



Annual Report

Teknia Uhersky Brod, a.s.

Rybářská 2330
688 01 Uherský Brod

2016

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I. Company Details

Company name: Teknia Uherský Brod, a.s.
Registered office: Rybářská 2330, 688 01 Uherský Brod
Identification No.: 49971034
Date of incorporation: 27th December 1993
Incorporated: in Trade Register at Regional Court in Brno under no. B.4526
Legal form: joint stock company

II. Registered Capital, Company Owners

Registered Capital: CZK 121,780, 000
Company Owners: TEKNIA MANUFACTURING GROUP, S.L. 100 % business share

III. Line of Business

Production of plastic parts for the automotive industry.

IV. History of the Company

The Company was founded in 1993 and produced shoemaking components and pressed pieces for the automotive industry.

The registered office has been in Rybářská street in Uherský Brod since 1997.

In 1999 the shoemaking component production stopped in the company. The key manufacturing programme remained the pressed pieces production mainly for automotive industry.

The company has been member of the international Teknia Group since the end of 2008. The Teknia Group has two main divisions: Teknia Automotive and Teknia R&D. Teknia Automotive is the production part of the group which is subdivided into plastic, metal working, metal pressing and pipe forming divisions. The Teknia Group has 20 production plants in Europe, Africa, South America and the NAFTA region.

Teknia Uherský Brod, a.s. is a significant pressing supplier for the automotive industry. Its biggest customers are the international companies producing parts for the automotive industry such as Autoliv, Continental, Robert Bosch, Faurecia, ZF TRW, Varroc, Adient, Yanfeng, Denso etc. Our main final costumers are Škoda, Volkswagen, Renault and Dacia.

Since 2012 the Company runs the second production plant in the industrial zone Kluka III in Nivnice.

V. Company Profile

Teknia Uherský Brod, a.s. develops, produces and supplies especially:

- dashboard parts,
- tank fuel pump parts,
- varnished interior parts,
- safety parts,
- head lamp parts.

It provides services especially such as:

- parts and sets design including calculations,
- tool design,
- tool production (contractually).

The company has modern technologies for surfacing and follow-up operations such as:

- varnishing,
- coating,
- preliminary surface treatment by fluoridisation,
- ultrasonic, vibratory and laser welding,
- tampoprint,
- hot riveting.

Teknia Uherský Brod, a.s. has introduced the ISO quality management system for all its activities.

VI. Company Bodies

Statutory director:

- Javier Lazpita Sarriugarte, born on 2/11/1960, Vizcaya, Uribarri a Erandiondo 3, 48950, Spain

Board of directors:

- Chairman - Javier Lazpita Sarriugarte, born on 2/11/1960, Vizcaya, Uribarri a Erandiondo 3, 48950, Spain
- Member - José María Sánchez Jiménez, born on 7/11/1961, Madrid, Castellana 128, Spain

Procurement:

- Lukáš Rajsígl, born on 9/4/1980, Babí Louka 2505, Uherský Brod

VII. Organisation Chart

The Accounting Unit had not any organisation unit abroad in 2016.



General manager

Production manager

Quality and environment management system manager

Financial manager

Sales manager

Technical manager

Material purchase manager

Human resources manager

Lukáš Rajsígl

Vlastislav Bartoš

Jaroslav Vojtek

Miroslava Slováková

Radim Dubec

Pavel Holek

none

Radka Hladišová

VIII. Economic Information

Basic Economic Information – development (in thousand CZK)

Year	2014	2015	2016
Equity	220 935	246 886	299 812
Total assets	506 949	514 004	565 518
Total revenues	580 232	689 289	698 489
Revenues from production	500 763	548 877	600 653
Profit/loss after tax	39 420	46 776	57 486
Employee number	226	245	270

IX. Conservation

The introduced waste system is kept working and is being improved in the production plant of Uherský Brod and Nivnice. Waste disposal is carried out by external companies having the appropriate valid waste disposal certificate. The waste was safely stored before it has been handed over to special companies. All kinds of waste are recorded. The supervisory environmental audit ISO 14001 was performed in the production plants of Uherský Brod and Nivnice in December. During the audit, no breach of standard or law was found out. Furthermore, there were ADR inspections carried out and according to the annual report we do meet all ADR requirements for dangerous waste transport.

