



Annual Report 2017

Introductory word of the CEO

Dear associates, business partners, colleagues,

Let me present you to the annual report of EURO-Šarm spol. s r.o. for the year 2017, in which we celebrated 25 years of successful operations with our business partners, and at the same time concluded a period when we were operating under the trademark EURO-Šarm. Over the past 25 years, we have become one of the most important distributors of industrial chemicals and chemical specialties in the Czech Republic, and we believe that we will successfully continue in our ventures under our new brand name **OQEMA**, which we started using together with other companies within OVERLACK group on 1st January 2018. This change was mainly due to the fact that we were operating under many different brand names in Europe and were thus less recognisable for our customers and suppliers.

At present, OQEMA Group ranks among the leading distributors of chemical specialties, commodities and services in Europe with turnover exceeding CZK 17 billion. It brings together more than 965 employees in 17 countries across Europe and has an extensive network of competent partners. More than 27,000 customers can benefit from a wealth of knowledge, customer tailored solutions and a wide range of products including over 12,000 items. We also greatly appreciate the growing number of renowned suppliers who entrust us with the exclusive distribution of their high quality products.

What is important is that even under the new brand OQEMA we will continue our business as we have done before. We will only change our name, but not ourselves neither our values. Such a change of how we are seen will allow us to move forward even further in the European direction. Nevertheless, OQEMA still remains a family business and our internal structures as well as your contact partners also remain the same. The main pillar of our success will be the extensive network of satisfied customers for whom we create our services with maximum effort and emphasis on understanding their needs.

Business plan

Our main business plan is the production and distribution of industrial chemicals and chemical specialties for industrial, agricultural and commercial customers. Our competitive advantage is built on the provision of comprehensive services in the field of chemical supply and technical support for selected industry sectors, which are mainly:

- production of coatings, adhesives and construction chemistry
- treatment of drinking, non-potable and waste water
- production of cosmetics, cleaning products and consumer chemicals for households
- pharmaceutical industry
- food industry and feed production
- mechanical engineering and surface treatment of metals

Thanks to the professional team of our employees with years of experience, industry knowledge as well as the familiarity with the environment of individual industries, we offer new, innovative solutions with added value for our customers.

Market share and sales growth

In 2017, we managed to build on the successes of the previous year and, together with the increase in sales, we also increased the company's profitability above the record level reached last year. This success was achieved mainly thanks to the great efforts of our employees, who once again demonstrated their qualities, teamwork and proactive approach towards customers. A big thanks to them.

Compared to 2016, the company's total revenues for the year 2017 increased by 11.4% to CZK 1,101.9 million. The company's economic outturn came to CZK 37,491 million before tax which was the highest value in our history. EBITDA has also increased, it was CZK 51,872 million in 2017, which is CZK 3,315 million more than in the previous year.

In addition to the favourable economic situation, more factors were involved in increasing the company's profitability. One of them was undoubtedly the modernization and increase of the storage capacity at the central warehouse in Slatiňany, which allowed us to optimize the purchase of products according to the market situation and, at the same time, to improve the handling and storage of goods. Thanks to this, we managed to significantly increase the sales of our warehouse goods and as well as its profitability. As a long-term and reliable distributor of Synthomer products in the field of specialty chemicals, we have expanded our business cooperation and since 1st January 2018 we became an exclusive distributor of Axilat dispersion and Axilat powder polymers, which has enhanced our existing portfolio for industrial application customers.

The cooperation within the OQEMA group has had a positive effect, sharing purchasing information and a broader product portfolio allows us to find new opportunities to develop sales and improve services for our customers.

Subsidiary OQEMA, s. r.o., Slovakia

Our subsidiary SLOVCHEMA distribution s.r.o. Slovakia achieved turnover growth of 11% in 2017 compared to 2016, when total sales amounted to EUR 9,076 thousand. Despite this positive development of sales, the company ended in loss of EUR 72 thousand in 2017. The main cause is due to a dispute with a Tax Office that did not recognize the right to a refund of VAT on the export of goods amounting to EUR 177 thousand. A lawsuit is currently underway to recover this amount.

Introductory word of the CEO

Investments in the year 2017

The main investment in 2017 was the implementation of stage III. of the reconstruction of the central warehouse in Slatiňany, where we have completed a new hall for the placement of empty transport packages and a warehouse for storage of finished products in transport packages which is partly heated and will be used for storing products requiring a higher storage temperature.

In order to increase the safety of storage, we have bought two new sulfuric acid tanks for the warehouse in Slatiňany to replace the old tanks. The complete piping distribution for nitric acid was reconstructed in the Pilsen warehouse.

In the field of the environment, we continued in preparation of the project "Rehabilitation of old ecological burdens in the area of EURO-Šarm, warehouse Plzeň-southern part", on the basis of which the SEF was asked to provide financial support from the Operational program Environment on old ecological burdens. The project aims at eliminating or at least minimizing the health and environmental risks in the former Pilsen warehouse due to pollution of the rock environment and groundwater, especially by chlorinated aliphatic hydrocarbons.

In the field of safety prevention, the first aid training was followed by a purchase a defibrillator for the warehouse in Slatiňany.

Employee training

Last year, the company placed great emphasis on the staff training requirements. The number of staff training hours has been increasing for several consecutive years. This year's focus is on standard chemicals legislation, environmental protection and major accident prevention, especially social responsibility, code of ethics, and sales segment expertise.

Environmental Protection and Integrated Management System (IMS)

An integrated management system is in place within the company, its main and permanent aim is to continuously improve processes, especially meeting customer needs by delivering adequate quality, environment protection and improving work safety.

Last year, we successfully passed audits of Certified Quality Systems (according to ČSN ISO 9001: 2009) and the environment (according to ČSN ISO 14001: 2005) by the Certification Body without any nonconformity findings.

We have successfully vindicated a system of good manufacturing practice for the production of hydrogen peroxide for another three years.

We have also been evaluated without any nonconformities in the GMP + Feed Surveillance and Surveillance Audit.

The integrated system was then monitored by internal audits throughout the year, supplier audits were performed to verify the quality of strategic raw materials and assess their suppliers.

As every year, our system has also been tested by the most stringent auditors - our customers. In all cases, our system was evaluated as eligible.

Results of controls and audits have consistently introduced corrective measures that have led to further improvements to the established system.

For the year 2018, we are intensively preparing for the recertification of the ISO system according to the revised standards and recertification of the GMP + system. For the next year, this will not be the only vindication of a certified system - within the voluntary framework of the Responsible Care Volunteer Program for Environment, Health and Safety. In addition to a vindication of certification that is ahead of us in the field of major accidents prevention, our classified centres will be subject to integrated control by state authorities .

We believe that due to the responsible attitude and work of all our staff to the established values within the integrated management system, the 2018 recertification will be as successful as all previous ones, and we will be able to ensure quality cooperation for all stakeholders.

Estimated development and strategy in 2018

In 2018, we expect the continued positive development of our economic outturn and our business ventures. Our focus will be on seeking new opportunities how to develop sales and service improvements for our customers. We will further improve the beneficial cooperation within the OQEMA Group. We will start the implementation of the project " Rehabilitation of old ecological burdens in the area of EURO-Šarm, warehouse Plzeň-southern part".

