delivery schedules.

01 PRODUCTION

OFZ offers a great variety of Si and Mn ferroalloys, and cored wires, which are modifying steel properties, such as strength, wear or corrosion resistance. The steel is in turn used in many products and technical applications.

03 INVESTMENTS

OFZ invests a considerable amount of money into more effective production process, new products, and focuses on continuous improvement in the environmental protection.

04 ENVIRONMENT

Environmental protection is for OFZ a top priority which is apparent when it comes to the long-term investments into dedusting, waste-free management, and air and water protection.

05 EMPLOYEES

OFZ puts strong emphasis on occupational health & safety and employee training not only through internal training programmes, but also through external education in a close cooperation with local high schools or universities.

MAIN PRODUCT GROUPS

FERROALLOYS

Producing a variety of Si and Mn alloys, OFZ is among the leading companies in Central Europe to offer its customers a wide range of products.



#1

THE DIVERSIFIED FERROALLOYS
MANUFACTURER IN CENTRAL
EUROPE

CORED WIRES

OFZ as the leading manufacturer of cored wires in Europe is improving its presence in this segment by producing a wider range of powder fillers.



#1

MAJOR EUROPEAN
CORED WIRES
MANUFACTURER

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OFZ AS A COMPANY WITH A DIVERSIFIED PRODUCT PORTFOLIO

OFZ, a. s. is Slovak metallurgical company with significance going far beyond the Central European region. Main strategy for our company is to extend our product portfolio while preserving sustainable development.

The aforementioned is even more apparent in launching new projects in the field of ferroalloys production, preparing the extensive investments into even a higher level of environmental protection and power effectiveness.

10

kinds of ferroalloys and cored wires manufactured

119 mil. €

Net turnover



KEY FIGURES

2014

mil. EUR	2014	2013	2012	Change % 2014-2013
Net turnover	119,0	124,4	105,1	-4,3%
Operating income	3,0	1,5	-2,2	100,0%
EBT	2,7	1,0	-2,5	170,0%
EAT	2,3	0,5	-1,9	360,0%
Non-current assets	15,2	16,0	17,9	-5,0%
Financial assets	2,8	2,9	3,7	-3,4%
Non-financial assets	12,3	13,2	14,2	-6,8%
Current assets	80,5	84,1	86,6	-4,3%
Inventory	27,1	27,0	31,3	0,4%
Receivables	44,4	54,8	51,5	-19,0%
Cash and current financial assets	9,0	2,3	3,8	291,3%
Equity	38,6	53,6	53,9	-28,0%
Total liabilities	56,8	46,6	50,6	21,9%
Current liabilities	14,6	9,6	13,0	52,1%
Non-current liabilities	0,0	0,0	0,0	0,0%
Current bank loans	0,3	2,7	7,4	-88,9%
Working capital¹	65,6	71,8	66,2	-8,6%
Current ratio²	540%	684%	425%	-143,5%
Total debt ratio³	59%	47%	48%	12,8%
Average number of employees⁴	453	457	482	-0,9%

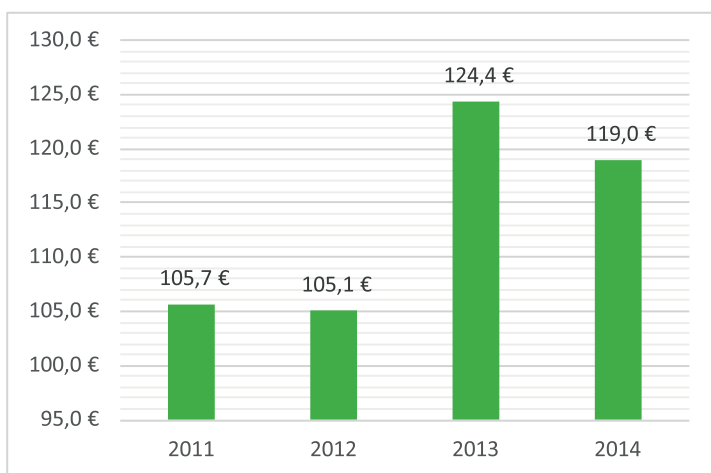
¹ Working capital = Current assets - Current liabilities

² Current assets / Current liabilities

³ Total liabilities / Total assets Total liabilities / Total assets

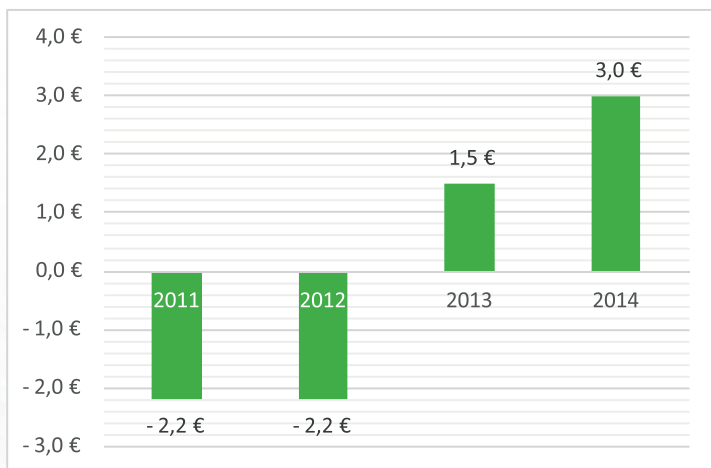
⁴ Average number of employees for the accounting period

Despite the challenging market environment, **in 2014 OFZ recorded a major improvement** in the key financial indicators.



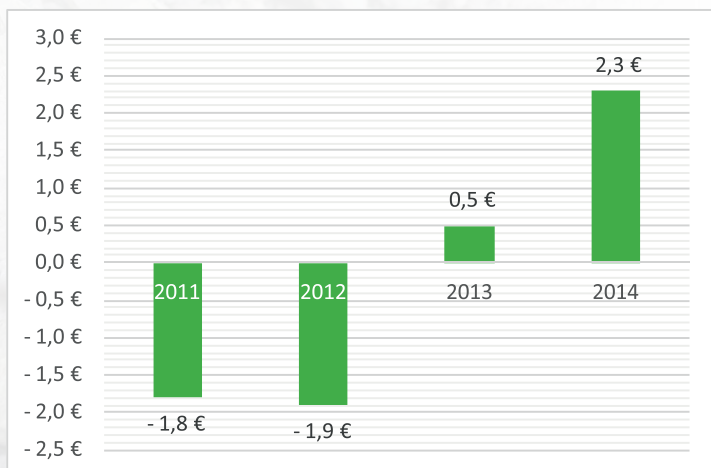
NET TURNOVER (mil. EUR)

In 2014 OFZ's net turnover decreased slightly by 4.3 % YoY to 119.0 mil EUR.