X. Labour-Legal Relations

The Company had 275 full time employees as at 31.12.2016.

Training of Employees:

The Company spent CZK 595,000 on training in 2016, there were 116 training activities, thereof 5 trainings were realized within the POVEZ II subsidy project. The total subsidy amount within the de minimis training programme "Grant for Technical training of employees II" amounted to CZK103.000.

Staff turn-over rate:

In 2016 the staff turn-over rate was 0.71 % at direct employees, at indirect employees 0.51% and at white collar workers 0.00% (total average monthly staff turn-over rate 0.56 %).

Sickness rate:

The average sickness rate was 3.81% in 2016. At direct employees it was 6.48 % and at indirect employees 0.91% and at white collar workers 0.26%.

XI. Expected Development in 2017

Teknia Uherský Brod, a.s. plans to increase the revenues in 2017 by about 7% compared to 2015. In 2017 we expect direct deliveries of plastic parts for SUV models for Škoda Auto which the Company will produce with the machine of the closing force of 2,300 t and the start of the roof handle production with new technology GIT.

Because of the revised business strategy, the Company will promote the cooperation with existing costumers so that the targets can be met until 2020. It will be necessary to strengthen the personal preparation in all departments of the company so it would be able to support effectively and flexibly the expansion strategy of the whole Teknia Group.

XII. Material Subsequent Events in 2017 after the Balance Sheet Date

There were no material subsequent events after the balance sheet day having any impact on this Annual Report.


XIII. Report of Board of Directors on Business and Assets

The Company won new projects with the volume of CZK 270 million in 2016. The most projects will be prepared for lot production in 2017 or partly in 2018. One of the most important new orders is for example the production of dashboard components for new costumers as Robert Bosch or Denso. We expect that the revenues will be growing in 2017 as our costumers plan to increase the volumes.

In 2016 the Company purchased a new injection moulding machine with closing force of 300 t and two new injection moulding machines with closing force of 500 t for new projects and to be able to increase the existing capacity.

Place: Uherský Brod

Date: 6th March 2017



Javier Lazpiña Sarriugarte
Statutory director

**REPORT ON RELATIONS BETWEEN RELATED PARTIES
OF
Teknia Uhersky Brod, a.s.
(for the Year Ended at 31st December 2016)**

The board of directors of Teknia Uhersky Brod, a.s. prepared in accordance with section 82 Corporation Act No. 90/2012 Sb. the Related Party Transactions Report for the accounting period from 1st January 2016 to 31st December 2016 (hereinafter referred to as "Accounting Period").

1. Related Parties to Teknia Uhersky Brod, a.s.

1.1. Companies Controlling Teknia Uhersky Brod, a.s.

Complete Overview of Companies Controlling Teknia Uhersky Brod, a.s.:

Company name	Registered office	Total capital interest as at 1.1.2016	Changes in Accounting Period			Total capital interest as at 31.12. 2016
			Own capital interests	Consonant actions	Other (share right exercise agreements)	
Teknia Manufacturing Group, S.L.U.	Elorrio, ES	100 %	-	-	-	100 %

Teknia Manufacturing Group, S.L.U. has 100 % votes in Teknia Uhersky Brod, a.s. as at 31st December 2016. It is the controlling company pursuant to section 74 Corporation Act No. 90/2012 Sb. and Teknia Uhersky Brod, a.s. is a company controlled by it.

