

# Annual report **2015**



# IMPORTANT PILLARS OF OFZ

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

01

## PRODUCTION

OFZ offers a 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.

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.

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

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## FERROALLOYS

OFZ is a diversified manufacturer in Central Europe offering its customers a wide range of silicon and manganese ferroalloys.



1

**DIVERSIFIED  
FERROALLOYS  
MANUFACTURER  
IN CENTRAL EUROPE**



## CORED WIRES

OFZ is among the most important cored wires manufacturers in Europe offering its customers the products with a wide range of fillers.



1

**MAJOR EUROPEAN  
CORED WIRES  
MANUFACTURER**



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# OFZ AS A COMPANY WITH A **DIVERSIFIED** **PRODUCT PORTFOLIO**

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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.

**116.5 mil. €**

Net turnover

**12**

kinds of ferroalloys and cored wires manufactured

# KEY FIGURES

## 2015

mil. EUR	2015	2014	2013	Change % 2015-2014
Net turnover	116,5	119,0	124,4	-2,1%
Operating income	2,1	3,0	1,5	-27,4%
EBT	2,7	2,7	1,0	-0,5%
EAT	2,6	2,3	0,5	15,2%
Non-current assets	14,1	15,2	16,0	-7,1%
Non-financial assets	14,1	12,3	13,2	14,2%
Current assets	81,8	80,5	84,1	1,6%
Inventory	28,9	27,1	27,0	7,0%
Receivables	50,4	44,5	54,8	13,5%
Cash and current financial assets	2,4	9,0	2,3	-73,2%
Equity	38,6	38,6	53,6	0,0%
Total liabilities	57,1	56,8	46,6	0,5%
Current liabilities	13,8	14,6	9,6	-6,1%
Non-current liabilities	0,0	0,0	0,0	0,0%
Current bank loans	1,2	0,3	2,7	327,9%
Working capital <sup>1</sup>	66,9	65,6	71,8	2,0%
Current ratio <sup>2</sup>	549%	540%	684%	9,1%
Total debt ratio <sup>3</sup>	60%	59%	47%	0,2%
Average number of employees <sup>4</sup>	427	453	457	-5,7%

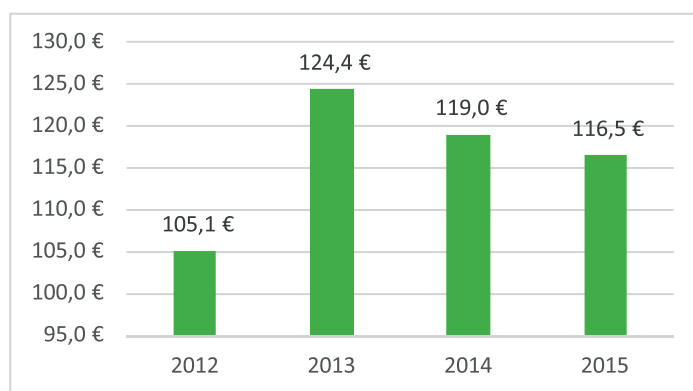
<sup>1</sup> Working capital = Current assets- Current liabilities

<sup>2</sup> Current assets/Current liabilities

<sup>3</sup> Total liabilities/Total assets

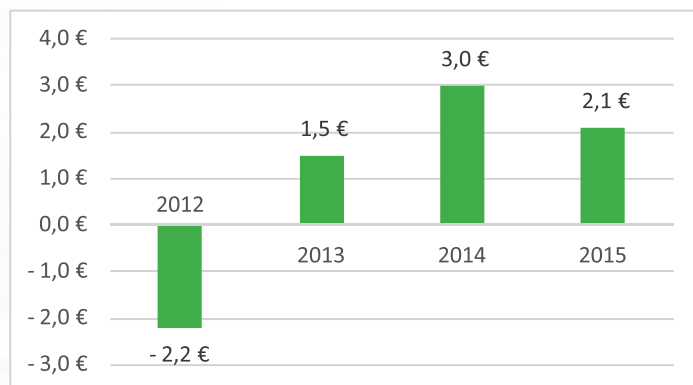
<sup>4</sup> Average number of employees for the accounting period

Despite the challenging market environment, in 2015 OFZ recorded a major improvement in the key financial indicators.



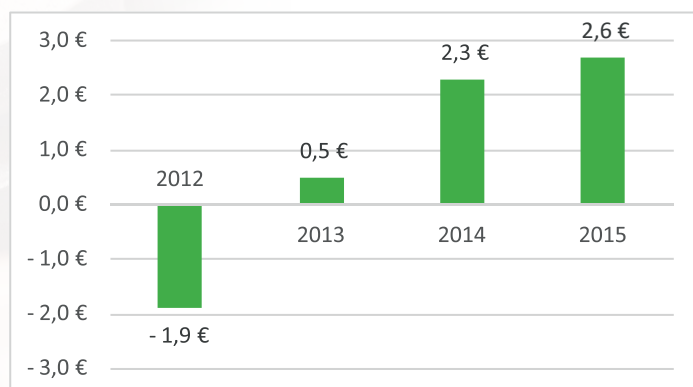
## NET TURNOVER (mil. EUR)

In 2015 OFZ's net turnover decreased slightly by 2,1 % Y-o-Y to 116.5 mil. EUR.



## OPERATING INCOME (mil. EUR)

In 2015 OFZ's operating income decreased roughly by 25 % to 2.1 mil. EUR.



## EARNINGS AFTER TAXES (mil. EUR)

In 2015 OFZ managed to increase its net income by 15 % despite lower operating income.

