

ANNUAL REPORT

FROMM SLOVAKIA, a. s.

**Priemyselná 5885
901 01 Malacky**

ID No.: 36 344 842

CONTENTS

I. GENERAL INFORMATION	2
II. STATUTORY BODY OF THE COMPANY	2
III. PERFORMANCE OF THE COMPANY IN 2015	3
3.1 PROFIT / LOSS	3
3.2 REVENUES	4
3.3 COSTS	4
3.4 INVESTMENTS	5
3.5 LIQUIDITY, CASH POSITION OF THE COMPANY	5
3.6 HUMAN RESOURCES	5
IV. DISTRIBUTION OF PROFIT 2016	6
V. FORECAST OF ACTIVITIES OF THE COMPANY IN 2017	6
VI. CLOSING BALANCE – GENERAL DATA	6
ENCLOSURES	7

I. GENERAL INFORMATION

Name of the company: FROMM SLOVAKIA, a.s.

Registered seat: Priemysel'na 5885
901 01 Malacky
Slovak Republic

Identification No.: **36 344 842**

Date of incorporation in
the Commercial Register: May 28, 2005

Main activities of the Company according to the extract from the commercial register are as following:

- Production of products and machines and services in the general and individual economic sector services, within the scope of a free trade licence,
- Intermediary activities in the area of commerce and services, within the scope of a free trade licence,
- Purchase of goods for purpose of selling (warehouse), within the scope of a free trade licence,
- Purchase of goods for purpose of selling (retail), within the scope of a free trade licence,
- Auxiliary activity in the area of transport, intermediation of transport

II. STATUTORY BODY OF THE COMPANY

Structure of owners of the Company as of 31st December 2016 was as follows:

Name	Ownership interest – Basic capital		Ownership interest – voting rights (%)
	T-EUR	%	
<i>Reinhard Fromm Holding AG, Hinterbergstrasse 26, 6330 Cham, Schweiz</i>	1 500	100	100

The share capital of the Company (EUR 1.5 Mio) is divided into 60 registered ordinary shares with nominal value of EUR 25 000 per share. There was no change in share capital during the accounting period. The written share capital was fully paid.

Statutory bodies of the company at 31.12.2016 are:

Statutory body		Name	Period
Board of directors	Chairman	Reinhard Fromm	from 28. 05. 2005
	Member	Sergio Stigler	from 28.05. 2005
Supervisory board	Member	Roberto Vallani	from 28.05. 2005
	Member	Mathias Schwarzenbach	from 26.07. 2005
	Member	Peter Lamprecht	from 26.07.2005

The changes in 2016:

Statutory body		Name	Period
Board of directors	Chairman	Reinhard Fromm	from 28. 05. 2005
	Member	Ing.Roberto Vallani	from 19.2.2016
Supervisory board	Member	Sergio Stigler	from 19.2.2016
	Member	Mathias Schwarzenbach	from 26.07. 2005
	Member	Iwan Gretener	from 19.2.2016

III. PERFORMANCE OF THE COMPANY IN 2016

3.1 PROFIT

The company has not stated any significant increase or decrease of production in compare to the previous year.

Profit/Loss development 2013-2016

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Profit/Loss before Tax	198	175	249	58
Net Profit/Loss	152	132	191	38

Profit structure 2013-2016

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Result from operational activities	199	180	255	67
Result from financial activities	-1	-5	-6	-9
- included result from exchange-rate differences	0	0	0	0
Result from extraordinary activities	-	-	-	-

3.2 REVENUES

The majority part of Sales represents the Sales of own production and Sales of goods.