1.2. Other Companies Related to Teknia Uhersky Brod, a.s.

The controlling company of Teknia Uhersky Brod, a.s., - Teknia Manufacturing Group, S.L.U. has the following shares or business shares in other companies:

Company name	Total participation as at 31.12.2016
Teknia Polska Sp. Z O.O	100 %
Teknia Germany GmbH	100 %
Teknia Elorrio, S.L.U.	100 %
Teknia Pedrola, S.L.U.	100 %
Teknia Epila, S.L.U.	100 %
Teknia Bilbao XXI, S.L.U.	100 %
Teknia Barcelona, S.L.U.	100 %
Teknia Montmeló, S.L.U.	100 %
Teknia Azuqueca, S.L.U.	100 %
Teknia Martos, S.L.U.	100 %
Componentes de Automoción Marroquíes, SARL	99.99 %
Teknia R&D, S.L.U.	100 %
Teknia Automotive Mexico, S.A. de C.V.	97.09 %
Teknia Manresa, S.L.U.	100 %
Teknia Brasil, S.A.	99.99 %
Teknia USA Inc.	100 %
TEKNIA KG DOO KRAGUJEVAC	90.63 %
SAMCO, S.A. de C.V	100 %

Teknia Polska Spółka Z.O.O has the following shares or business shares in other companies:

Company name	Total participation as at 31.12.2016
Teknia Kalisz Sp. Z O. O	100 %
Teknia Rzeszów Sp. Z O.O.	100 %

Společnost Teknia USA INC. has the following shares or business shares in other companies:


Company name	Total participation as at 31.12.2016
Teknia Nashville, LLC	100 %

2. Agreements/Contracts Concluded among Related Parties in the Accounting Period

2.1. Agreements/Contracts Concluded between Teknia Uhersky Brod, a.s. and Teknia Manufacturing Group, S.L.

On 1st January 2011 the companies concluded an agreement on the keeping of a joint credit account up to EUR 2,000,000 with maturity within five years after the date of execution with the possibility of an automatic extension by one year unless any of the contracting parties notices the agreement three months before the expiration of the particular contracting period at least.

On 1st February 2012 the companies concluded the Agreement on ERP System Preparation and Implementation within the Teknia Group. The Agreement has maturity until the ERP system is implemented and put into operation in each company of the Teknia Group the Agreement is relevant to.

On 2nd January 2014 the companies concluded the Licence Agreement of  trade mark with maturity within five years after the date of execution with the possibility of an automatic extension by one year unless any of the contracting parties notices the agreement three months before the expiration of the particular contracting period at least.

On 15th December 2014 the companies concluded an Agreement on the provision with management and financial, accounting, legal services and HR, material management assistance, IT support and sales-technical assistance. The Agreement came into force on 1st January 2014 and is concluded for five years after the date of execution with the possibility of an automatic extension by one year unless any of the contracting parties notices the agreement three months before the expiration of the particular contracting period at least. This Agreement replaces the agreement of 1st January 2011.

2.2. Agreements/Contracts Concluded between Teknia Uhersky Brod, a.s. and Teknia Azuqueca, S.L.U.

On 1st January 2011 the companies concluded an agreement on the provision with management services for the division plastic production of the Teknia Group in the field of the management of technical production preparation, quality management and business activity management. The agreement is concluded for five years after the date of execution with the possibility of an automatic extension by one year unless any of the contracting parties notices the agreement three months before the expiration of the particular contracting period at least.

2.3. Agreements/Contracts Concluded between Teknia Uhersky Brod, a.s. and Teknia Martos, S.L.U.

On 2nd January 2012 the companies concluded an agreement on the provision with management services for the division plastic production of the Teknia Group in the field of the material management. The agreement is concluded for four years after the date of execution with the possibility of an automatic extension by one year unless any of the contracting parties notices the agreement three months before the expiration of the particular contracting period at least.

2.4. Agreements/Contracts Concluded between Teknia Uhersky Brod, a.s. and Teknia R&D, S.L.U.

On 1st June 2013 the Companies concluded the Agreement on energy consultancy and energy audit. The agreement is concluded for three years after the date of execution with the possibility of an automatic extension by other next three years unless any of the contracting parties notices the agreement in writing three months before the expiration of the particular contracting period at least.

2.5. *Agreements/Contracts Concluded between TEKNIA Rzeszów S.A and Teknia Uhersky Brod, a.s.*

On 1st July 2014 the Companies concluded an agreement on the provision with management services for the division plastic production of the Teknia Group. The agreement is concluded for five years after the date of execution with the possibility of an automatic extension by one year unless any of the contracting parties notices the agreement three months before the expiration of the particular contracting period at least.