In Šenov, 14th February 2017

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

Basic Company Data

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

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

OQEMA AG
Ing. Oldřich Zahradník

Object of activity:

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

Date of establishment: 31. 7. 1995, registration in registered office under label C38395

Company management:	Chief Executive Officer	Oldřich Zahradník
	Financial Manager	Marcela Šmigalová
	Investment Director	Luboš Hadrava
	Operations Director	Alena Hadravová
	Head of Purchasing	Libuše Čebišová
	Head of Sale	Jan Jedlička
	IT Manager	Petr Podlesný
	Marketing Manager	Petr Špinler

Number of employees: as of December 31, 2017 98

Members of statutory bodies: Oldřich Zahradník, Heinrich Eickmann

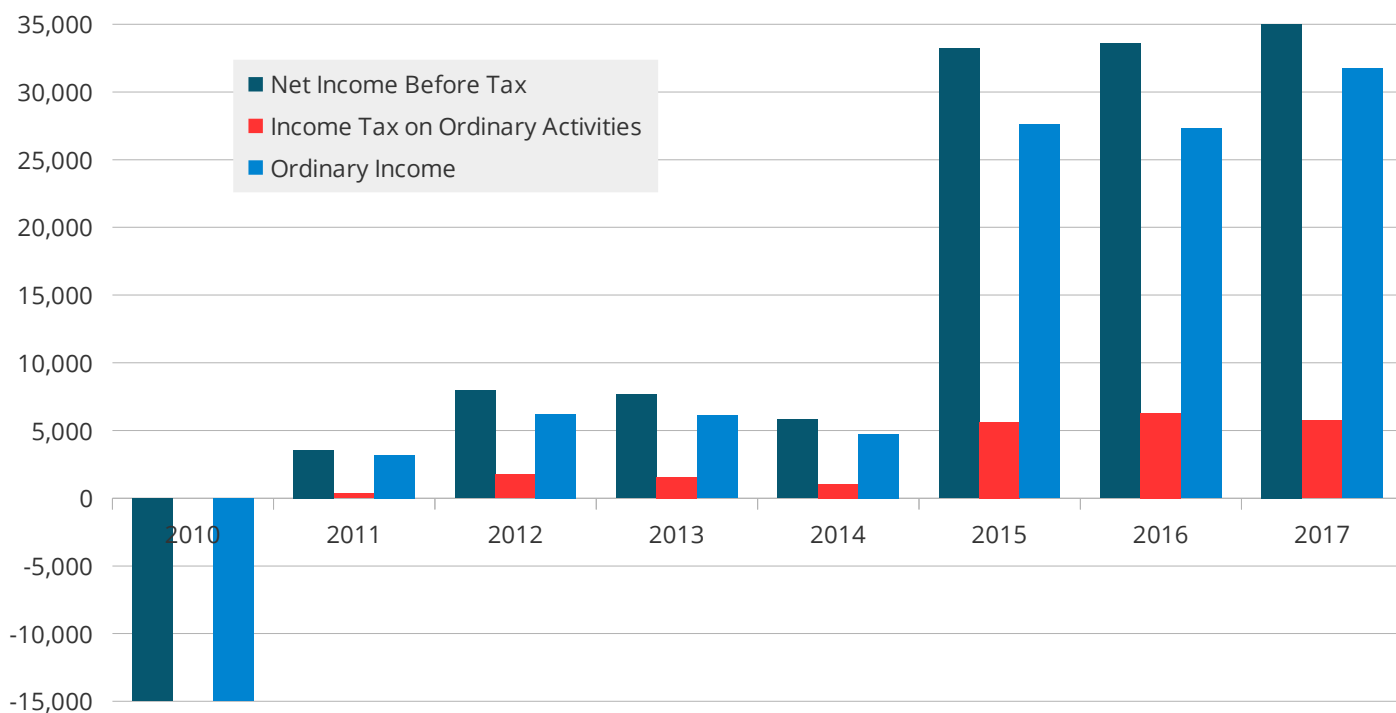
The share in the registered capital of other companies:

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

Ordinary Income 2010 - 2017

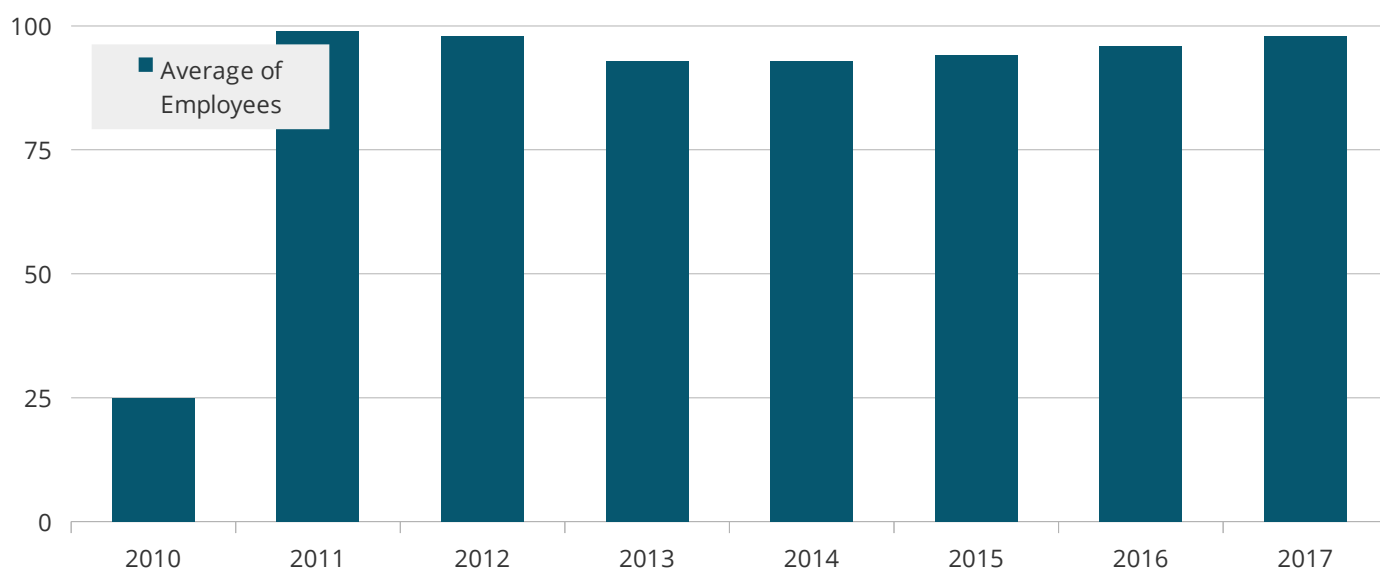
(in thousands of Czech Crowns)

	2010	2011	2012	2013	2014	2015	2016	2017
Net income before tax	-15,230	3,537	7,949	7,649	5,813	33,207	33,577	37,491
Income tax on ordinary activities	-	345	1,751	1,556	1,056	5,605	6,286	5,743
Ordinary Income	-15,230	3,192	6,198	6,093	4,757	27,602	27,291	31,748



Average of Employees 2010 - 2017

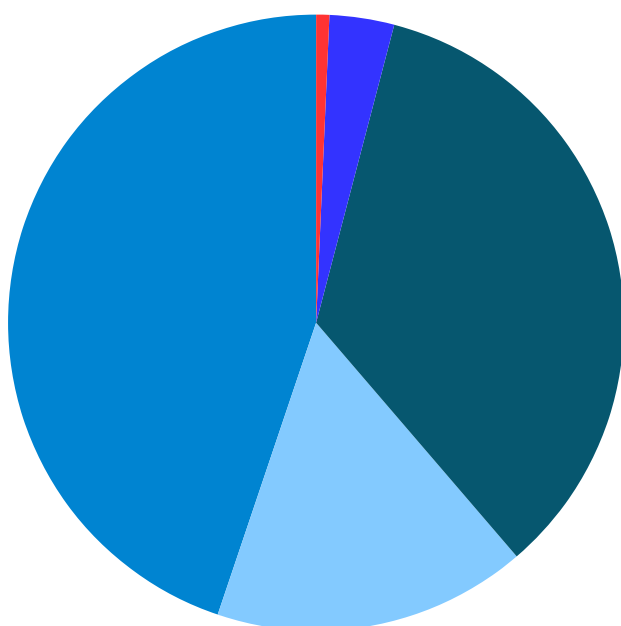
	2010	2011	2012	2013	2014	2015	2016	2017
Total	25	99	98	93	93	94	96	98



Structure of Assets and Liabilities as of 31.12.2017

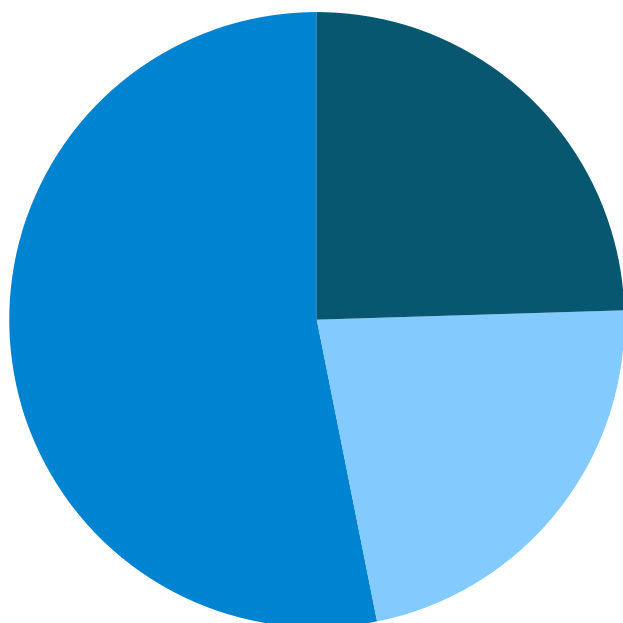
(in thousands of Czech Crowns)