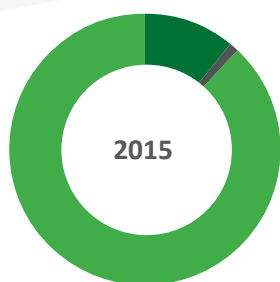
# KEY FIGURES

## 2015

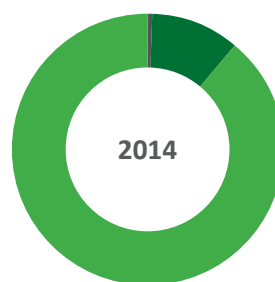
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### Sales Value of Different Types of Products as a Percentage of Total Sales (excluding revenues from the sales of services) (EUR)

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■ cored wires **9,4%**  
■ ferroalloys **89,5%**  
■ by-products **1,1%**

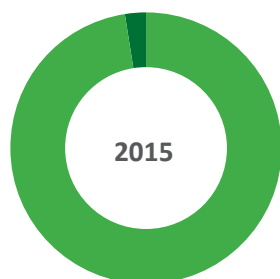


■ cored wires **10,7%**  
■ ferroalloys **88,8%**  
■ by-products **0,4%**

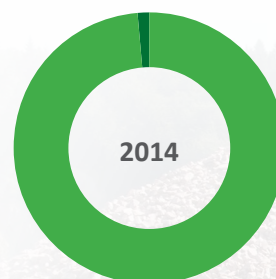
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### Net Income Margin

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■ net income margin **2,3%**  
■ net turnover



■ net income margin **1,9%**  
■ net turnover



# Ing. Branislav Klocok

Managing Director, 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 2015?

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 including casting while manufacturing a wider range of products.

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

Main strategy for OFZ to focus on is to diversify the existing product portfolio and manufacture higher value-added products. If we manage to meet the objectives, there is a great potential for OFZ to succeed.



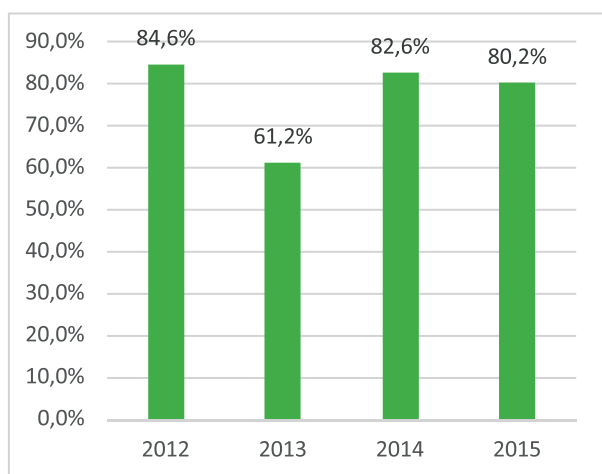
# OFZ, a. s.

## IN 2015

### continuing in manufacturing higher value-added products

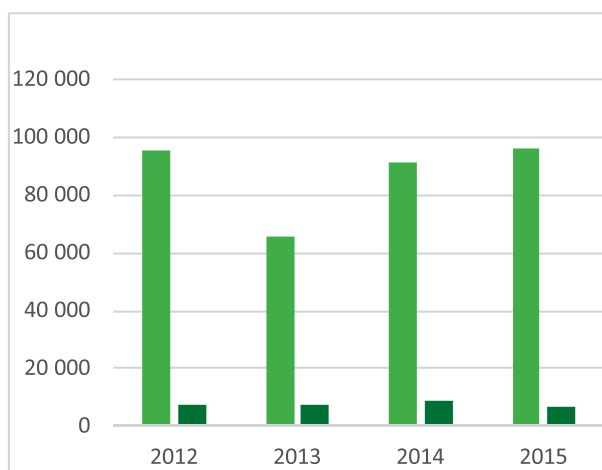
The year 2015 proved to be very important for OFZ in the field of introducing new production processes. The company will launch production of FeSiMg which is just aligned with the company's strategy

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 retaining the capacity utilization ratio roughly at 80 %.



### Capacity utilization ratio (%) (2012-2015)

In 2015 ferroalloys made a considerable portion of product portfolio with 93.3 % share on total weight of all products. In 2015 ferroalloys production increased by 5.6 % YoY to more than 96,000 tonnes and cored wires production decreased by 22.4 % to almost 7,000 tonnes.

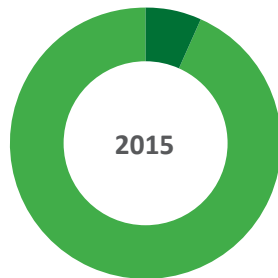


### Production (tt) (2012-2015)

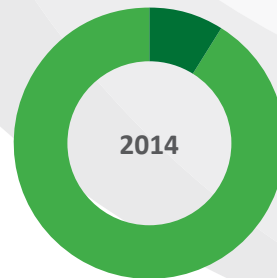
■ ferroalloys ■ cored wires

Production (x000 tt)	2015	2014	2013	Change % 2015-2014
Ferroalloys	96	91	66	5,6%
Cored Wires	7	9	7	-22,4%
Total	103	100	73	3,1%

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



■ ferroalloys **93,3%**  
■ cored wires **6,7%**



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

## CUSTOMER

The strategy focusing on the customer's needs is a must in today's challenging environment. In 2015 to better serve the needs of customers OFZ pursued the strategy of product portfolio diversification, launched the production of MC FeMn and FeSiCr, and explored the opportunities for producing Si metal.

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 2015 the investments were targeted into three priority areas. These investments were aimed to prepare a study for Si metal production tailored to the specific requirements of our company. The second area consisted of investments into software, information systems and IT infrastructure focused on ensuring an effective communication with customer. The considerable amount of investments was also put into machinery and vehicles. Still more investments will be targeted into launching Si metal production in our existing plant in Slovakia and cored wires in Russia.

## EMPLOYEES

OFZ continued in providing employee education, recovery stays, catering services in the canteen, and training including language courses. In 2015 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 technicians.

## ENVIRONMENT

The protection of environment still remains a focus for OFZ, a. s. Improving technologies and protecting the environment is among top priorities for our company. The gas exhaust system from electric arc furnace (EAF) and tapping was revamped by changing the flue gas cooler for 800,000 EUR. Its capacity was increased by 25 % which helped to bring down the level of dust formation at the workplace, protect the air, and minimize the power consumption.