OPERATING INCOME (mil. EUR)

In 2014 OFZ managed to double its operating income to 3.0 mil. EUR.



EARNINGS AFTER TAXES (mil. EUR)

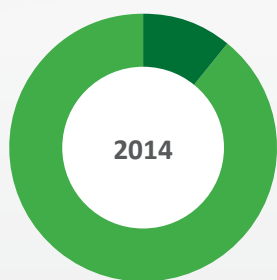
In 2014 OFZ managed to roughly quadruple its net income to 2.3 mil. EUR.

KEY FIGURES

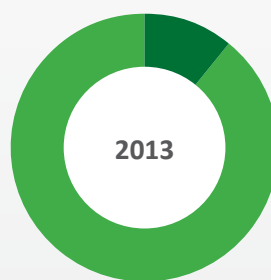
2014



Sales Value of Different Types of Products as a Percentage of Total Sales (excluding revenues from the sales of services) (EUR)

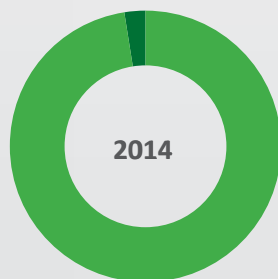


■ cored wires **11%**
■ ferroalloys **89%**

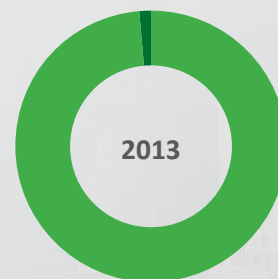


■ cored wires **10%**
■ ferroalloys **90%**

Operating margin



■ operating margin **2,5%**
■ net turnover



■ operating margin **1,2%**
■ net turnover



Ing. Branislav Klocok

Managing Director of OFZ, a. s.

*“ the energy is becoming
a key factor for producing
ferroalloys ”*



01 What are the main factors that would in some way explain the improvement in financial results for 2014?

The major reason lying behind the better financial performance is introduction of more effective technologies and production processes which undoubtedly had a positive impact on the financial position.

02 How are you responding to the different situations in such challenging market environment?

In the present OFZ pursues the strategy of product portfolio diversification, alternative raw material resources together with technological improvement which is a necessary precondition for the effective production process.

03 What is the company doing to protect the environment?

OFZ continually works on mitigating the environmental impact of its activities. The environmentally responsible behaviour of OFZ is mainly apparent in waste-free management, and in preparation of investments into even better air protection through revamping of dedusting systems at different stages of production process (in the foreseeable future OFZ plans to minimize the dust formation during tapping and casting).

04 How do you see the outlook of OFZ into the future?

Since the prices of raw materials, mainly energy, tend to be relatively higher than the price of a finished product, the main strategy for OFZ to focus on is to diversify the existing product portfolio and manufacture higher value-added products.



OFZ, a. s.

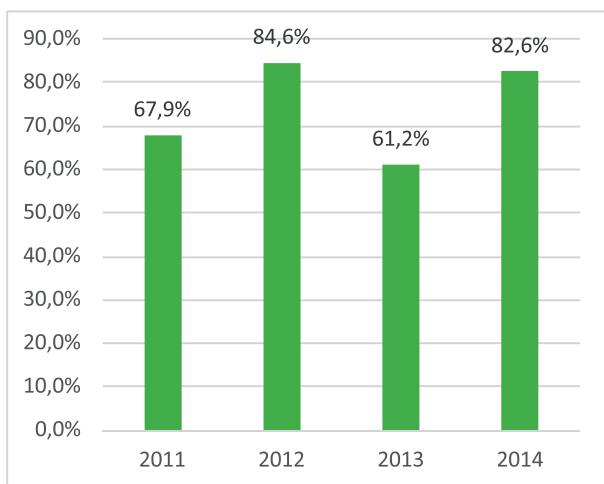
IN 2014



the year of manufacturing higher value-added products

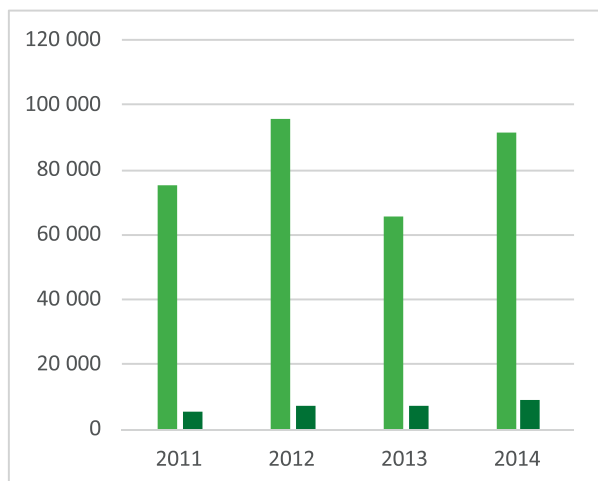
The year 2014 proved to be very important for OFZ. The company successfully launched production of FeSi with low Ti and CaFe cored wire and plans to produce also the other products such as Si metal, FeCr, and MC FeMn which is just aligned with the company's strategy

to manufacture higher value added products. We strongly believe that bringing more products to our customers will be a success. This fact is underlined by the growth in capacity utilization ratio which in 2014 increased roughly by 20 % YoY.



In 2014 ferroalloys made a considerable portion of product portfolio with 91.1 % share on total weight of all products. In 2014 ferroalloys production increased by 38.9 % YoY to more than 91,000 tonnes followed by the increase in cored wires production by 23.6 % to 9,000 tonnes.

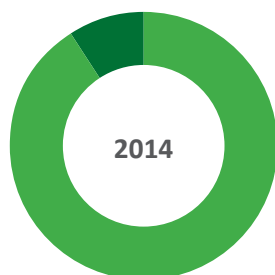
Capacity utilization ratio (%) (2011-2014)



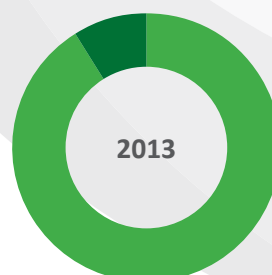
Production (x000 tt)	2014	2013	2012	Change % 2014-2013
Ferroalloys	91	66	96	38,9%
Cored Wires	9	7	7	23,6%
Total	100	73	103	37,4%

■ ferroalloys
■ cored Wires

**Different Kinds of Products (in tonnes)
as a Percentage of Total Production (%)**



■ ferroalloys **91,1%**
■ cored Wires **8,9%**



■ ferroalloys **90,1%**
■ cored Wires **9,9%**

CUSTOMERS

The strategy focusing on the customer's needs is a must in today's challenging environment. In 2014 to better serve the needs of customers OFZ pursued the strategy of product portfolio diversification, launched the production of FeSi with low Ti, and explored the opportunities for producing Mn metal and MC FeMn. Among the top priorities for the company are flexible delivery schedules and focus on the customer. The company is also well-known for the premium quality of its products.