ASSETS		LIABILITIES	
Receivable for sub. capital	0	Equity	264,030
Long-lived assets	222,737	Reserves	0
Inventory	81,808	Long-term liabilities	111,000
Short-term receivables	172,023	Short-term liabilities	121,851
Short-term financial assets	16,833	Accruals	0
Accruals	3,480		
TOTAL ASSETS	496,881	TOTAL LIABILITIES	496,881



Assets

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



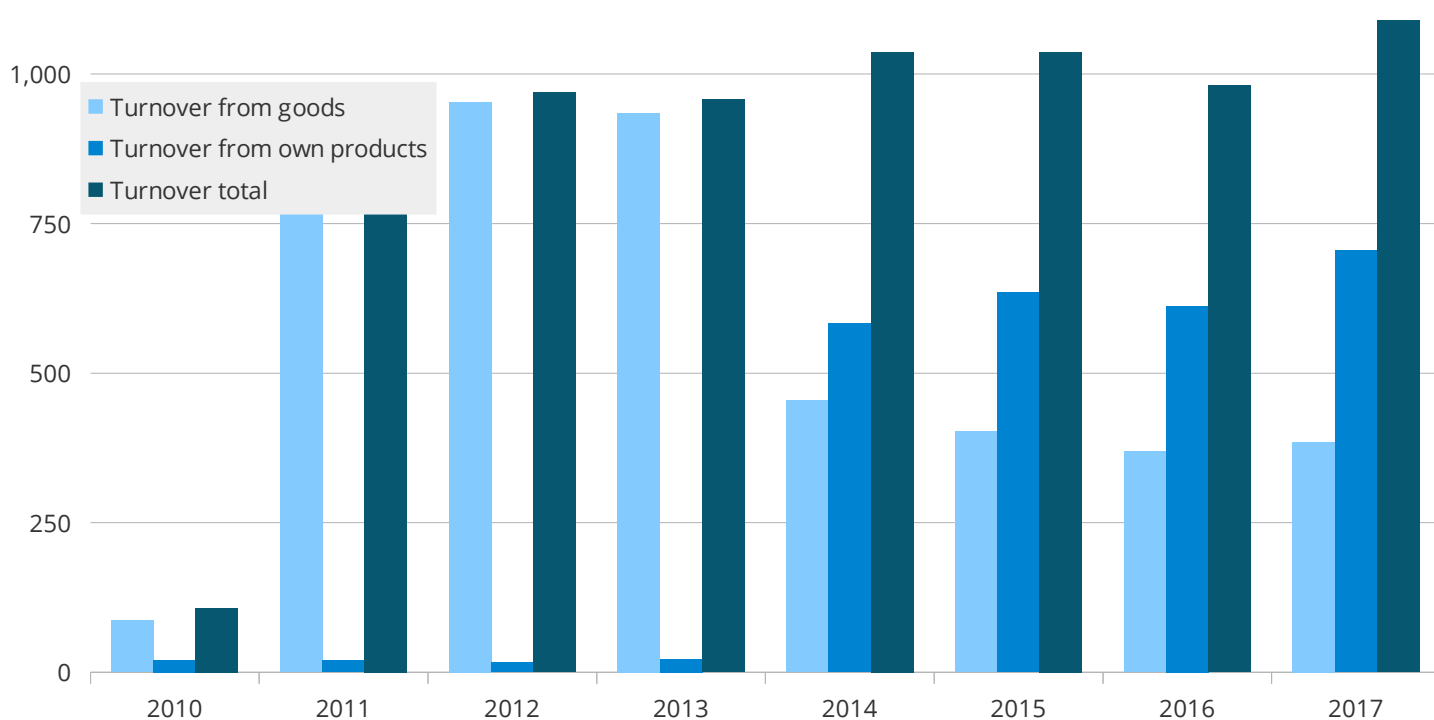
Liabilities

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

Turnover 2010 - 2017

(in thousands of Czech Crowns)

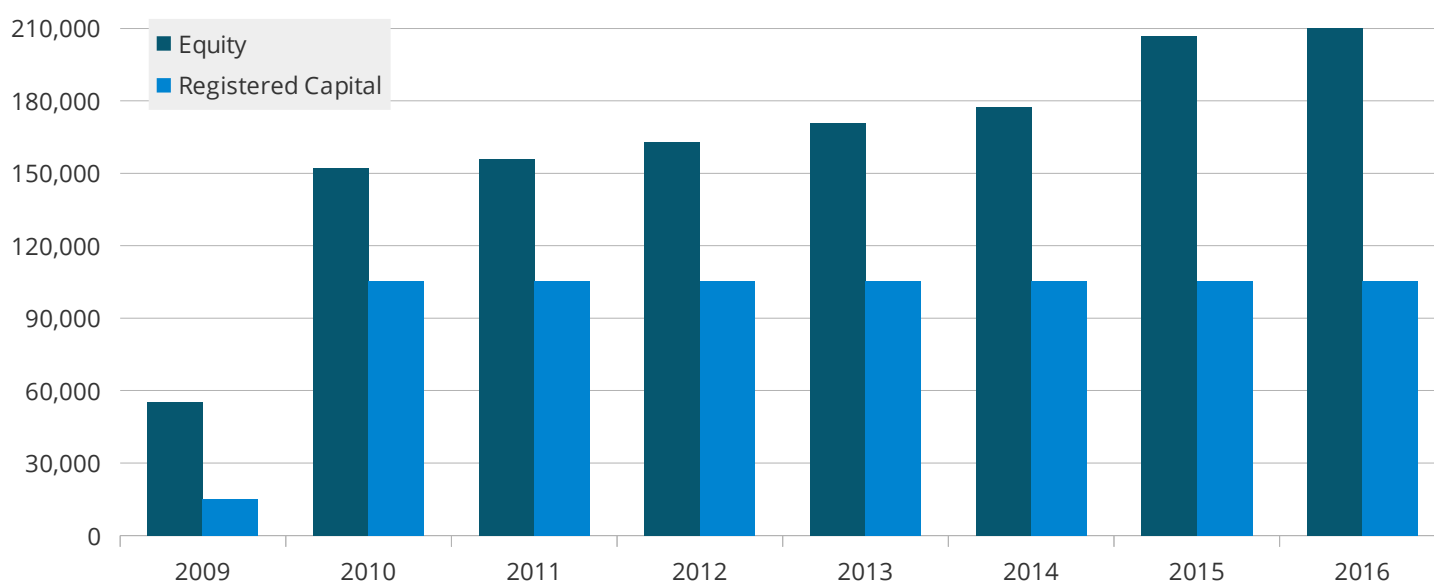
	2010	2011	2012	2013	2014	2015	2016	2017
Turnover from goods	86.55	915.27	952.86	935.09	454.22	402.48	368.64	384.63
Turnover from own products	20.78	19.66	16.01	22.44	582.99	634.54	612.30	704.81
Turnover total	107.33	934.93	968.87	957.53	1,037.21	1,037.02	980.94	1,089.44



Equity and Basic Capital 2009 - 2016

(in thousands of Czech Crowns)

	2010	2011	2012	2013	2014	2015	2016	2017
Equity	152,048	156,044	163,069	170,970	177,271	206,726	234,867	264,030
Registered Capital	105,500	105,500	105,500	105,500	105,500	105,500	105,500	105,500



Financial Statement of the company

A copy of the Company's financial statements is attached to the Annual Report and is in the range of:

Full Balance Sheet at December 31, 2017.

Profit and Loss Statement in full breakdown on December 31, 2017.

Annex to the Financial Statement for the year 2017.