Sales structure 2013-2016

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Sales of own production	3 489	3 614	4 013	4 131
Sales of goods	194	153	166	222

3.3 COSTS

Operation costs represents 95 % of overall costs, the main group of costs are costs of material. The year on year comparison of costs and review of major operational costs are outlined in the following tables:

Cost structure

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Cost of goods sold	152	116	116	186
Operational costs	3 464	3 701	3 937	3 820
Financial costs	1	5	6	10
Corporate income tax	54	47	61	0
Income tax deferred	-7	-5	-3	20

The most important items of operational costs

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Material and energy	2 641	2 853	3 127	3 041
Services	204	262	244	228
Staff costs	473	486	480	456
Depreciation and amortization	18	22	25	32
End value of sold long-term assets	71			
Other operating expenses	57	78	61	63

3.4 INVESTMENTS

Capital Expenditure of the Company in 2016 reached the amount of 8 tsd Eur. This amount includes investments in long-term tangible in connection with the new place of the Company and intangible assets to improve an economical software.

3.5 LIQUIDITY, CASH POSITION OF THE COMPANY

General categories influencing cash position of the Company are listed in the following table, as well as calculated liquidity indicators (ratios).

Balance sheet times influencing liquidity ratios

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Financial assets	249	241	803	242
Short-term receivables	499	694	830	954
Long-term receivables	25	20	15	14
Stock	2 473	2 523	1 743	1 743
Accruals and prepayments	22	11	3	3
Short-term payables	291	696	665	274
Short-term reserves	20	27	24	21
Accruals and deferred income	0	0	0	0

Liquidity ratios

	2016	2015	2014	2013
IMMEDIATE LIQUIDITY RATIO			1,21	0,43
Financial assets/(Short-term payables+Short-term reserves+Current bank loans+Other short-term loans+Accruals and deferred income)	0,86	0,35		
CURRENT LIQUIDITY RATIO			2,46	1,23
(Financial assets+Short-term receivables)/(Short-term payables+Short-term reserves+Current bank loans+Other short-term loans+Accruals and deferred income)	2,57	1,34		
OVERALL LIQUIDITY RATIO			5,08	3,52
(Financial assets+Short-term receivables+Long-term receivables+Stock+Accruals and prepayments)/(Short-term payables+Short-term reserves+Current bank loans+Other short-term loans+Accruals and deferred income)	11,07	4,97		

3.6 HUMAN RESOURCES

In 2016 the Company employed 27 persons in average, in 2015 the Company employed 27 persons, in 2014 27 persons and 2012 26 persons on average.

Personnel expenses

	2016 (t-EUR)	2015 (t-EUR)	2014 (t-EUR)	2013 (t-EUR)
Wages+Salaries	341	347	344	324
Social security expenses	116	121	120	114
Social expenses	16	18	16	17
Personel expenses total	473	486	480	455

IV. DISTRIBUTION OF PROFIT 2016

Item	amount in t-EUR		
Retained earnings from previous years as at 31/12/2016	680		
Accumulated losses from previous years as at 31/12/2016	0		
Legal reserve fund as at 31/12/2016	186		
Reserve fund as at 31/12/2016	130		
Net profit for the accounting period 2016		152	
Contribution to legal reserve fund		15	
Transfer to cover accumulated losses from previous years		0	
Share of profits		23	
Transfer to other fund		6	
Transfer to Retained Earnings not distributed		108	
Retained earnings after distribution of profit of 2016			788
Accumulated losses after transferring the loss of 2016			0
Legal reserve fund after transferring the loss of 2016			201
Reserve fund after transferring the profit of 2016			130

V. FORECAST OF ACTIVITIES OF THE COMPANY IN 2017

The company expects introducing a serial production for some models and a change in FS-model series.

VI. CLOSING BALANCE – GENERAL DATA

Balance sheet, income statement verified by auditor, cash-flow statement and notes as well as statement of auditor are attached with this annual report.

In Malacky, on 23.3.2016

Ing. Roberto Vallani
Board of director

ENCLOSURES

- Report of auditor concerning the financial statements as at 31/12/2016
- Balance sheet as at 31/12/2016
- Income statement as at 31/12/2016
- Notes to financial statements as at 31/12/2016
- Cash flow statement as at 31/12/2016