INVESTMENTS

In 2014 there were two main fields of investments for OFZ. The first one was the slag processing. The second field of investments consisted of improving the ladle materials in order to prolong the lifetime of this equipment and significantly improve the work safety.

EMPLOYEES

In 2014 OFZ closely cooperated with local high schools on the dual education system & program. The students occupied key job positions as equipment and electrical equipment maintenance techni-

cians. OFZ continued in providing employee education, recovery stays, catering services in the canteen, and training including language courses.

ENVIRONMENT

The environmental protection is for OFZ a centre of attention. Improving the technologies and protecting the environment still remains a top priority for our company. The end of 2014 was the time for preparing the revamp of flue gas cooler for electric arc furnace (EAF) with a complete change of the filtration hoses. The funds for making such revamping are estimated at 800,000 EUR. This will undoubtedly have a tremendous impact on bringing down level of dust formation at the workplace through boosting the capacity for gas exhausting by 25 %, as well as on protecting the air, and on minimizing the power consumption.



FERROALLOYS

91,000 tonnes of ferroalloys production

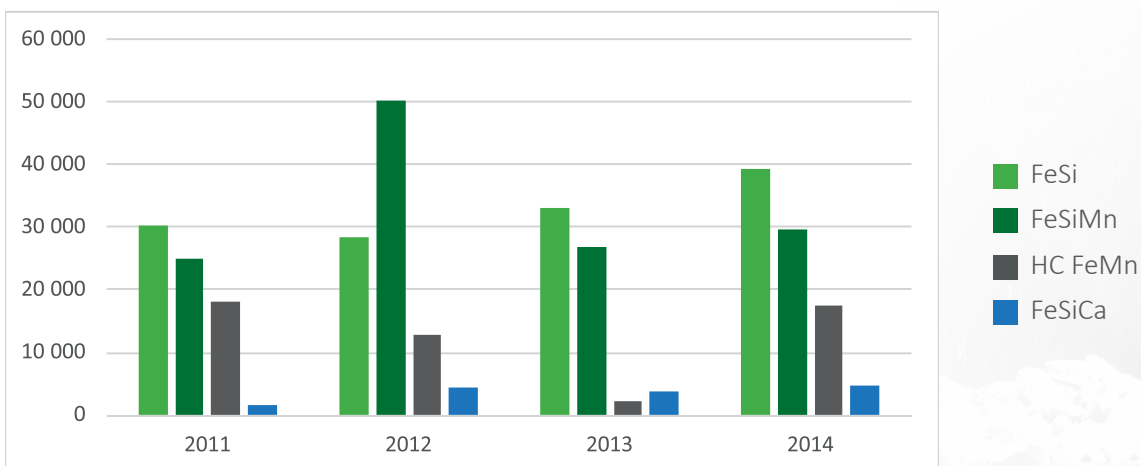


Production of Ferroalloys (tt) (2012-2014)

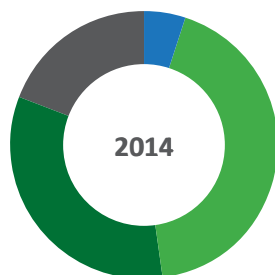
In 2014 FeSi and FeSiMn production played a major role with the highest increase recorded for HC FeMn production.

Launching the production of FeSi with low Ti still remains the major innovation for ferroalloys segment throughout 2014.

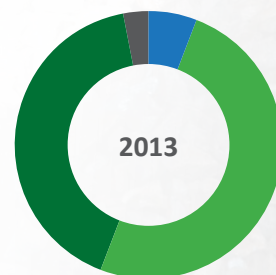
Ferroalloys Production (x000 tt)	2014	2013	2012	Change % 2014-2013
FeSi	39,3	33,1	28,5	18,8%
FeSiMn	29,6	26,8	50,1	10,6%
HC FeMn	17,6	2,1	12,9	728,4%
FeSiCa	4,7	3,7	4,3	28,5%
Total	91,2	65,7	95,7	38,9%



Different Types of Ferroalloys as a Percentage of Total Ferroalloys Production (%)



■ FeSi **43%**
■ FeSiMn **33%**
■ HC FeMn **19%**
■ FeSiCa **5%**



■ FeSi **50%**
■ FeSiMn **41%**
■ HC FeMn **3%**
■ FeSiCa **6%**



FERROALLOYS

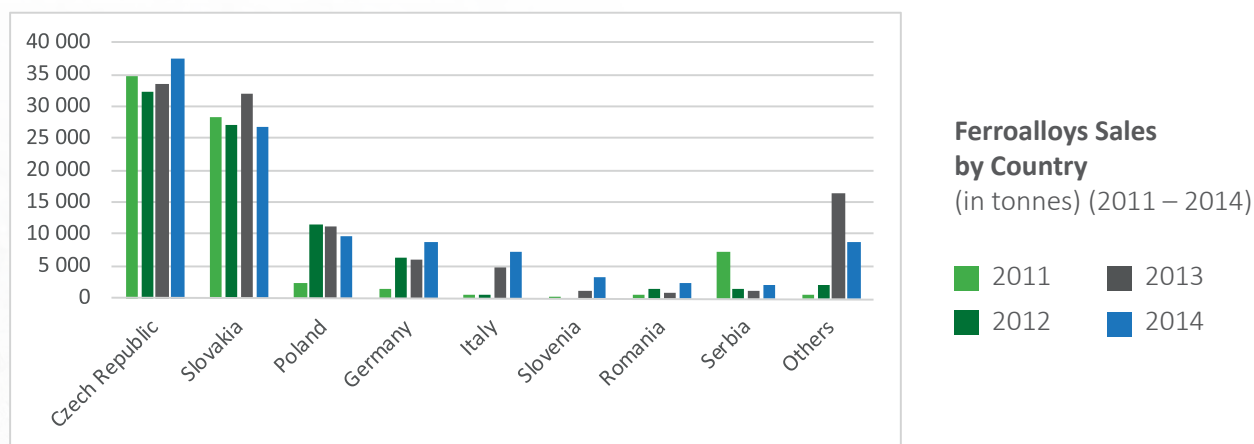
106,000 tonnes of ferroalloys sales

In 2014 total ferroalloys sales increased by 5.1 % YoY with the main boost in FeSi and HC FeMn sales followed by increase in the sales of FeSiCa and MC FeMn.