# FERROALLOYS

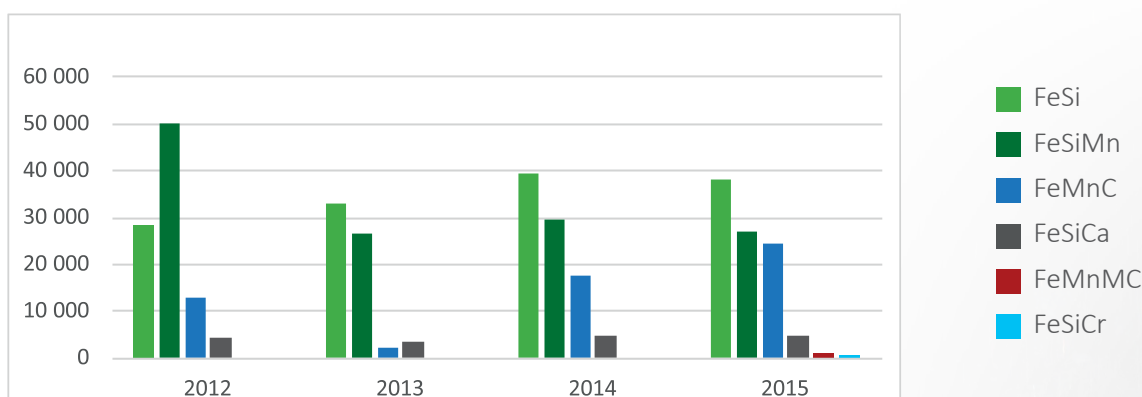
## 96,000 tonnes of ferroalloys production

### Production of Ferroalloys (tt) (2013-2015)

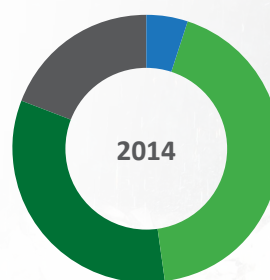
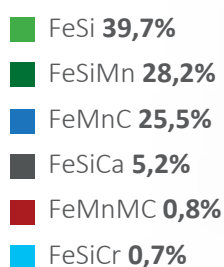
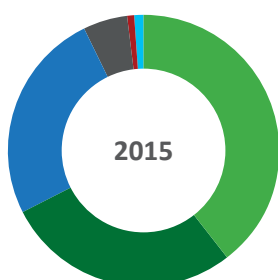
In 2015 production of FeSi together with FeSiMn played a major role with the highest increase recorded for HC FeMn. Launching MC FeMn production

and restoring FeSiCr production still remain among the major innovations in the ferroalloys segment.

Ferroalloys Production (x000 tt)	2015	2014	2013	Change % 2015-2014
FeSi	38,2	39,3	33,1	-2,8%
FeSiMn	27,1	29,6	26,8	-8,5%
FeMnC	24,5	17,6	2,1	39,7%
FeSiCa	5,0	4,7	3,7	5,4%
FeMnMC	0,8	0,0	0,0	na
FeSiCr	0,7	0,0	0,0	na
Spolu	96,3	91,2	65,7	5,6%



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





# FERROALLOYS

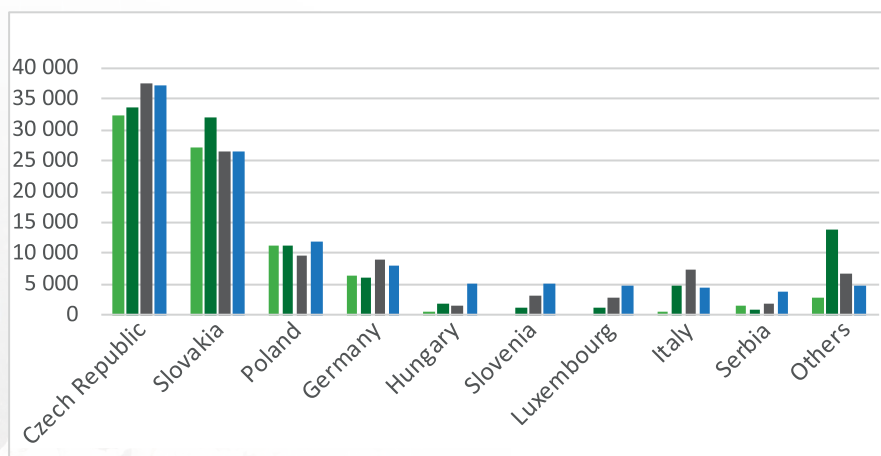
## 104,000 tonnes of ferroalloys sales

**In 2015 total ferroalloys sales decreased by 1.7 % YoY.** The main reason lying behind that is the lower sales volume for FeSiMn only partially offset by higher CaSi sales.

Ferroalloys Sales (x000 tt)	2015	2014	2013	Change % 2015-2014
FeSi	37,5	37,0	35,3	1,5%
FeSiMn	33,7	38,8	37,8	-13,0%
FeMnC	29,7	27,9	26,2	6,4%
FeSiCa	2,2	1,2	0,8	81,5%
FeMnMC	0,9	1,2	0,8	-25,6%
FeCrC	0,2	0,0	0,0	na
Spolu	104,2	106,1	101,0	-1,7%

In 2015 the ferroalloys sales were mainly targeted to closer markets and region of Central Europe, particularly to Czech Republic, Slovakia, Poland and

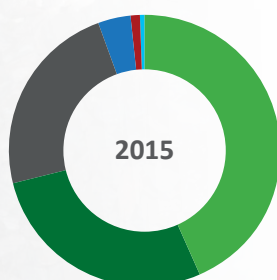
Germany. OFZ grabbed a higher market share in Hungary, Slovenia and Luxembourg.