Contacts

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

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

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

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

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

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



**Report of independent auditor and
final accounts
as of 31st December 2017
of the company
OQEMA, s.r.o.**

Report of independent auditor
about verification of the final accounts compiled as of 31.12.2017
intended for the partners of the company OQEMA, s.r.o.

Identification of the accounting unit:

Company: **OQEMA, s.r.o.**
Reg. No.: 639 88 186
Registered office: Těšínská 222, 739 34 Šenov
Legal form: Limited liability company
Registration in the Commercial Register: Regional Court Ostrava C 38395

Subject of enterprise:

- Purchase of goods for the purpose of their further sale and sales
- Production and import of chemical substances and chemical preparations classified as explosive, oxidizing, extremely flammable, highly flammable, flammable, highly toxic, toxic, carcinogenic, mutagenic, toxic for reproduction, dangerous to the environment and sales of chemical preparations classified as highly toxic and toxic
- Production and sales of chemical substances and chemical preparations classified as flammable, harmful to health, caustic, irritating, sensitizing

The report is submitted by: Ing. Eleni Lipperová - auditor
Authorization number 2016
Poštovní 2
702 00 Ostrava

Annexes: Balance sheet as of 31. 12. 2017
Profit and loss statement as of 31. 12. 2017
Annex to the final accounts as of 31. 12. 2017
Overview of changes of own capital as of 31. 12. 2017
Overview of cash flows as of 31. 12. 2017

signed

Statement of the auditor

I have performed an audit of the enclosed final accounts of the company OQEMA, s.r.o. compiled on the basis of the Czech accounting regulations, which consist of the Balance Sheet as of 31. 12. 2017, Profit and loss statement, Overview about changes of own capital and Overview about cash flows for the years ending on 31. 12. 2017, and Annexes to these final accounts, which includes a description of the applied significant accounting methods and other explanatory information. The data about the company OQEMA, s.r.o. are identified in the section "General data" of the Annex to these final accounts.

According to my opinion, the final accounts provide a true and fair picture of the assets and liabilities of the company OQEMA, s.r.o. as of 31. 12. 2017 and of the costs and revenues and its EBIT and cash flows for the year ending on 31. 12. 2017 in compliance with the Czech accounting regulations.

Basis for the statement

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

Other information identified in the Annual report

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

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

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

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

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

signed

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

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

Responsibility of the auditor for the audit of the final accounts

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

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

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

signed

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

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

Name of auditor:	Ing. Eleni Lipperová
Address:	Poštovní 2, 702 00
Number of authorization:	Ostrava 2016
Date of report:	16. 2. 2018

Signature of the auditor:



stamp: Auditor – Authorization No. 2016
CA CR
Ing. Eleni Lipperová

**Zpráva nezávislého auditora a účetní závěrka
k 31. prosinci 2017
společnosti
OQEMA, s.r.o.**

Zpráva nezávislého auditora
o ověření účetní závěrky sestavené ke dni 31. 12. 2017
určena společníkům společnosti OQEMA, s.r.o.

Identifikace účetní jednotky:

Společnost: **OQEMA, s.r.o.**
IČ: **639 88 186**
Sídlo: **Těšínská 222, 739 34 Šenov**
Právní forma: **společnost s ručením omezeným**
Zápis v obchodním rejstříku: **Krajský soud Ostrava C 38395**
Předmět podnikání:

- koupě zboží za účelem jeho dalšího prodeje a prodej
- výroba a dovoz chemických látek a chemických přípravků klasifikovaných jako výbušné, oxidující, extrémně hořlavé, vysoce hořlavé, hořlavé, vysoce toxické, toxické, karcinogenní, mutagenní, toxické pro reprodukci, nebezpečné pro životní prostředí a prodej chemických přípravků klasifikovaných jako vysoce toxické a toxické
- výroba a prodej chemických látek a chemických přípravků klasifikovaných jako hořlavé, zdraví škodlivé, žravé, dráždivé, senzibilizující

Zprávu předkládá: **Ing. Eleni Lipperová – auditor**
číslo oprávnění 2016
Poštovní 2
702 00 Ostrava

Přílohy: **Rozvaha k 31. 12. 2017**
Výkaz zisku a ztráty k 31. 12. 2017
Příloha k účetní závěrce k 31. 12. 2017
Přehled o změnách vlastního kapitálu k 31. 12. 2017
Přehled o peněžních tocích k 31. 12. 2017

h.

Výrok auditora

Provedla jsem audit přiložené účetní závěrky společnosti OQEMA, s.r.o. sestavené na základě českých účetních předpisů, která se skládá z rozvahy k 31. 12. 2017, výkazu zisku a ztráty, přehledu o změnách vlastního kapitálu a přehledu o peněžních tocích za rok končící 31. 12. 2017, a přílohy této účetní závěrky, která obsahuje popis použitých podstatných účetních metod a další vysvětlující informace. Údaje o společnosti OQEMA, s.r.o. jsou uvedeny v části „Obecné údaje“ přílohy této účetní závěrky.

Podle mého názoru účetní závěrka podává věrný a poctivý obraz aktiv a pasiv společnosti OQEMA, s.r.o. k 31. 12. 2017 a nákladů a výnosů a výsledku jejího hospodaření a peněžních toků za rok končící 31. 12. 2017 v souladu s českými účetními předpisy.

Základ pro výrok

Audit jsem provedla v souladu se zákonem o auditorech a standardy Komory auditorů České republiky (KA ČR) pro audit, kterými jsou mezinárodní standardy pro audit (ISA) případně doplněné a upravené souvisejícími aplikačními doložkami. Má odpovědnost stanovená těmito předpisy je podrobněji popsána v oddílu Odpovědnost auditora za audit účetní závěrky. V souladu se zákonem o auditorech a Etickým kodexem přijatým Komorou auditorů České republiky jsem na společnosti OQEMA, s.r.o. nezávislá a splnila jsem i další etické povinnosti vyplývající z uvedených předpisů. Domnívám se, že důkazní informace, které jsem shromáždila, poskytují dostatečný a vhodný základ pro vyjádření mého výroku.

Ostatní informace uvedené ve výroční zprávě

Ostatními informacemi jsou v souladu s § 2 písm. b) zákona o auditorech informace uvedené ve výroční zprávě mimo účetní závěrku a mou zprávu auditora. Za ostatní informace odpovídají jednatele společnosti OQEMA, s.r.o.

Můj výrok k účetní závěrce se k ostatním informacím nevztahuje. Přesto je však součástí mých povinností souvisejících s ověřením účetní závěrky seznámení se s ostatními informacemi a posouzení, zda ostatní informace nejsou ve významném (materiálním) nesouladu s účetní závěrkou či s mými znalostmi o účetní jednotce získanými během ověřování účetní závěrky nebo zda se jinak tyto informace nejeví jako významně (materiálně) nesprávné. Také posuzuji, zda ostatní informace byly ve všech významných (materiálních) ohledech vypracovány v souladu s příslušnými právními předpisy. Tímto posouzením se rozumí, zda ostatní informace splňují požadavky právních předpisů na formální náležitosti a postup vypracování ostatních informací v kontextu významnosti (materiality), tj. zda případné nedodržení uvedených požadavků by bylo způsobitelné ovlivnit úsudek činěný na základě ostatních informací.

Na základě provedených postupů, do míry, již dokážu posoudit, uvádím, že

- ostatní informace, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných (materiálních) ohledech v souladu s účetní závěrkou a
- ostatní informace byly vypracovány v souladu s právními předpisy.

Dále jsem povinna uvést, zda na základě poznatků a povědomí o společnosti OQEMA, s.r.o., k nimž jsem dospěla při provádění auditu, ostatní informace neobsahují významné (materiální) věcné nesprávnosti. V rámci uvedených postupů jsem v obdržených ostatních informacích žádné významné (materiální) věcné nesprávnosti nezjistila.

G-

Odpovědnost jednatelů společnosti za účetní závěrku

Jednatelé společnosti OQEMA, s.r.o. odpovídají za sestavení účetní závěrky podávající věrný a poctivý obraz v souladu s českými účetními předpisy a za takový vnitřní kontrolní systém, který považují za nezbytný pro sestavení účetní závěrky tak, aby neobsahovala významné (materiální) nesprávnosti způsobené podvodem nebo chybou.