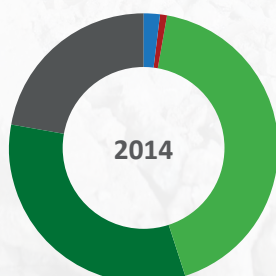
Ferroalloys Sales (x000 tt)	2014	2013	2012	Change % 2014-2013
FeSi	37,0	35,3	23,7	4,7%
FeSiMn	38,8	37,8	43,9	2,6%
HC FeMn	27,9	26,2	15,0	6,5%
FeSiCa	1,2	0,8	0,1	45,1%
MC FeMn	1,2	0,8	0,0	51,3%
Total	106,1	101,0	82,7	5,1%

In 2014 significant portion of ferroalloys sales focused on the closer markets and the region of Central

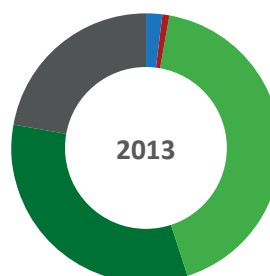
Europe and was made in countries as Czech Republic, Slovakia, Germany, Italy, and Poland.



Sales Value of the Different Ferroalloys as a Percentage of Total Ferroalloys Sales (%)



FeSi **42%**
 FeSiMn **33%**
 HC FeMn **22%**
 FeSiCa **2%**
 MC FeMn **1%**



FeSi **39%**
 FeSiMn **35%**
 HC FeMn **23%**
 FeSiCa **2%**
 MC FeMn **1%**

CORED WIRES

760 t CaFe cored wire production

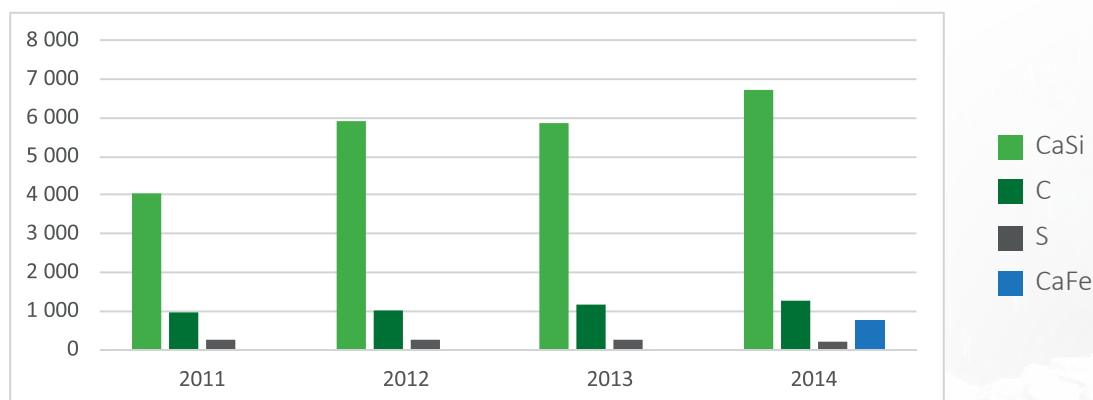


Production of Cored Wires (tt) (2012-2014)

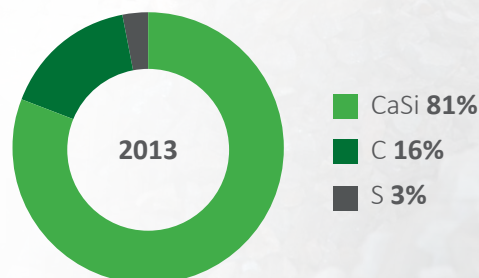
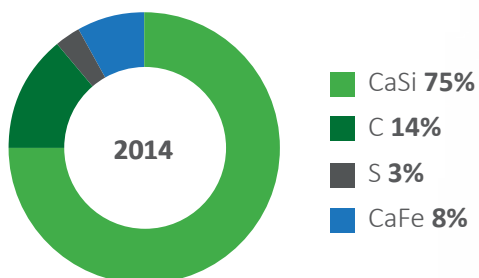
In 2014 production of CaSi cored wire played a major role with increase by almost 15 % YoY. In the

current year CaFe cored wire production was added to the existing cored wires portfolio.

Cored Wires Production (tt)	2014	2013	2012	Change % 2014-2013
CaSi	6 719	5 850	5 915	14,9%
C	1 241	1 142	1 030	8,7%
S	230	249	252	-7,7%
CaFe	760	0	0	na
Total	8 951	7 241	7 197	23,6%



Different Types of Cored Wires as a Percentage of Total Cored Wires Production (%)



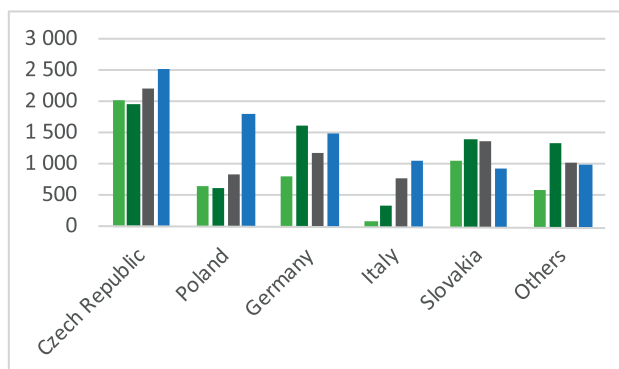


CORED WIRES

9,000 tonnes of cored wires sales

In 2014 OFZ, a. s. sold almost 9,000 tonnes of cored wires making almost a 20 % increase YoY. Among new products to be sold by OFZ, a. s. is the cored wire with CaFe filler.

Having a firm place in the steel production, cored wires are also used for alloying and deoxidation of steel, and for inoculating and modifying of cast iron. The markets of cored wires sales are, to a great extent, similar to countries of ferroalloys sales.