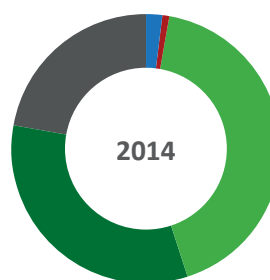
**Ferroalloys Sales by Country**  
(in tonnes) (2012 – 2015)

2012 2013 2014 2015

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



FeSi **43,5%**  
FeSiMn **27,7%**  
FeMnC **23,3%**  
FeSiCa **4,0%**  
FeMnMC **1,1%**  
FeCrC **0,3%**



FeSi **41,8%**  
FeSiMn **33,0%**  
FeMnC **21,5%**  
FeSiCa **2,2%**  
FeMnMC **1,4%**

# CORED WIRES

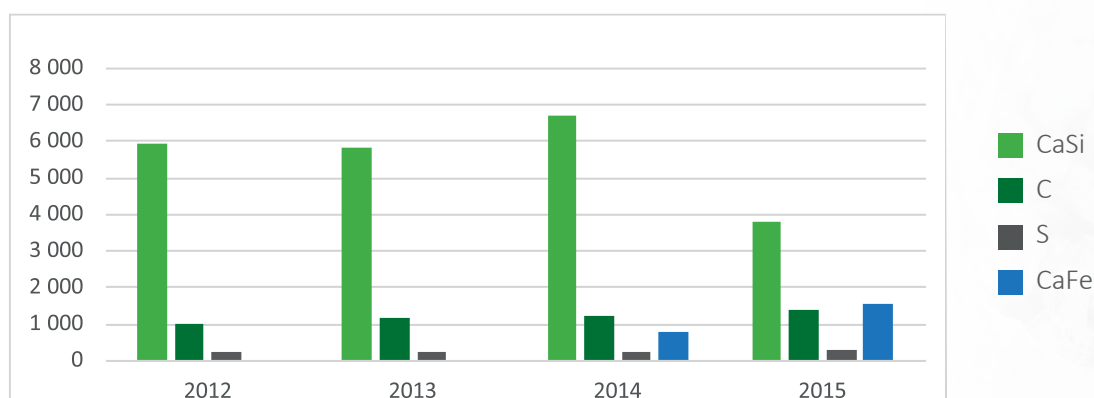
almost **7,000** tonnes of cored wires produced

## Production of Cored Wires (tt) (2013-2015)

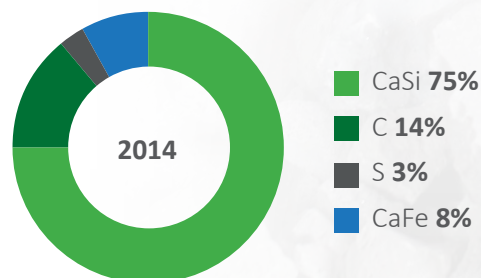
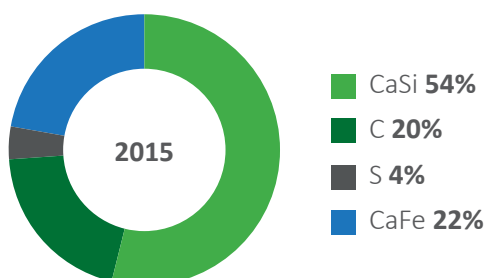
In 2015 CaSi cored wire made up the biggest portion of cored wires products. The year-over-year decline in CaSi cored wire production was caused by higher

sales of lumpy and powder FeSiCa. The production of CaFe cored wire was roughly twice as much as it was in 2014.

Cored Wires Production (tt)	2015	2014	2013	Change % 2015-2014
CaSi	3 775	6 719	5 850	-43,8%
C	1 367	1 241	1 142	10,2%
S	275	230	249	19,7%
CaFe	1 523	760	0	100,3%
Spolu	6 941	8 951	7 241	-22,5%



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







# CORED WIRES

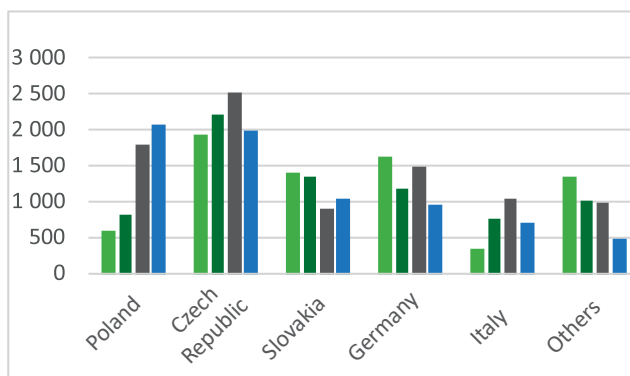
over **7,000** tonnes of cored wires sales

**In 2015, OFZ, a. s. sold more than 7,000 tonnes of cored wires making almost a 17 % decline YoY due to higher sales of lumpy and powder FeSiCa.**  
Among new items to be sold are FeNb and Ca cored wires.

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.

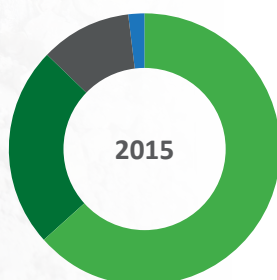
**Cored Wires Sales by Country** (in tonnes)

■ 2012 ■ 2013 ■ 2014 ■ 2015

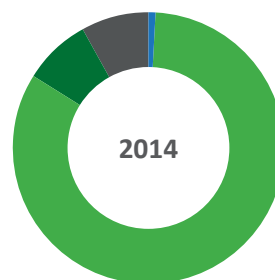


Cored wires sales (tt)	2015	2014	2013	Change % 2015-2014
CaSi	4 037	6 576	5 951	-38,6%
C	1 434	1 201	1 127	19,5%
S	277	234	273	18,8%
CaFe, FeNb, Ca	1 543	760	0	103,0%
Spolu	7 292	8 771	7 350	-16,9%