Při sestavování účetní závěrky jsou jednatelé společnosti povinni posoudit, zda je společnost schopna nepřetržitě trvat, a pokud je to relevantní, popsat v příloze účetní závěrky záležitosti týkající se jejího nepřetržitého trvání a použití předpokladu nepřetržitého trvání při sestavení účetní závěrky, s výjimkou případů, kdy jednatelé plánují zrušení společnosti nebo ukončení její činnosti, resp. kdy nemají jinou reálnou možnost, než tak učinit.

Odpovědnost auditora za audit účetní závěrky

Mým cílem je získat přiměřenou jistotu, že účetní závěrka jako celek neobsahuje významnou (materiální) nesprávnost způsobenou podvodem nebo chybou a vydat zprávu auditora obsahující můj výrok. Přiměřená míra jistoty je velká míra jistoty, nicméně není zárukou, že audit provedený v souladu s výše uvedenými předpisy ve všech případech v účetní závěrce odhalí případnou existující významnou (materiální) nesprávnost. Nesprávnosti mohou vzniknout v důsledku podvodů nebo chyb a považují se za významné (materiální), pokud lze reálně předpokládat, že by jednotlivě nebo v souhrnu mohly ovlivnit ekonomická rozhodnutí, která uživatelé účetní závěrky na jejím základě přijmou.

Při provádění auditu v souladu s výše uvedenými předpisy je mou povinností uplatňovat během celého auditu odborný úsudek a zachovávat profesní skepticismus. Dále je mou povinností:

- Identifikovat a vyhodnotit rizika významné (materiální) nesprávnosti účetní závěrky způsobené podvodem nebo chybou, navrhnout a provést auditorské postupy reagující na tato rizika a získat dostatečné a vhodné důkazní informace, abych na jejich základě mohla vyjádřit výrok. Riziko, že neodhalím významnou (materiální) nesprávnost, k níž došlo v důsledku podvodu, je větší než riziko neodhalení významné (materiální) nesprávnosti způsobené chybou, protože součástí podvodu mohou být tajné dohody, falšování, úmyslná opomenutí, nepravdivá prohlášení nebo obcházení vnitřních kontrol.
- Seznámit se s vnitřním kontrolním systémem společnosti relevantním pro audit v takovém rozsahu, abych mohla navrhnout auditorské postupy vhodné s ohledem na dané okolnosti, nikoli abych mohla vyjádřit názor na účinnost vnitřního kontrolního systému.
- Posoudit vhodnost použitých účetních pravidel, přiměřenost provedených účetních odhadů a informace, které v této souvislosti jednatelé společnosti uvedli v příloze účetní závěrky.
- Posoudit vhodnost použití předpokladu nepřetržitého trvání při sestavení účetní závěrky jednateli a to, zda s ohledem na shromážděné důkazní informace existuje významná (materiální) nejistota vyplývající z událostí nebo podmínek, které mohou významně zpochybnit schopnost společnosti trvat nepřetržitě. Jestliže dojdou k závěru, že taková významná (materiální) nejistota existuje, je mou povinností upozornit v mé zprávě na informace uvedené v této souvislosti v příloze účetní závěrky, a pokud tyto informace nejsou dostatečné, vyjádřit modifikovaný výrok. Mé závěry týkající se schopnosti společnosti trvat nepřetržitě vycházejí z důkazních informací, které jsem získala do data mé zprávy. Nicméně budoucí události nebo podmínky mohou vést k tomu, že společnost ztratí schopnost trvat nepřetržitě.

h-

- Vyhodnotit celkovou prezentaci, členění a obsah účetní závěrky, včetně přílohy, a dále to, zda účetní závěrka zobrazuje podkladové transakce a události způsobem, který vede k věrnému zobrazení.

Mou povinností je informovat jednatele mimo jiné o plánovaném rozsahu a načasování auditu a o významných zjištěních, která jsem v jeho průběhu učinila, včetně zjištěných významných nedostatků ve vnitřním kontrolním systému.

Jméno auditora: Ing. Eleni Lipperová
Adresa: Poštovní 2, 702 00 Ostrava
Číslo oprávnění: 2016
Datum zprávy: 16. 2. 2018

Podpis auditora:



TRANSLATOR'S CLAUSE:

As a sworn interpreter for the English language, appointed by the Regional Court in Hradec Králové, Czech Republic, under the number 3942/96, I herewith confirm that the translation corresponds to the attached document in the Czech language.

The translation is registered in my translator's journal under the number 1258 / 2018.

In Turnov,

Date: 20 February 2018

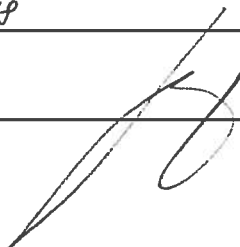


Jiří Čihulka, B.A.
sworn interpreter
Granátová 1901
511 01 Turnov
Czech Republic



OQEMA, s.r.o. (CZ)		net	net
Income statement (CZKths) - cumulative	row	31.12.2017	31.12.2016
Revenues from the sale of own products and services	1	704 810	612 301
Revenues from sold goods	2	384 632	368 641
Production consumption (r. 04 + 05 + 06)	3	985 885	882 312
Expenses on sold goods	4	356 198	341 460
Consumption of material and energy	5	573 359	485 367
Services	6	56 328	55 485
Change in inventory of own products (+/-)	7	-12 663	-7 936
Capitalisation (-)	8	-711	-802
Personal expenses (r. 10 + 11)	9	64 931	58 859
Wages and salaries	10	47 490	43 362
Social security, health insurance and other expenses (r. 12 + 13)	11	17 441	15 497
Social security and health insurance expenses	12	16 001	14 192
Other expenses	13	1 440	1 305
Value adjustments in the operational area (r. 15 + 18 + 19)	14	12 649	15 493
Value adjustments of intangible and tangible fixed assets (r. 16 + 17)	15	13 156	13 839
Value adjustments of intangible and tangible fixed assets - permanent	16	13 156	13 839
Value adjustments of intangible and tangible fixed assets - temporary	17	0	0
Stock value adjustments	18	-195	-351
Receivable value adjustments	19	-312	2 005
Other operating revenues (r. 21 + 22 + 23)	20	4 221	5 263
Revenues from disposals of fixed assets	21	666	292
Revenues from disposals of materials	22	1 048	1 077
Other operating revenues	23	2 507	3 894
Other operating expenses (r. 25 to 29)	24	7 667	3 567
Net book value of sold fixed assets	25	1	0
Net book value of sold material	26	2 783	0
Taxes and fees	27	717	740
Reserves and complex deferred costs	28	0	0
Other operating expenses	29	4 166	2 827
Operating profit/loss (+/-)	30	35 905	34 712

OQEMA, s.r.o. (CZ)		net	net
Income statement (CZKths) - cumulative	row	31.12.2017	31.12.2016
Revenues from long-term financial assets - shares (r. 32 + 33)	31	567	946
Revenues from shares - controlled and controlling organizations	32	567	946
Other revenues from shares	33	0	0
Costs spent for sold shares	34	0	0
Revenues from other long-term financial assets (r. 36 + 37)	35	0	0
Revenues from other long-term financial assets - controlled and controlling organizations	36	0	0
Revenues from other long-term financial assets	37	0	0
Costs related to other fixed financial assets	38	0	0
Interest revenues (r. 40 + 41)	39	22	0
Interest revenues - controlled and controlling organizations	40	22	0
Other interest revenues	41	0	0
Value adjustments and reserves in the financial area	42	0	0
Interest expenses (r. 44 + 45)	43	1 225	1 294
Interest expenses - controlled and controlling organizations	44	0	0
Other interest expenses	45	1 225	1 294
Other financial revenues	46	6 810	778
Other financial expenses	47	4 588	1 565
Profit/Loss from financial operations (+/-)	48	1 586	-1 135
Profit/Loss before tax (+/-) (r. 30 + 48)	49	37 491	33 577
Income tax (r. 51 + 52)	50	5 743	6 286
Income tax - due tax	51	7 246	6 286
Income tax - tax deferred	52	-1 503	0
Profit/Loss after tax (+/-) (r. 49 - 50)	53	31 748	27 291
Transfer profit (loss) to partners (+/-)	54	0	0
Profit/Loss of current accounting period (+/-) (r. 53 - 54)	55	31 748	27 291
Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII	56	1 101 062	987 929