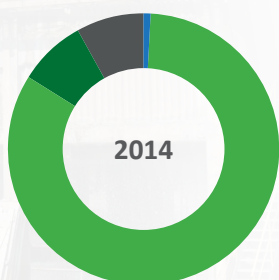


Cored Wires Sales by Country
(in tonnes)

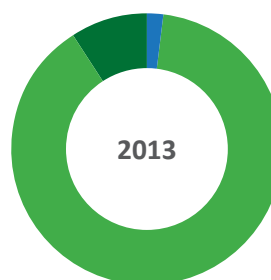
■ 2011 ■ 2013
■ 2012 ■ 2014

Cored Wires Sales (tt)	2014	2013	2012	Change % 2014-2013
CaSi	6 576	5 951	5 941	10,5%
C	1 201	1 127	1 085	6,6%
S	234	273	240	-14,5%
CaFe	760	0	5	na
Total	8 771	7 350	7 271	19,3%

Sales Value of the Different Cored Wires as a Percentage of Total Cored Wires Sales (%)



■ CaSi **83%**
■ CaFe **8%**
■ C **8%**
■ S **1%**

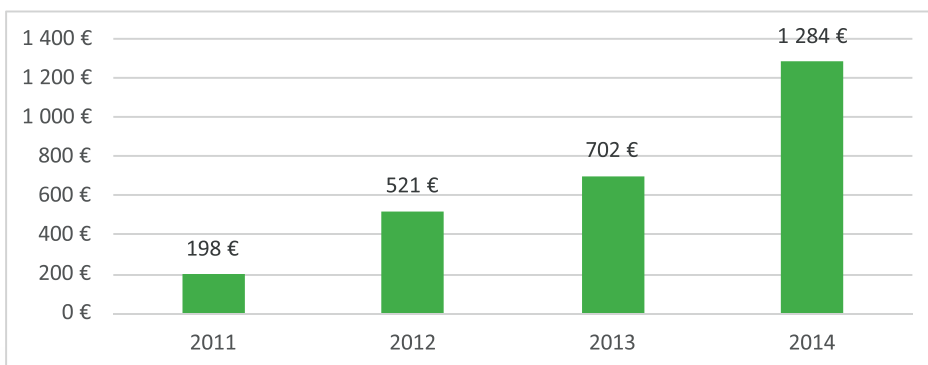


■ CaSi **89%**
■ C **9%**
■ S **2%**

INVESTMENTS

Total Amount Invested **1.284** mil. EUR

During the last few years OFZ, a. s. has dramatically increased the funds reserved for the investment plan. In 2014 OFZ, a. s. boosted the total amount of investments by 83 % to 1.284 mil. EUR.



OFZ, a. s. and Trends in the Investments
(in thousands EUR)

In 2014 investments were mainly targeted to the slag processing & handling and improving the ladle materials with a significant contribution to the

safety handling and effective processing of the slag. These investments have also tremendously prolonged the lifetime of this equipment.



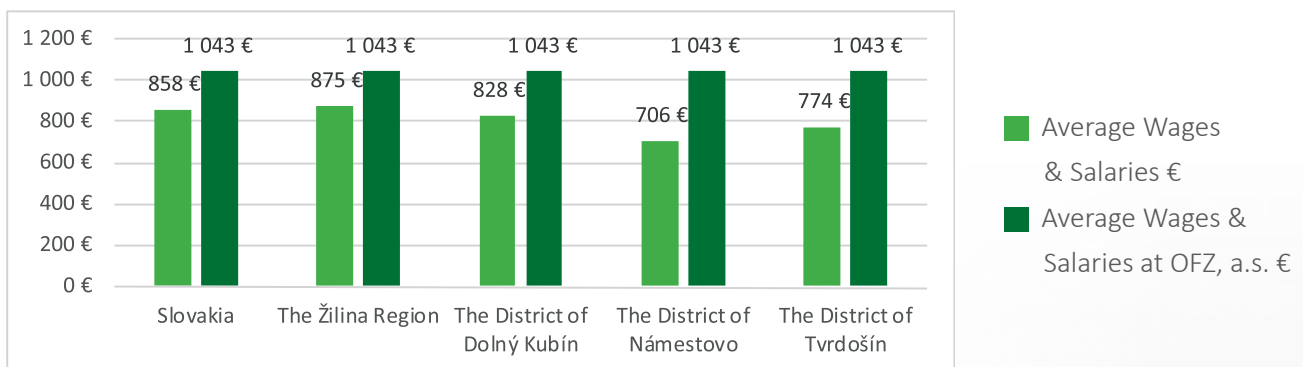
EMPLOYEES

453 employees, average wages & salaries **1043 EUR**

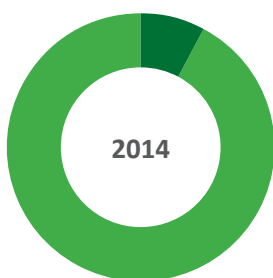
OFZ, a. s. realizes that the employees are a crucial part of organization and the core of the company. Therefore, OFZ, a. s. keeps a close eye on continuous improvement of the work conditions and quality

of working place. Average number of employees has not materially changed throughout 2014. The average wages have recorded a 5 % rise and reached 1,043 EUR.

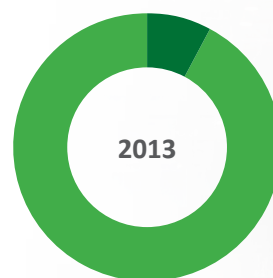
Average OFZ, a. s. Wages & Salaries Compared With Slovakia (2014)



Management as a Percentage of Total Workforce (%)



management **8 %**
other staff **92 %**



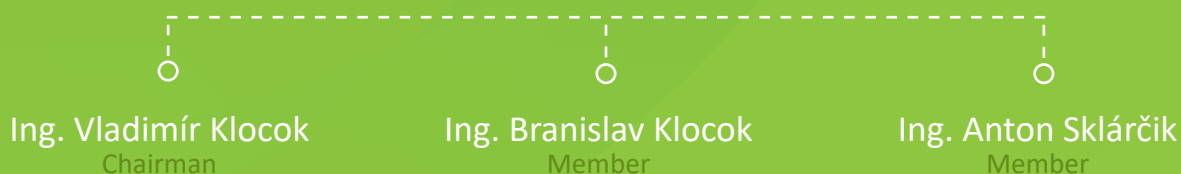
management **8 %**
other staff **92 %**

In 2014 the company continued in supporting the social activities for its employees, such as education,

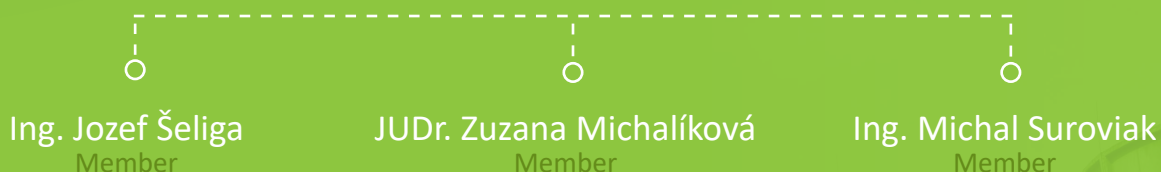
recovery stays, and canteen, which made almost 100,000 EUR in financial terms.