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



■ CaSi **63%**  
■ CaFe **24%**  
■ C **11%**  
■ S **2%**

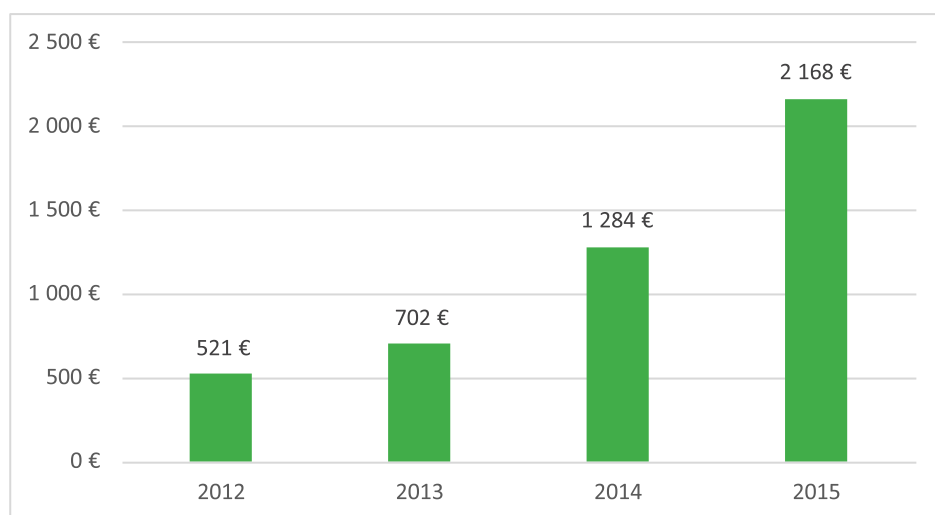


■ CaSi **83%**  
■ CaFe **8%**  
■ C **8%**  
■ S **1%**

# INVESTMENTS

Total Amount Invested **2.168** mil. EUR

During the last few years, OFZ, a. s. dramatically increased the funds reserved for investment plan. In 2015 OFZ, a. s. boosted the total amount of investments by almost 69 % to 2.168 mil. EUR. Still, more investments are needed to shift a furnace to Si metal production.



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

In 2015 the investments were mainly targeted into three main areas: Si metal production study, software, machinery, and vehicles including forklifts. These investments are directly connected with shifting EAF No. 22 to Si metal production.

Investments (x000 EUR)	2015
Study: Project for Si metal production	930 €
Vehicles	99 €
Machines	1 126 €
Software	13 €
Total	2 168 €

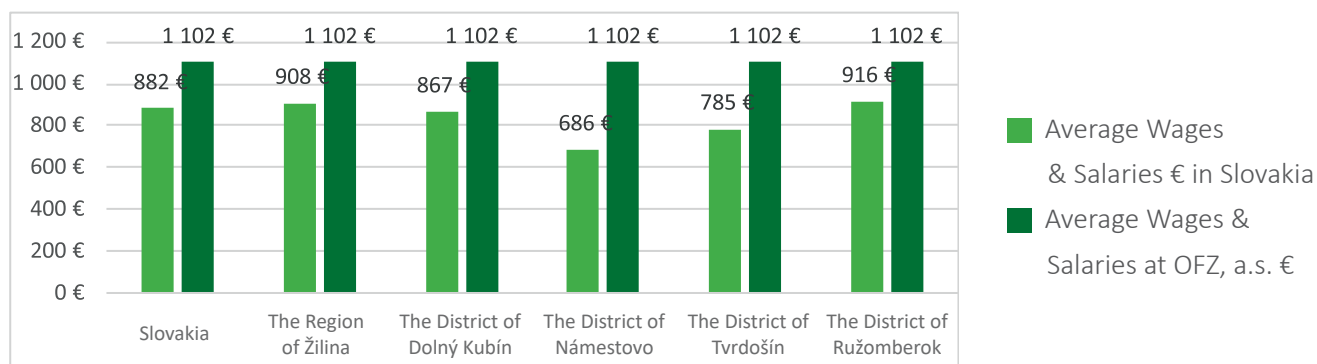
# EMPLOYEES

**427 employees, average wages & salaries 1102 EUR**

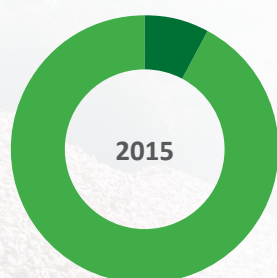
OFZ, a. s. fully realizes that the employees are a crucial part of organization and thus keeps an close eye on continuous improvement of the work conditions and quality of working place.

Average number of employees in 2015 slightly declined by 5.7 % with a corresponding increase in average wages & salaries that were by 5,7 % higher and reached 1102 EUR.

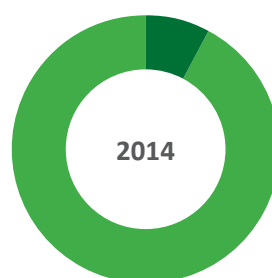
## Average Wages & Salaries Compared With Slovakia (2015)



## Management as a Percentage of Total Workforce (%)



Management **8,2 %**  
Other Staff **91,8 %**



Management **7,7 %**  
Other Staff **92,3 %**

In 2015 the company continued in supporting the social activities for its employees, such as education,

recovery stays, and canteen, which made almost 95,000 EUR in financial terms.



# COMPANY'S BODIES

## BOARD OF DIRECTORS



## SUPERVISORY BOARD



## COMPANY'S MANAGEMENT



# FINANCIAL SITUATION

Net Turnover: **116.5** mil. EUR,

Net Profit After Taxes: **2.6** mil. EUR

The year 2015 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 2015 was for OFZ, a. s. also very important in financial terms. Albeit net turnover in 2015 slightly decreased by 2.1 % and so the operating income by 27.4 %, net profit after taxes was by 15.2 % higher than in 2014. 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, 2015)

Item	2015
Net profit	2 640 813 €
Reserve fund	264 082 €
Retained earnings	2 376 731 €