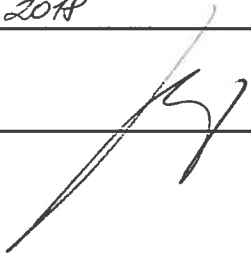
Date: 14.2.2018	
Signature:	

OQEMA, s.r.o. (CZ)		GROSS	CORRECTION	NET	NET	
BALANCE SHEET (CZKths)		row	31.12.2017	31.12.2017	31.12.2017	31.12.2016
TOTAL ASSETS (r. 02 + 03 + 37 + 74)		1	610 614	113 733	496 881	427 944
Receivables from subscriptions		2	0	0	0	0
Fixed assets (r. 04 + 14 + 28)		3	327 305	104 568	222 737	208 950
Intangible fixed assets (r. 05 + 06 + 09 to 11)		4	23 888	21 901	1 987	2 784
Research and development		5	0	0	0	0
Valuable rights (r. 07 + 08)		6	22 025	20 773	1 252	2 097
Software		7	21 999	20 747	1 252	2 097
Other valuable rights		8	26	26	0	0
Goodwill (+/-)		9	0	0	0	0
Other intangible fixed assets		10	1 128	1 128	0	0
Advance payments for intangible fixed assets and intangible fixed assets under construction (r. 12 + 13)		11	735	0	735	687
Advance payments for intangible fixed assets		12	0	0	0	0
Intangible fixed assets under construction		13	735	0	735	687
Tangible fixed assets (r. 15 + 18 to 20 +24)		14	291 101	82 667	208 434	191 194
Lands and Constructions (r. 16 + 17)		15	206 745	29 632	177 113	161 188
Lands		16	13 350	0	13 350	13 350
Constructions		17	193 395	29 632	163 763	147 838
Equipment		18	74 096	47 055	27 041	24 992
Adjustment to acquired assets		19	8 968	5 980	2 988	3 586
Other tangible fixed assets (r. 21 + 22 + 23)		20	0	0	0	0
Perennial corps		21	0	0	0	0
Breeding and draught animals		22	0	0	0	0
Other tangible fixed assets		23	0	0	0	0
Advance payments for tangible fixed assets and tangible fixed assets under construction (r. 25 + 26)		24	1 292	0	1 292	1 428
Advance payments for tangible fixed assets		25	212	0	212	128
Tangible fixed assets under construction		26	1 080	0	1 080	1 300
Long-term financial assets (r. 28 to 34)		27	12 316	0	12 316	14 972
Shares - controlled and controlling organizations		28	12 316	0	12 316	14 972
Loans - controlled and controlling organizations		29	0	0	0	0
Shares - substantial influence		30	0	0	0	0
Loans - substantial influence		31	0	0	0	0
Other securities and shares		32	0	0	0	0
Other loans		33	0	0	0	0
Other financial investments (r. 35 + 36)		34	0	0	0	0
Other financial investments		35	0	0	0	0
Advance payments for long-term financial assets		36	0	0	0	0
Current assets (r. 38 + 46 + 68 + 71)		37	279 829	9 165	270 664	217 151
Inventory (r. 39 + 40 + 41 + 44 + 45)		38	81 875	67	81 808	69 386
Materials		39	5 238	0	5 238	5 449
Work in progress and semi-products		40	1 136	0	1 136	1 337
Finished products and merchandise (r. 42 + 43)		41	75 405	67	75 338	62 350
Finished products		42	69 799	67	69 732	59 041
Merchandise		43	5 606	0	5 606	3 309
Animals		44	0	0	0	0
Advance payments for inventory		45	96	0	96	250

BALANCE SHEET (CZKths)		OQEMA, s.r.o. (CZ)		GROSS	CORRECTION	NET	NET
		row	31.12.2017	31.12.2017	31.12.2017	31.12.2017	31.12.2016
Receivables (r. 47 + 57)		46	1 503	0	0	1 503	0
Long-term receivables (r. 48 to 52)		47	1 503	0	0	1 503	0
Trade receivables		48	0	0	0	0	0
Receivables - controlled and controlling organizations		49	0	0	0	0	0
Receivables - accounting unist with substantial influence		50	0	0	0	0	0
Deferred tax receivable		51	1 503	0	0	1 503	0
Other receivables (r. 53 to 56)		52	0	0	0	0	0
Receivables from partners		53	0	0	0	0	0
Long-term deposits given		54	0	0	0	0	0
Estimated receivable		55	0	0	0	0	0
Other receivables		56	0	0	0	0	0
Short-term receivables (r. 58 to 61)		57	179 618	9 098	0	170 520	140 438
Trade receivables		58	177 947	9 098	0	168 849	139 068
Receivables - controlled and controlling organizations		59	22	0	0	22	0
Receivables - accounting unist with substantial influence		60	0	0	0	0	0
Other receivables (r. 62 to 67)		61	1 649	0	0	1 649	1 370
Receivables from partners		62	0	0	0	0	0
Receivables from social security and health insurance		63	0	0	0	0	0
Due from state - tax receivable		64	0	0	0	0	0
Short-term deposits given		65	374	0	0	374	424
Estimated receivable		66	317	0	0	317	0
Other receivable		67	958	0	0	958	946
Short-term financial assets (r. 69 +70)		68	0	0	0	0	0
Shares - controlled and controlling organizations		69	0	0	0	0	0
Other short-term financial assets		70	0	0	0	0	0
Cash and bank accounts (r. 72 +73)		71	16 833	0	0	16 833	7 327
Cash		72	830	0	0	830	500
Bank accounts		73	16 003	0	0	16 003	6 827
Accruals (r. 75 to 77)		74	3 480	0	0	3 480	1 843
Deferred expenses		75	3 480	0	0	3 480	1 843
Complex deferred costs		76	0	0	0	0	0
Deferred income		77	0	0	0	0	57

OQEMA, s.r.o. (CZ)		NET	NET
BALANCE SHEET (CZKths)		31.12.2017	31.12.2016
TOTAL LIABILITIES (r. 79 + 101 + 141)	78	496 881	432 401
Equity (r. 80 + 84 + 92 + 95 + 99 - 100)	79	264 030	239 324
Registered capital (r. 81 to 83)	80	105 500	105 500
Registered capital	81	105 500	105 500
Ownership interests (-)	82	0	0
Changes of registered capital (+/-)	83	0	0
Share premium and capital funds (r. 85 + 86)	84	31 786	34 371
Share premium and capital funds (r. 85 + 86)	85	0	0
Capital funds (r. 87 to 91)	86	31 786	34 371
Other capital funds	87	31 000	31 000
Diferences from revaluation of assets and liabilities (+/-)	88	786	3 371
Diferences from revaluation in tranformation of companies (+/-)	89		
Diferences from tranformation of companies (+/-)	90		
Diferences from valuation in tranformation of companies (+/-)	91		
Funds from earnings (r. 93 + 94)	92	0	0
Other reserve funds	93	0	0
Statutory and other funds	94		
Profit/loss - previous years (+/-) (r. 96 to 98)	95	94 996	67 705
Retained earnings from previous years	96	94 996	67 705
Accumulated losses from previous years	97		
Other profit/loss - previous years (+/-)	98		
Profit/loss - current year (+/-)	99	31 748	31 748
Decided on advance for payment of a profit share (-)	100		
Other sources (r. 102 + 107)	101	232 851	193 077
Reserves (r. 103 to 106)	102	0	0
Reserves for pension and similar payables	103	0	0
Income tax reserves	104	0	0
Reserves under special statutory regulations	105	0	0
Other reserves	106	0	0
Payables (r. 108 + 123)	107	232 851	193 077
Long-term payables (r. 109 + 112 to 119)	108	111 000	83 000
Issues bonds (r. 110 + 111)	109	0	0
Exchangeable obligations	110	0	0
Other bonds	111	0	0
Liabilities to credit institutions	112	111 000	83 000
Long-term advances received	113	0	0
Trade payables	114	0	0
Long-term notes payables	115	0	0
Payables - controlled and controlling organizations	116	0	0
Payables - accounting units with substantial influence	117	0	0
Deffered tax liability	118	0	0
Other payables (r. 120 - 122)	119	0	0
Payable to partners	120	0	0
Estimated payables	121	0	0
Other payables	122	0	0