COMPANY'S BODIES

BOARD OF DIRECTORS



SUPERVISORY BOARD



COMPANY'S MANAGEMENT

- Ing. Vladimír Klocok
General Director
- Ing. Branislav Klocok
Managing Director
- Ing. Stanislav Huba
Director for Finance & Development
- Ing. Andrzej Jabłonski
Production & Technical Director
- Ing. Anton Sklárčik
Manager for Safety, Environment & Quality Control

FINANCIAL SITUATION

Net Turnover **119** mil. EUR

Net Profit After Taxes **2.3** mil. EUR



The year 2014 appeared to be very challenging for manufacturing ferroalloys and cored wires; however, OFZ, a. s. has achieved a good financial performance mainly through decreasing input costs. OFZ, a. s. understands that this strategy simply cannot be perceived as panacea for a company to remain healthy in terms of financial position, but also on the other side plans to pursue this strategy into the future. The sound financial performance is a pre-requisite for extending investment

activities and for ensuring and pursuing the strategy of sustainable development. The year 2014 is simply very important for OFZ, a. s. in terms of the financial performance. Albeit net turnover declined by 4.3 % YoY, the company was rather successful in doubling the operating income while net income has increased by 2 mil. EUR. OFZ has achieved those figures while maintaining both total debt ratio and current ratio on an optimal level which might serve as an evidence of OFZ's healthy financial position.

Proposed Settlement of Earnings for the Current Accounting Period (as of December 31, 2014)

Item	2014
Net profit	2 291 785 €
Reserve fund	229 179 €
Dividend distribution to shareholders	2 062 606 €

Proposed Settlement of Earnings for the Preceding Accounting Period (as of December 31, 2013)

Item	2013
Net profit	462 768 €
Reserve fund	46 278 €
Dividend payment to shareholders	416 490 €

Equity Participations & Interests of OFZ, a. s. in Other Legal Entities (as of December 31, 2014)

Legal Entity	Equity Interest (EUR)	Equity Interest (%)
DS Martin, a.s.	2 834 095 €	100,00%
ESI, s.r.o. Istebné	-194 255 €	100,00%
Hutnictví železa, a.s. Praha	*	2,72%

* Hutnictví železa , a. s. Praha and SES Sk, a.s. K.N.Mesto did not submit the data on equity and profit/loss for the accounting period at the financial reporting date.

Profit and Loss Statement (as of December 31, 2014) 1/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
*	Net turnover (part of accounting Class 6 according to the Act)	01	118 968 595	
**	Operating income - total (lines 03 to 09)	02	121 572 850	114 230 910
I.	Revenue from the sale of merchandise (604, 607)	03	19 442 979	20 511 764
II.	Revenue from the sale of own products (601)	04	90 832 389	84 608 157
III.	Revenue from the sale of services (602, 606)	05	7 827 467	18 133 870
IV.	Changes in internal inventory (+/- acct. grp. 61)	06	-891 018	-11 413 486
V.	Own work capitalized (acct. grp. 62)	07	768 761	615 495
VI.	Revenue from the sales of non-current intangible assets, property, plant, and equipment, and raw materials (641, 642)	08	604 725	1 507 250
VII.	Other operating income (644, 645, 646, 648, 655, 657)	09	2 987 547	267 860
**	Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26	10	118 622 261	112 703 653
A.	Costs of merchandise sold (504, 507)	11	18 227 187	20 327 827
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	76 571 315	72 817 559
C.	Value adjustments to inventory (+/-) (505)	13		
D.	Services (acct. grp. 51)	14	12 908 999	5 587 495
E.	Personnel expenses- total (lines 16 to 19)	15	8 321 830	8 066 909
E. 1.	Wages and salaries (521, 522)	16	5 954 346	5 753 693
2.	Remuneration of board members of the company or cooperatives (523)	17		
3.	Social security expenses (524, 525, 526)	18	2 077 503	2 020 789
4.	Social expenses (527, 528)	19	289 981	292 427
F.	Taxes and fees (acct. grp. 53)	20	190 324	198 017
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (line 22 + line 23)	21	1 589 600	1 883 047
G. 1.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (551)	22	1 589 600	1 883 047
2.	Value adjustments to non-current intangible assets and PP & E (+/-) (553)	23		
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	205 488	1 006 384
I.	Value adjustments to receivables (+/-) (547)	25	-2 578 255	2 473 537
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557))	26	3 185 773	342 878
***	Profit/loss from operations (line 02 - line 10)	27	2 950 589	1 527 257
*	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	10 273 077	13 722 919
**	Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44	29	1 558 401	1 190 849
VIII.	Revenue from the sale of securities and shares (661)	30		
IX.	Income from non-current financial assets (line 32 to 34)	31		
IX. 1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32		

Profit and Loss Statement (as of December 31, 2014) 2/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33		
3.	Other income from securities and ownership interests (665A)	34		
X.	Income from current financial assets- total (line 36 to 38)	35		
X. 1.	Income from current financial assets in affiliated accounting entities (666A)	36		
2.	Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A)	37		
3.	Other income from current financial assets (666A)	38		
XI.	Interest income (line 40 + line 41)	39	781 093	1 073 001
XI. 1.	Interest income from affiliated accounting entities (662A)	40		
2.	Other interest income (662A)	41	781 093	1 073 001
XII.	Exchange rate gains (663)	42	472 749	86 016
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43		
XIV.	Other income from financial activities (668)	44	304 559	31 832
**	Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54	45	1 801 230	1 729 992
K.	Securities and shares sold (561)	46		
L.	Expenses related to current financial assets (566)	47		
M.	Value adjustments to financial assets (+/-) (565)	48		
N.	Interest expense (line 51 + line 52)	49	1 297 838	1 394 616
N. 1.	Interest expenses related to affiliated accounting entities (562A)	50		
2.	Other interest expenses (562A)	51	1 297 838	1 394 616
O.	Exchange rate losses (563)	52	115 537	178 728
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53		8 019
Q.	Other expenses related to financial activities (568, 569)	54	387 855	148 629
***	Profit/loss from financial activities (+/-) (line 29 - line 45)	55	-242 829	-539 143
****	Profit/loss for the accounting period before taxes (+/-) (line 27 + line 55)	56	2 707 760	988 114
R.	Income tax (line 58 + line 59)	57	415 975	525 346
R. 1.	Income tax- current (591, 595)	58	1 686 201	425 833
2.	Income tax- deferred (+/-) (592)	59	-1 270 226	99 513
S.	Transfer of net profit/net loss shares to partners (+/-596)	60		
****	Profit/loss for the accounting period after taxes (+/-) (line 56 - line 57 - line 60)	61	2 291 785	462 768