## Proposed Settlement of Accounts for the Preceding 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 €

## Equity Participations & Interests of OFZ, a. s. in Other Legal Entities (as of December 31, 2015)

Legal Entity	Equity Interest (EUR)	Equity Interest (%)
ESI, s.r.o. Istebné	-171 965 €	100,00%
SES SK, a.s. K.N. Mesto	*	20,00%
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, 2015) 1/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
<b>*</b>	<b>Net turnover (part of accounting Class 6 according to the Act)</b>	<b>01</b>	<b>116 480 279</b>	<b>118 968 595</b>
<b>**</b>	<b>Operating income - total (lines 03 to 09)</b>	<b>02</b>	<b>121 656 355</b>	<b>121 572 850</b>
I.	Revenue from the sale of merchandise (604, 607)	03	15 661 752	19 442 979
II.	Revenue from the sale of own products (601)	04	90 396 914	90 832 389
III.	Revenue from the sale of services (602, 606)	05	8 785 637	7 827 467
IV.	Changes in internal inventory (+/- acct. grp. 61)	06	2 075 611	-891 018
V.	Own work capitalized (acct. grp. 62)	07	1 166 161	768 761
<b>VI.</b>	<b>Revenue from the sales of non-current intangible assets, property, plant, and equipment, and raw materials (641, 642)</b>	<b>08</b>	<b>1 647 176</b>	<b>604 725</b>
VII.	Other operating income (644, 645, 646, 648, 655, 657)	09	1 923 104	2 987 547
<b>**</b>	<b>Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26</b>	<b>10</b>	<b>119 513 445</b>	<b>118 622 261</b>
A.	Costs of merchandise sold (504, 507)	11	15 167 976	18 227 187
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	77 770 747	76 571 315
C.	Value adjustments to inventory (+/-) (505)	13		
D.	Services (acct. grp. 51)	14	13 537 584	12 908 999
E.	Personnel expenses- total (lines 16 to 19)	15	7 795 036	8 321 830
E. 1.	Wages and salaries (521, 522)	16	5 461 244	5 954 346
2.	Remuneration of board members of the company or cooperatives (523)	17		
3.	Social security expenses (524, 525, 526)	18	2 004 198	2 077 503
4.	Social expenses (527, 528)	19	329 594	289 981
F.	Taxes and fees (acct. grp. 53)	20	193 103	190 324
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (line 22 + line 23)	21	-898 517	1 589 600
G. 1.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to PP & E (551)	22	-716 862	1 589 600
2.	Value adjustments to non-current intangible assets and PP & E (+/-) (553)	23	-181 655	
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	3 386 777	205 488
I.	Value adjustments to receivables (+/-) (547)	25	252 328	-2 578 255
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557))	26	2 308 411	3 185 773
<b>***</b>	<b>Profit/loss from operations (line 02 - line 10)</b>	<b>27</b>	<b>2 142 910</b>	<b>2 950 589</b>
<b>*</b>	<b>Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)</b>	<b>28</b>	<b>11 609 768</b>	<b>10 273 077</b>
<b>**</b>	<b>Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44</b>	<b>29</b>	<b>2 118 513</b>	<b>1 558 401</b>
VIII.	Revenue from the sale of securities and shares (661)	30		
IX.	Income from non-current financial assets (line 32 to 34)	31		



## Profit and Loss Statement (as of December 31, 2015) 2/2

Class	Item	No.	Current Accounting Period €	Preceding Accounting Period €
IX. 1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32		
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	671 330	781 093
XI. 1.	Interest income from affiliated accounting entities (662A)	40	374 636	
2.	Other interest income (662A)	41	296 694	781 093
XII.	Exchange rate gains (663)	42	590 499	472 749
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43	30 621	
XIV.	Other income from financial activities (668)	44	826 063	304 559
<b>**</b>	<b>Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54</b>	<b>45</b>	<b>1 567 417</b>	<b>1 801 230</b>
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	795 836	1 297 838
N. 1.	Interest expenses related to affiliated accounting entities (562A)	50	788 344	
2.	Other interest expenses (562A)	51	7 492	1 297 838
O.	Exchange rate losses (563)	52	387 348	115 537
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53	30 621	
Q.	Other expenses related to financial activities (568, 569)	54	353 612	387 855
<b>***</b>	<b>Profit/loss from financial activities (+/-) (line 29 - line 45)</b>	<b>55</b>	<b>551 096</b>	<b>-242 829</b>
<b>****</b>	<b>Profit/loss for the accounting period before taxes (+/-) (line 27 + line 55)</b>	<b>56</b>	<b>2 694 006</b>	<b>2 707 760</b>
R.	Income tax (line 58 + line 59)	57	53 193	415 975
R. 1.	Income tax- current (591, 595)	58	315 883	1 686 201
2.	Income tax- deferred (+/-) (592)	59	-262 690	-1 270 226
S.	Transfer of net profit/net loss shares to partners (+/-596)	60		
<b>****</b>	<b>Profit/loss for the accounting period after taxes (+/-) (line 56 - line 57 - line 60)</b>	<b>61</b>	<b>2 640 813</b>	<b>2 291 785</b>

## Balance Sheet (as of December 31, 2015) 1/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
	<b>TOTAL ASSETS line 002 + line 033 + line 074</b>	<b>001</b>	<b>124 361 245</b> <b>28 462 657</b>	<b>95 898 588</b>	<b>95 711 373</b>
<b>A.</b>	<b>Non-current assets line 003 + line 011 + line 021</b>	<b>002</b>	<b>38 360 187</b> <b>24 271 855</b>	<b>14 088 332</b>	<b>15 172 379</b>
<b>A.I.</b>	<b>Non-current Intangible assets - total (lines 004 to 010)</b>	<b>003</b>	<b>1 442 900</b> <b>433 655</b>	<b>1 009 245</b>	<b>66 759</b>
A.I.1.	Capitalized development costs (012)- /072, 091A/	004			
2.	Software (013)- /073, 091 A/	005	307 815 234 295	73 520	8 576
3.	Valuable rights (014)- /074, 091A/	006	62 302 56 577	5 725	
4.	Goodwill (015)- /075, 091A/	007			
5.	Other non-current intangible assets (019, 01X)- /079, 07X, 091A/	008	142 783 142 783		
6.	Acquisition of non-current intangible assets (041)-093	009	930 000	930 000	58 183
7.	Advance payments made for non-current intangible assets (051) – 095A	010			
<b>A.II.</b>	<b>Property, plant &amp; equipment - total (lines 012 to 020)</b>	<b>011</b>	<b>36 909 320</b> <b>23 830 233</b>	<b>13 079 087</b>	<b>12 271 525</b>
A.II.1.	Land (031)- 092A	012	892 451	892 451	817 623
2.	Structures (021)- /081, 092A/	013	14 866 031 6 626 943	8 239 088	8 595 637
3.	Machinery (022)- /082, 092A/	014	19 988 123 17 123 700	2 864 423	2 309 969
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	176 104 79 590	96 514	96 514
7.	Acquisition of property, plant & equipment (042)-094	018	279 483	279 483	351 782
8.	Advance payments made for property, plant & equipment (052)-095A	019	707 128	707 128	100 000
9.	Value adjustment to acquired assets (+/-097) +/-098	020			