OQEMA, s.r.o. (CZ)		NET	NET
BALANCE SHEET (CZKths)		31.12.2017	31.12.2016
Short-term payables (r. 124 + 127 to 133)	123	121 851	110 077
Issues bonds (r. 125 + 126)	124	0	0
Exchangeable obligations	125	0	0
Other bonds	126	0	0
Payables to banks	127	18 427	15 526
Short-term deposits received	128	10	8
Trade payables	129	85 849	77 930
Short-term notes payables	130		
Payables - controlled and controlling organizations	131	0	0
Payables - accounting units with substantial influence	132	0	0
Other payables (r. 134 to 140)	133	17 565	16 613
Payable to partners	134	78	223
Short-term accomodations	135	0	0
Payroll	136	3 405	3 283
Payables to social securities and health insurance	137	1 876	1 716
Due from state - tax liabilities and subsidies	138	10 354	9 702
Estimated payables	139	1 807	1 489
Other payables	140	45	200
Accruals (r. 142 + 143)	141	0	0
Accrued expenses	142	0	0
Deffered revenues	143		

Date: <i>14.2.2018</i>	
Signature: 	

Notes to the Financial Statements for the year 2017

The attached individual Financial Statements (unconsolidated) have been prepared in accordance with the Act No. 563/1991 Coll., On Accounting, as amended, (hereinafter referred to as the "Accounting Act"), and the Implementing Decree No. 500/2002 Coll., which implements certain provisions of the Act No. 563/1991 Coll., On Accounting, as amended, for reporting entities that are businesses maintaining double-entry bookkeeping, as amended, as applicable for 2017 and 2016, (hereinafter referred to as the "Implementing Decree to the Accounting Act"), and according to Czech accounting standards for entrepreneurs. The data in the appendix are based on the entity's records (accounting documents, ledgers and other records) and other documents which an entity has available. Figures are in thousands of CZK, unless stated otherwise.

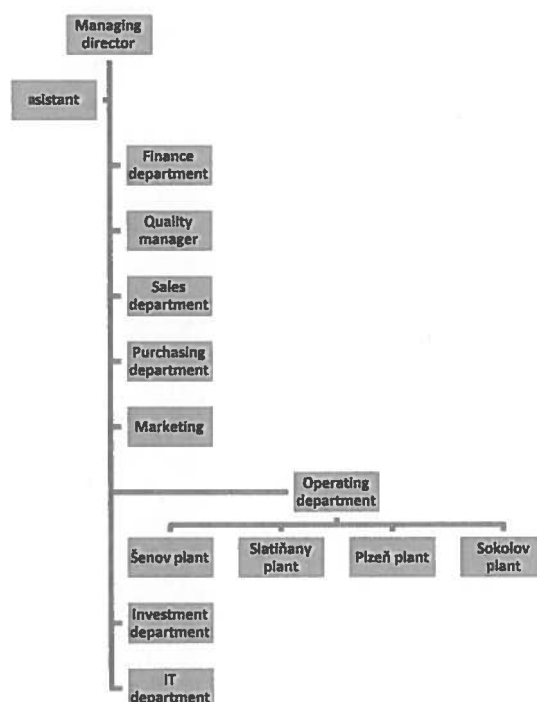
The appendix is made for the accounting period beginning on 1 January 2017 and ending on 31 December 2017.

I. General data:

1. Trade name: OQEMA, s.r.o.
2. Reg.No: 63988186
3. Registered office: Těšínská 222, 739 34 Šenov
4. Legal form: společnost s ručením omezeným (Limited Liability Co.)
5. Subject of activity:
 1. purchase of goods for resale and sale (except the activities listed in the Appendix. 2 and 3 Act No.455 / 91 Coll
 2. production and import of chemicals and chemical products classified as explosive, oxidizing, extremely flammable, highly flammable, flammable, highly toxic, toxic, carcinogenic, mutagenic or toxic for reproduction, dangerous for the environment, and sale of chemical products classified as highly toxic and toxic,
 3. production and sale of chemicals and chemical products classified as flammable, harmful, corrosive, irritant, sensitizing
6. Date of founding: 31. 7. 1995
Balance Sheet date: 31. 12. 2017
Financial statements date: 14. 2. 2018
7. List of the entities with more than 20% share in the core capital:

7800/10550	OQEMA AG, D – Schloß Straße 39, Korshenbroich, Federal Republic of Germany
2750/10550	Ing. Oldřich Zahradník, Havířov - Životice, Hraniční 18
8. Description of changes and additions made in the past fiscal year in the trade register:
During the reporting period, there were no significant changes in the trade register.
9. Names and surnames of statutory bodies as of 31. 12. 2017:
Oldřich Zahradník, Ing. – executive head
Heinrich Eickmann – executive head

10. Organization Structure applicable as of 31. 12. 2017:



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

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

Share amount:	70%
Registered office:	A. Stodolu 8/12, Prievidza, Slovakia
Amount of equity as of 31. 12. 2017:	675 thousand EUR
Economic result for the year 2017:	-72 thousand EUR

PPD CHEMICALS s. r.o.

Share amount:	100%
Registered office:	Těšínská 222, Šenov
Amount of equity as of 31. 12. 2017:	256 thousand. Kč
Economic result for the year 2017:	- 7 thousand. Kč

13. Consolidating accounting entity:

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

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

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

The company's share capital is fully paid.

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

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

1. Fixed assets:

Assessment method:

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

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

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

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

Method of determining depreciation schedules

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

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

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

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

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

The replacement cost has not been applied in the accounting period 2017.

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

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

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

2. Stock:

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

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

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

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

3. Receivables:

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

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

4. Equity:

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

5. External Resources:

Accounting or statutory reserves were not created in 2017.

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

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

6. Leasing:

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

7. Foreign exchange operations:

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

8. Use of estimates:

The estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses for the reporting period, were determined by the company's management on the basis of all the relevant information available. Nevertheless, as it is apparent from the nature of estimates, the actual results in the future may differ from these estimates.

9. Accounting for revenues and expenses:

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

10. Income Tax:

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

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

11. Subsidy:

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

12. Significant events after the balance sheet date:

There were no significant events after the balance sheet date and before the date of the balance sheet creation for the year 2017.

The financial statements as of December 31, 2017 have been prepared assuming the company to continue to exist. Therefore, the attached financial statements include no adjustments that might result from this uncertainty.

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

1. Fixed assets:

a) Overview of assets listed in the balance sheet:

Intangible assets (in thousands of CZK)	Purchase price					Accumulated depreciation				
	opening balance	increase	decrease	transfer	closing balance	opening balance	increase	decrease	transfer	closing balance
Other long-term intangible assets	1 128	0	0	0	1 128	-1 128	0	0	0	-1 128
Royalties	26	0	0	0	26	-26	0	0	0	-26
Software	21 627	373	0	0	21 999	-19 530	-1 217	0	0	-20 747
Intangible fixed assets under construction	687	420	0	-373	735	0	0	0	0	0
Total 2017	23 468	793	0	-373	23 888	-20 684	-1 217	0	0	-21 901
Total 2016	21 987	1 481	0	0	23 468	-17 940	-2 744	0	0	-20 684

Tangible assets (in thousands of CZK)	Purchase price					Accumulated depreciation				
	opening balance	increase	decrease	transfer	closing balance	opening balance	increase	decrease	transfer	closing balance
Lands	13 350	0	0	0	13 350	0	0	0	0	0
Constructions	171 680	21 715	0	0	193 395	-23 843	-5 789	0	0	-29 632
Machinery and equipment	54 806	3 585	-137	0	58 254	-33 290	-4 102	137	0	-37 255
Vehicle fleet	13 456	3 888	-2 971	0	14 373	-10 035	-1 393	2 971	0	-8 457
Fixtures and fittings	1 341	128	0	0	1 469	-1 286	-57	0	0	-1 343
Other tangible fixed assets	1 300	29 096	0	-29 316	1 080	0	0	0	0	0
Tangible fixed assets under construction	128	330	0	-246	212	0	0	0	0	0
Advance payments for tangible assets	8 968	0	0	0	8 968	-5 382	-598	0	0	-5 980
Adjustment to acquired assets	265 029	58 742	-3 108	-29 562	291 101	-73 836	-11 939	3 108	0	-82 667
Total 2017	260 168	17 360	-12 499	0	265 029	-64 361	-11 096	1 622	0	-73 835
Total 2016	13 350	0	0	0	13 350	0	0	0	0	0

Long-term financial assets	Purchase price				
	opening balance	increase (after revaluation by equivalent)	decrease (after revaluation by equivalent)	transfer	closing balance
Total 2017	14 972	0	-2 656	0	12 316
Total 2016	14 121	859	-8	0	14 972

The accounting entity records the assets off balance sheet not detected in the balance sheet and at a total amount of 7 279 thousand. CZK.

b) List of tangible fixed assets that are pledged:

There is no lien burden with any property

c) Assets under operating leases

On the basis of the contract of lease of movable assets, the company has leased 25 personal cars. On the basis of the leasing contract with subsequent purchase of the leased asset the entity has leased 4 vehicles and 3 forklifts. These assets are recorded in memorandum accounts.