Balance Sheet (as of December 31, 2014) 1/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
	TOTAL ASSETS line 002 + line 033 + line 074	001	121 526 615	95 711 373	100 125 386
			25 815 242		
A.	Non-current assets line 003 + line 011 + line 021	002	36 958 167	15 172 379	15 992 010
			21 785 788		
A.I.	Non-current Intangible assets - total (lines 004 to 010)	003	218 094	66 759	45 083
			151 335		
A.I.1.	Capitalized development costs (012)- /072, 091A/	004			
2.	Software (013)- /073, 091 A/	005	140 675	8 576	12 008
			132 099		
3.	Valuable rights (014)- /074, 091A/	006			
4.	Goodwill (015)- /075, 091A/	007			
5.	Other non-current intangible assets (019, 01X)- /079, 07X, 091A/	008	19 236		
			19 236		
6.	Acquisition of non-current intangible assets (041)-093	009	58 183	58 183	33 075
7.	Advance payments made for non-current intangible assets (051) – 095A	010			
A.II.	Property, plant & equipment - total (lines 012 to 020)	011	33 898 011	12 271 525	13 068 196
			21 626 486		
A.II.1.	Land (031)- 092A	012	817 623	817 623	817 623
2.	Structures (021)- /081, 092A/	013	14 458 357	8 595 637	9 075 518
			5 862 720		
3.	Machinery (022)- /082, 092A/	014	17 986 372	2 309 969	2 205 110
			15 676 403		
4.	Perennial crops (025)- /085, 092A/	015			
5.	Livestock (026)- /086, 092A/	016			
6.	Other property, plant & equipment (029, 02X, 032)- /089, 08X, 092A/	017	183 877	96 514	96 514
			87 363		
7.	Acquisition of property, plant & equipment (042)-094	018	351 782	351 782	773 431
8.	Advance payments made for property, plant & equipment (052)-095A	019	100 000	100 000	100 000
9.	Value adjustment to acquired assets (+/-097) +/-098	020			

Balance Sheet (as of December 31, 2014) 2/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
A.III.	Non-current financial assets - total (lines 022 to 029)	021	2 842 062	2 834 095	2 878 731
			7 967		
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A)- /096A/	022	2 834 095	2 834 095	2 878 731
2.	Shares and ownership interests with participating interest, except for affiliated accounting entities (062A) – 096A	023	7 303		
			7 303		
3.	Other available-for-sale securities and ownership interests (063A)- /096A/	024	664		
			664		
4.	Loans to affiliated accounting entities (066A)- 096A	025			
5.	Loans with participating interest, except for affiliated accounting entities (066A)-/096A/	026			
6.	Other loans (067A)- /096A/	027			
7.	Debt securities and other non-current financial assets (065A, 069A, 06XA)- /096A/	028			
8.	Loans and other financial assets with remaining maturity up to 1 year (066A, 067A, 069A, 06XA)- /096A/	029			
9.	Bank accounts with notice period exceeding 1 year (22XA)	030			
10.	Acquisition of non-current financial assets (043)- /096A/	031			
11.	Advance payments made for non-current financial assets (053)- /095A/	032			
B.	Current assets line 034 + line 041 + line 053 + line 066 + line 071	033	84 496 247	80 466 793	84 064 065
			4 029 454		
B.I.	Inventory - total (lines 035 to 040)	034	27 057 757	27 057 757	26 969 662
			0		
B.I.1.	Raw material (112,119, 11X)- /191, 19X/	035	10 994 426	10 994 426	9 251 321
2.	Work-in-progress and semi-finished products (121,122, 12X) - /192,193, 19X/	036	1 243 972	1 243 972	2 073 561
3.	Finished goods (123) – /194/	037	6 803 103	6 803 103	6 864 532
4.	Animals (124) – /195/	038			
5.	Merchandise (132, 133, 13X, 139) – /196, 19X/	039	8 015 492	8 015 492	8 513 927
6.	Advance payments made for inventory (314A) – /391A/	040	764	764	266 321

Balance Sheet (as of December 31, 2014) 3/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
			Gross Adjustment	Net for Current Period	Net for Previous Period
a	b	c			
B.II.	Non-current receivables - total (line 042 + lines 046 to 052)	041	13 562 204	13 562 204	13 031 833
			0		
B.II.1.	Trade receivables - total (lines 043 to 045)	042	758 100	758 100	805 600
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	043			
1. b.	Trade receivables within participating interest, except fro receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	044			
1. c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	045	758 100	758 100	805 600
2.	Net value of contract (316A)	046			
3.	Other receivables from affiliated accounting entities (351A) - /391A)	047			
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A)- /391A/	048			
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA)- /391A/	049			
6.	Receivables related to derivative transactions (373A, 376A)	050			
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A)- /391A/	051	11 032 575	11 032 575	11 724 930
8.	Deferred tax asset (481A)	052	1 771 529	1 771 529	501 303
B.III.	Current receivables - total (line 054 + line 058 to line 065)	053	34 918 692	30 889 238	41 795 060
			4 029 454		
B.III.1.	Trade receivables - total lines 055 to 057	054	22 075 999	18 753 906	16 908 002
			3 322 093		
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	055			
1. b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	056			
1. c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA)- /391A/	057	22 075 999 3 322 093	18 753 906	16 908 002
2.	Net value of contract (316A)	058			
3.	Other receivables from affiliated accounting entities (351A) - /391A)	059			

Balance Sheet (as of December 31, 2014) 4/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A)- /391A/	060	42 998 1 440	41 558	16 913 126
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA)- /391A/	061			
6.	Social security receivables (336A)- /391A/	062			
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347)- /391A/	063	2 541 497	2 541 497	2 409 090
8.	Receivables related to derivative transactions (373A, 376A)	064			
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A)- /391A/	065	10 258 198 705 921	9 552 277	5 564 842
B.IV.	Current financial assets - total (lines 067 to 070)	066	1 937 236	1 937 236	
B.IV.1	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA)- /291A, 29XA/	067			
2.	Current financial assets not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA)- /291A, 29XA/	068	1 937 236	1 937 236	
3.	Own shares and own ownership interests (252)	069			
4.	Acquisition of current financial assets (259, 314A)- /291A/	070			
B.V.	Financial accounts (line 72 + line 73)	071	7 020 358	7 020 358	2 267 510
B.V.1	Cash (211, 213, 21X)	072	71 767	71 767	55 414
2.	Bank accounts (221A, 22X, +/- 261)	073	6 948 591	6 948 591	2 212 096
C.	Accruals/deferrals - total (lines 075 to 078)	074	72 201 0	72 201	69 311
C.1.	Prepaid expenses- long-term (381A, 382A)	075			
2.	Prepaid expenses- short-term (381A, 382A)	076	69 002	69 002	28 261
3.	Accrued income- long-term (385A)	077			
4.	Accrued income- short-term (385A)	078	3 199	3 199	41 050