## Balance Sheet (as of December 31, 2015) 2/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
<b>A.III.</b>	<b>Non-current financial assets - total (lines 022 to 029)</b>	<b>021</b>	<b>7 967</b>		<b>2 834 095</b>
			<b>7 967</b>		
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/	022			2 834 095
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>B.</b>	<b>Current assets line 034 + line 041 + line 053 + line 066 + line 071</b>	<b>033</b>	<b>85 973 939</b>	<b>81 783 137</b>	<b>80 466 793</b>
			<b>4 190 802</b>		
<b>B.I.</b>	<b>Inventory - total (lines 035 to 040)</b>	<b>034</b>	<b>28 939 230</b>	<b>28 939 230</b>	<b>27 057 757</b>
B.I.1.	Raw material (112,119, 11X) - /191, 19X/	035	14 703 144	14 703 144	10 994 426
2.	Work-in-progress and semi-finished products (121,122, 12X) - /192,193, 19X/	036	1 298 440	1 298 440	1 243 972
3.	Finished goods (123) – /194/	037	8 893 831	8 893 831	6 803 103
4.	Animals (124) – /195/	038			
5.	Merchandise (132, 133, 13X, 139) – /196, 19X/	039	984 412	984 412	8 015 492
6.	Advance payments made for inventory (314A) – /391A/	040	3 059 403	3 059 403	764



## Balance Sheet (as of December 31, 2015) 3/6

Class	ASSETS	No.	Current Accounting Period €		Preceding Accounting Period €
a	b	c	Gross Adjustment	Net for Current Period	Net for Previous Period
<b>B.II.</b>	<b>Non-current receivables - total (line 042 + lines 046 to 052)</b>	<b>041</b>	<b>3 764 027</b>	<b>3 764 027</b>	<b>13 562 204</b>
<b>B.II.1.</b>	<b>Trade receivables - total (lines 043 to 045)</b>	<b>042</b>	<b>710 600</b>	<b>710 600</b>	<b>758 100</b>
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	043	710 600	710 600	
1. b.	Trade receivables within participating interest, except for 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
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	1 067 771	1 067 771	11 032 575
8.	Deferred tax asset (481A)	052	1 985 656	1 985 656	1 771 529
<b>B.III.</b>	<b>Current receivables - total (line 054 + line 058 to line 065)</b>	<b>053</b>	<b>50 869 289</b>	<b>46 678 487</b>	<b>30 889 238</b>
<b>B.III.1.</b>	<b>Trade receivables - total lines 055 to 057</b>	<b>054</b>	<b>20 623 903</b>	<b>17 672 052</b>	<b>18 753 906</b>
			<b>2 951 851</b>		
1. a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	055	349 675	117 952	
			231 723		
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	20 274 228	17 554 100	18 753 906
			2 720 128		
2.	Net value of contract (316A)	058			
3.	Other receivables from affiliated accounting entities (351A) - /391A)	059	31 095	31 095	

## Balance Sheet (as of December 31, 2015) 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			41 558
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	5 264 995	5 264 995	2 541 497
8.	Receivables related to derivative transactions (373A, 376A)	064	51 932	51 932	
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A)- /391A/	065	24 897 364 1 238 951	23 658 413	9 552 277
<b>B.IV.</b>	<b>Current financial assets - total (lines 067 to 070)</b>	<b>066</b>	<b>1 933 967</b>	<b>1 933 967</b>	<b>1 937 236</b>
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	1 933 967	1 933 967	1 937 236
3.	Own shares and own ownership interests (252)	069			
4.	Acquisition of current financial assets (259, 314A)- /291A/	070			
<b>B.V.</b>	<b>Financial accounts (line 72 + line 73)</b>	<b>071</b>	<b>467 426</b>	<b>467 426</b>	<b>7 020 358</b>
B.V.1.	Cash (211, 213, 21X)	072	79 374	79 374	71 767
2.	Bank accounts (221A, 22X, +/- 261)	073	388 052	388 052	6 948 591
<b>C.</b>	<b>Accruals/deferrals - total (lines 075 to 078)</b>	<b>074</b>	<b>27 119</b>	<b>27 119</b>	<b>72 201</b>
C.1.	Prepaid expenses- long-term (381A, 382A)	075			
2.	Prepaid expenses- short-term (381A, 382A)	076	24 740	24 740	69 002
3.	Accrued income- long-term (385A)	077			
4.	Accrued income- short-term (385A)	078	2 379	2 379	3 199