2. Inventory

On the balance sheet date, as a result of physical inventories, a provision was made for a diminution of inventory to the amount of 67 thousand. CZK.

3. Receivables:

The manner of determination of provisioning and reserves for assets:

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

In 2017, adjustments were created for receivables from debtors in bankruptcy proceedings amounting to CZK 42 thousand, while adjustments for receivables from debtors in bankruptcy proceedings totaling CZK 42 thousand were dissolved. Receivables from debtors after the completion of bankruptcy proceedings in the amount of CZK 129 thousand were written off.

Adjustments were created for other overdue receivables in the amount of CZK 418 thousand, out of which CZK 218 thousand as the tax adjustments and CZK 200 thousand as the accounting adjustments. The accounting adjustments amounting to CZK 630 thousand were abolished, out of which CZK 296 thousand as the tax adjustments and CZK 334 thousand as the accounting adjustments.

The total decrease in adjustments for the year 2017 amounted to CZK 312 thousand.

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

Gross amount	177 947	thous.CZK
Adjustments	9 098	thous.CZK
Net amount	168 849	thous.CZK
Including receivables within the group	1 796	thous.CZK

Time structure of receivables (In gross amount):

Pre-maturity receivables	148 472	thous.CZK
Amounts up to 30 days overdue	17 513	thous.CZK
Amounts up to 90 days overdue	2 532	thous.CZK
Amounts up to 180 days overdue	28	thous.CZK
Amounts up to 360 days overdue	125	thous.CZK
Amounts over 360 days overdue	9 277	thous.CZK

Inc. claims against debtors in banks and insolvency pr. 8 844thous.CZK

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

4. Financial accounts:

The Company has an overdraft account with KB allowing her to draw a loan to the amount of 20 000 thous. CZK. As of 31 12. 2017 tis amounted to a negative balance of 6 427 thous. CZK (by 31 12. 2016 it amounted to 3 526 thous.CZK), it is distributed in the reported short-term bank loan.

5. Accrued assets:

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

6. Equity:

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

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

The 2016 income statement was converted to retained earnings from previous years.

7. Long-term liabilities:

The company does not have any long-term liabilities.

8. Short-term liabilities:

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

Amount:	85 849	thous.CZK
Incl. liabilities in the group:	5 266	thous.CZK

Time structure of liabilities:

Pre-maturity liabilities	85 849	thous.CZK
Amounts up to 15 days overdue	0	thous.CZK
Amounts up to 90 days overdue	0	thous.CZK

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

Amount of liabilities towards Social security and health insurance as of 31. 12. 2017:

OSSZ	1 209	thous.CZK
ČPZP	109	thous.CZK
VZP	327	thous.CZK
RBP	43	thous.CZK
OZP	122	thous.CZK
MiV	52	thous.CZK
Voj.ZP	14	thous.CZK

All of the above commitments have been paid by the deadline of 31. 1. 2018.

By the date of submission of financial statements prepared as of 31 12. 2017, the entity does not recognize any obligations to the state budget or the authorities of pension and health insurance that would cover liabilities outstanding at the balance sheet date.

9. Subsidy:

The company did not receive any subsidies during 2017.

10. Bank loans:

The company has concluded such credit arrangements:

- Framework Services Agreement with Komerční banka a.s., which is determined by a credit line to the amount of 130 000 thous. CZK the contract was concluded on 26th November 2014, maturity date obligation under this contract is:
 - overdraft credit amounting to 20 000 thous. CZK payable by 13. 11. 2018, amount used by 31. 12. 2017 – 6 427 thous. CZK,
 - revolving loan up to 120 000 thous. CZK payable by 13. 11. 2020, amount used by 31. 12. 2017 - 80 000 thous. CZK,

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

- A contract for the provision of credit for investment total 61 000 thous. CZK the date of signing the contract was 10. 9. 2014, the loan balance on 31 12. 2017 was 43 000 thous. CZK, the loan maturity is 31.7. 2021. The loan is secured by a blank bill of company and at the same time was exposed a Letter of Comfort by Overlack AG was issued as collateral for a loan

The interest expense related to credit institutions in 2017 amounted to CZK 1,225 thousand (CZK 1,294 thousand in 2016). The interest was reflected in the financial result.

11. Other liabilities:

The company did not have any accrued expenses as of 31. 12. 2017.

12. Income from ordinary activities::

(in thous. CZK)

Type of activity	TOTAL		Inland		Abroad	
	2016	2017	2016	2017	2016	2017
Sales of products	604 655	696 992	542 022	639 315	62 633	57 677
Sales of services	7 646	7 818	5 459	5 748	2 187	2 070
Sales of goods	368 641	384 632	352 869	367 898	15 772	16 734
Other incomes	5 263	4 221	5 208	4 087	55	134
Total	986 205	1 093 663	905 558	1 017 048	80 647	76 615

In the accounting period of 2017 no expenditures were incurred on research and development.

Transactions with related parties:

In 2017 OQEMA did business with related entities in these amounts:

Transactions with related parties (in thous. CZK)	Sale of goods and products	Sale of services	Purchase of goods and material	Purchase of services
OQEMA AG (D)				169
OQEMA GmbH (D)	1 083		19 795	
OQEMA, s.r.o. (SK)	36 317	1 471	2 162	
OQEMA Sp. z o.o. (PL)			153	
OQEMA UAB (LT)	557	1		
OQEMA LTD (GB)			6 107	
Quaron EPE (GR)	370			
OQEMA EOOD (BG)	23			
OQEMA d.o.o (SLO)		1		
OQEMA RO s.r.l. (RO)	199			
Novochem Kft. (H)	274		140	
Chem&Pol Sp. z o.o. (PL)			25	
OQEMA Contract GmbH (D)			2 521	
OQEMA Contract AG (CH)				110
OQEMA Rotterdam B.V. (NL)			29	
CELKEM	38 823	1 473	30 932	279

These transactions were concluded under normal market conditions.

In 2017, OQEMA, s.r.o. (SK) concluded a loan agreement, the amount of the loan was EUR 500000. The term of the contract was from 20.11.2017 to 28.11.2017. The loan was repaid by December 31, 2017, the interest on this loan was reported and recognised in the Company's financial income.

In 2017, OQEMA, s.r.o. (SK) partially divided the profit of previous accounting periods, OQEMA, s.r.o. (CZ) received part of this profit (according to the ownership interest) in the amount of CZK 567 000. This income was recognised as the Long-term financial assets income in 2017.

13. Deferred Tax:

The Company quantified the deferred taxes as follows:

Reason for deferred taxes	Deferred tax receivable	Deferred tax liability
Residual value of assets	1 408	
Adjustments for inventory	13	
Adjustments for receivables	38	
Outstanding premiums	44	
Unpaid fines	0	
	1 503	

For reasons of prudence, the Company has included a deferred tax lien in the amount of CZK 1,503 thousand.

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

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

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

	Persons	Persons	Personnel costs (in thous.CZK)	Personnel costs (in thous.CZK)
Item / year	2016	2017	2016	2017
Average number of employees	96	98	58 859	64 931
Including: members of management bodies	7	7	12 730	12 954

The contribution to Pension insurance totaled 96 thous. CZK.

Remuneration of statutory bodies:

Period	2016	2017
Amount (in thous. CZK)	0	0

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

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