Balance Sheet (as of December 31, 2014) 5/6

Class	LIABILITIES	No.	Current Accounting Period €	Preceding Accounting Period €
	TOTAL EQUITY AND LIABILITIES line 080 + line 101 + line 141	079	95 711 373	100 125 386
A	Equity line 081+ line 085+ line 086 + line 087 + line 090 + line 093 + line 097 + line 100	080	38 556 535	53 560 926
A.I.	Share capital - total (r. 082 to 084)	081	33 400 000	33 400 000
A.I.1.	Share capital (411 or +/-491)	082	33 400 000	33 400 000
2.	Change in share capital +/- 419	083		
3.	Unpaid share capital (/-/353)	084		
A.II.	Share premium (412)	085		
A.III.	Other capital funds (413)	086		
A.IV.	Legal reserve funds (line 088 + line 089)	087	46 278	
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	088	46 278	
2.	Reserve fund for own shares and own ownership interests (417A, 421A)	089		
A.V.	Other funds created from profit (line 091 + line 092)	090		
A.V.1.	Statutory funds (423, 42X)	091		
2.	Other funds (427, 42X)	092		
A.VI.	Differences from revaluation - total (lines 094 to 096)	093	2 818 472	2 863 126
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	094	2 818 472	2 863 126
2.	Investment revaluation reserves (+/- 415)	095		
3.	Difference from revaluation in the event of mergers, amalgamation into a separate accounting entity, or demerger (+/- 416)	096		
A.VII.	Net profit/loss of previous years (line 098 + line 099)	097		16 835 032
A.VII.1.	Retained earnings from previous years (428)	098		16 835 032
2.	Accumulated losses from previous years (/-/429)	099		
A.VIII.	Net profit/loss for the accounting period after taxes +/- line 001- (line 081 + line 085 + line 086 + line 087 + line 090 + line 093 + line 097 + line 101 + line 141)	100	2 291 785	462 768
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	56 779 421	46 555 407
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	15 286	9 430
B.I.1.	Non-current trade liabilities (lines 104 to 106)	103		
1.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104		
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105		
1.c.	Other trade liabilities (321A, 475A, 476A)	106		
2.	Net value of contract (316A)	107		
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108		
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 4XA)	109		
5.	Other non-current liabilities (479A, 47XA)	110		

Balance Sheet (as of December 31, 2014) 6/6

Class	LIABILITIES	No.	Current Accounting Period €	Preceding Accounting Period €
6.	Long-term advance payments received (475A)	111		
7.	Long-term bills of exchange to be paid (478A)	112		
8.	Bonds issued (473A /-/ 255A)	113		
9.	Liabilities related to social fund (472)	114	15 286	9 430
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115		
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116		
12.	Deferred tax liability (481A)	117		
B.II.	Long-term provisions (line 119 + line 120)	118	6 116 500	1 250 500
B.II.1.	Legal provisions (451A)	119		
2.	Other provisions (459A, 45XA)	120	6 116 500	1 250 500
B.III.	Long-term bank loans (461A, 46XA)	121		265 551
B.IV.	Current liabilities - total (line 123 + line 127 + line 135)	122	14 643 251	9 639 961
B.IV.1.	Trade liabilities - total (lines 124 to 126)	123	12 366 496	8 544 778
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124		
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125		
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	12 366 496	8 544 778
2.	Net value of contract (316A)	127		
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128		
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129	414	
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	421 137	4 647
6.	Liabilities to employees (331, 333, 33X, 479A)	131	321 909	357 393
7.	Liabilities related to social security (336A)	132	220 098	244 307
8.	Tax liabilities and subsidies (341, 342, 3543, 344, 345, 346, 347, 34X)	133	1 306 478	475 083
9.	Liabilities related to derivative transactions (373A, 377A)	134		
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	6 719	13 753
B.V.	Short-term provisions (line 137 + line 138)	136	4 518 741	1 435 295
B.V.1.	Legal provisions (323A, 451A)	137	4 518 741	1 435 295
2.	Other provisions (323A, 32X, 459A, 45XA)	138		
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	268 653	2 727 921
B.VII.	Short-term financial borrowings (241, 249, 24X, 473A, /-/255A)	140	31 216 990	31 226 749
C.	Accruals/deferrals (lines 142 to 145)	141	375 417	9 053
C.1.	Accrued expenses- long-term (383A)	142		
2.	Accrued expenses- short-term (383A)	143		9 053
3.	Deferred income- long-term (384A)	144		
4.	Deferred income- short-term (384A)	145	375 417	

INDEPENDENT AUDITOR`S REPORT
of auditing financial statements for the year
ended December 31, 2014 of the company OFZ, a.s.
/ for management and shareholders of the company /

We have audited the accompanying financial statements of the company

OFZ, a.s.
Registration No.: 36 389 030,

which comprise the balance sheet as at December 31, 2014, and the income statement for the year then ended and notes, which include a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that provide a true and fair view, in accordance with Slovak Accounting Act No. 431/2002 of Coll. of Laws as amended (hereinafter only as "Accounting Act") and for such internal controls as management determines as necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. According to these standards it requires that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, auditor considers internal controls relevant to the entity's preparation of the financial statements, which provide true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial situation of the company OFZ, a.s. as at December 31, 2014, and of its financial performance for the year then ended in accordance with Slovak Accounting Act.

Piestany, October 28, 2015



A handwritten signature in blue ink, appearing to read 'Jarmila Bokrova'.

ALFA AUDIT, s.r.o.

Auditor's company License No.93

Dipl. Ing. Jarmila B o k o r o v a

Responsible auditor License No. 175

Annex:

Financial Statements as at December 31, 2014

with Notes to Financial Statements in Slovak language version

ABOUT OUR COMPANY OFZ, a. s.

THE MANUFACTURER OF FERROALLOYS AND CORED WIRES

OFZ, a. s. is a company with more than 60 years of ferroalloy production history, a material without which steel production would not be possible. OFZ, a. s. is the company where natural resources are being transformed into the products that are, for a long time, well-known for their premium quality. And OFZ, a. s. is also the company with a presence in Central Europe. At OFZ, a. s. the modern technologies are protecting the environment...

...to retain a sustainable development for future generations.

OFZ, a. s. – changing more than the steel properties



FERROALLOYS

are used for alloying and deoxidation of steel, for inoculating and modifying of cast iron. OFZ, a. s. manufactures a great variety of Mn and Si alloys.



CORED WIRES

are used for alloying and deoxidation of steel, for inoculating and modifying of cast iron. OFZ, a. s. manufactures a great variety of cored wires with different types of powder fillers.



BY-PRODUCTS

The production of by-products through the waste-free manufacturing processes is undoubtedly an integral part of the company. By-products can be used as additives to concrete, and as refractory materials, in building industry and for a ground completion.

For more information, visit www.ofz.sk

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