## Balance Sheet (as of December 31, 2015) 5/6

Class	LIABILITIES	No.	Current Accounting Period €	Preceding Accounting Period €
	<b>TOTAL EQUITY AND LIABILITIES line 080 + line 101 + line 141</b>	<b>079</b>	<b>95 898 588</b>	<b>95 711 373</b>
<b>A</b>	<b>Equity line 081+ line 085+ line 086 + line 087 + line 090 + line 093 + line 097 + line 100</b>	<b>080</b>	<b>38 571 447</b>	<b>38 556 535</b>
<b>A.I.</b>	<b>Share capital - total (r. 082 to 084)</b>	<b>081</b>	<b>33 400 000</b>	<b>33 400 000</b>
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		
<b>A.II.</b>	<b>Share premium (412)</b>	<b>085</b>		
<b>A.III.</b>	<b>Other capital funds (413)</b>	<b>086</b>		
<b>A.IV.</b>	<b>Legal reserve funds (line 088 + line 089)</b>	<b>087</b>	<b>275 457</b>	<b>46 278</b>
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	088	275 457	46 278
2.	Reserve fund for own shares and own ownership interests (417A, 421A)	089		
<b>A.V.</b>	<b>Other funds created from profit (line 091 + line 092)</b>	<b>090</b>		
A.V.1.	Statutory funds (423, 42X)	091		
2.	Other funds (427, 42X)	092		
<b>A.VI.</b>	<b>Differences from revaluation - total (lines 094 to 096)</b>	<b>093</b>	<b>28 785</b>	<b>2 818 472</b>
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	094	28 785	2 818 472
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		
<b>A.VII.</b>	<b>Net profit/loss of previous years (line 098 + line 099)</b>	<b>097</b>	<b>2 226 392</b>	
A.VII.1.	Retained earnings from previous years (428)	098	2 226 392	
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	2 640 813	2 291 785
<b>B.</b>	<b>Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140</b>	<b>101</b>	<b>57 076 123</b>	<b>56 779 421</b>
<b>B.I.</b>	<b>Non-current liabilities - total (line 103 + lines 107 to 117)</b>	<b>102</b>	<b>12 283</b>	<b>15 286</b>
<b>B.I.1.</b>	<b>Non-current trade liabilities (lines 104 to 106)</b>	<b>103</b>		
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, 2015) 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	12 283	15 286
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>B.II.</b>	<b>Long-term provisions (line 119 + line 120)</b>	<b>118</b>	<b>7 683 750</b>	<b>6 116 500</b>
B.II.1.	Legal provisions (451A)	119		
2.	Other provisions (459A, 45XA)	120	7 683 750	6 116 500
<b>B.III.</b>	<b>Long-term bank loans (461A, 46XA)</b>	<b>121</b>		
<b>B.IV.</b>	<b>Current liabilities - total (line 123 + line 127 + line 135)</b>	<b>122</b>	<b>13 755 257</b>	<b>14 643 251</b>
<b>B.IV.1.</b>	<b>Trade liabilities - total (lines 124 to 126)</b>	<b>123</b>	<b>11 111 728</b>	<b>12 366 496</b>
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	1 216 150	
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	9 895 578	12 366 496
2.	Net value of contract (316A)	127		
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128	1 352 984	
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	421 137
6.	Liabilities to employees (331, 333, 33X, 479A)	131	375 165	321 909
7.	Liabilities related to social security (336A)	132	305 708	220 098
8.	Tax liabilities and subsidies (341, 342, 3543, 344, 345, 346, 347, 34X)	133	166 656	1 306 478
9.	Liabilities related to derivative transactions (373A, 377A)	134	8 542	
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	13 337	6 719
<b>B.V.</b>	<b>Short-term provisions (line 137 + line 138)</b>	<b>136</b>	<b>5 058 131</b>	<b>4 518 741</b>
B.V.1.	Legal provisions (323A, 451A)	137	1 982 631	4 518 741
2.	Other provisions (323A, 32X, 459A, 45XA)	138	3 075 500	
<b>B.VI.</b>	<b>Current bank loans (221A, 231, 232, 23X, 461A, 46XA)</b>	<b>139</b>	<b>1 151 341</b>	<b>268 653</b>
<b>B.VII.</b>	<b>Short-term financial borrowings (241, 249, 24X, 473A, /- /255A)</b>	<b>140</b>	<b>29 415 361</b>	<b>31 216 990</b>
C.	Accruals/deferrals (lines 142 to 145)	141	251 018	375 417
C.1.	Accrued expenses- long-term (383A)	142		
2.	Accrued expenses- short-term (383A)	143	48 613	
3.	Deferred income- long-term (384A)	144		
4.	Deferred income- short-term (384A)	145	202 405	375 417

**Amendment to independent auditor's report**  
about audit of Annual report for the year ended December 31, 2015  
of the company **OFZ, a.s.**  
/ shareholders of the company /

Based on our verification pursuant to Act on Accounting No. 431/2002 Coll. of Law, § 20 as amended, Act on Auditors, audit and supervision on audit performance No. 540/2007 Coll. of Law and International auditing standards we have found out that the data in Annual Report selected from Financial Statements are in accordance with the Slovak Accounting Act and the Financial Statements for the year that ended as at December 31, 2015 and which we audited. Mentioned Financial Statements is complete.

Based on above stated we agree that you presented the auditor's report about audit of attached Financial Statements presented in Annual report.

Piešťany, December 15, 2016



**ALFA AUDIT, s.r.o.**

Auditing company, license No. 93

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

responsible auditor License No. 175

## **INDEPENDENT AUDITOR'S REPORT**

**of auditing financial statements for the year  
ended December 31, 2015 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, 2015, 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, 2015, and of its financial performance for the year then ended in accordance with Slovak Accounting Act.

Piestany, October 5, 2016



ALFA AUDIT, s.r.o.

Auditor's company License No.93

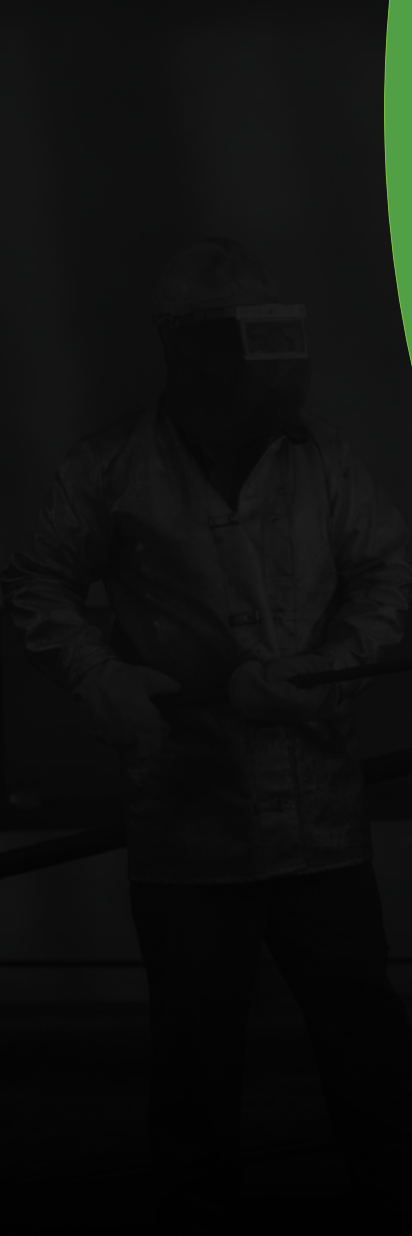
Dipl. Ing. Jarmila B o k o r o v a

Responsible auditor License No. 175

Annex:

Financial Statements as at December 31, 2015

with Notes to Financial Statements in Slovak language version



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



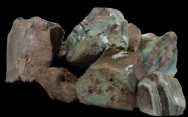
### **FERROALLOYS**

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.