2.6 *Agreement / Contract Concluded between Teknia Uhersky Brod, a.s. and Teknia KG d.o.o.*

The Companies concluded on 27th October 2015 an agreement on pressing mould hire exclusively for Teknia Uhersky Brod, a.s.. The agreement is concluded for the period of the product manufacture or until the last order of the products by Teknia Uhersky Brod, a.s..

The Companies concluded on 27th October 2015 general agreement on delivery of products produced with the hired mould, too. The agreement is concluded for unlimited period with a 3-month-period of notice.

3. Other Legal Acts in the Interest or on Initiative of Related Parties

During the reported Accounting Period services, material, goods and property were purchased from related companies within the current business activity connected with the line of business of the controlled and in other way related company. The controlling influence of the controlling company had no impact on financial position of the controlled company which would exceed the current business activity run with diligent care. Deliveries realized during the reported period would realize every company acting with diligent care even if it was not a concern member. The details concerning the sort and number of deliveries result from the accounts of the controlled company. Dividends for the previous accounting period were distributed to the controlling company during the reported Accounting Period.

On 12th November 2015, on initiative of the parent company Teknia Manufacturing Group, S.L.U., the statutory director of Teknia Uhersky Brod, a.s. delegated full powers to the representative of the parent company to provide a guarantee to the maximal amount of EUR 40,000,000 concerning the bond issue. In 2016 the Teknia Manufacturing Group, S.L.U. issued it partly to the amount of EUR 20,000,000.

4. Measures of Teknia Uhersky Brod, a.s. Taken in Interest or on Impulse of Related Parties

Teknia Uhersky Brod, a.s. did not take any measures in interest of the related companies.

5. Other Legal Acts taken by Teknia Uhersky Brod, a.s. in Interest of Related Parties in the Accounting Period

There are no legal acts made between related companies or in interest or on impulse of related parties which could possibly harm the Company.

6. Final Declaration of the Statutory Director of Teknia Uhersky Brod, a.s.

We declare hereby that we stated in the Related Party Transactions Report of Teknia Uhersky Brod, a.s. prepared pursuant to section 82 Corporation Act No. 90/2012 Sb. for the accounting period from 1st January 2016 to 31st December 2016 all in the Accounting Period concluded or realized and at the date of preparation of the Report as known:

- Agreements and contracts between related parties,
- fulfilments and considerations provided to related parties,
- other legal acts made in interest of these parties,
- all measures taken in interest or on initiative of these parties.

We declare hereby that we are not aware of the fact that any financial or property harm would arise to the controlled company Teknia Uhersky Brod, a.s. from the agreements / contracts or measures due to relation to the controlling company.

The Report is to be filed pursuant to section 21a Accounting Act No. 563/1991 Sb. in document collection at register court and is to be enclosed to the Annual Report prepared pursuant to special legal regulation regulating the accountancy.

The undersigned person countersigns that the Report was prepared properly and all data he had at disposal for the whole reported Accounting Period were taken into account.

Place: Uherský Brod
Dated: 6th March 2017


.....
Javier Lazpita Sarriugarte
Statutory director of
Teknia Uhersky Brod, a.s.

BALANCE SHEET

as at **31.12.2016**

in thousands CZK

ID no. **4 9 9 7 1 0 3 4**

Seal

Business name

Teknia Uherský Brod,

a.s.

Registered office

Rybářská 2330

Uherský Brod

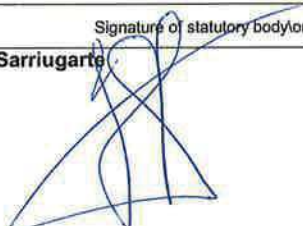
688 01

Ident.	ASSETS	Current accounting period			Previous account. period
		Gross	Adjustments	Net	Netto
	TOTAL ASSETS	867 353	-301 835	565 518	514 004
B.	Fixed assets	603 254	-298 713	304 541	286 181
B.I.	Intangible assets	18 598	-11 051	7 547	5 000
B.I.2.	Valuable rights (patents, copyrights, trademarks and brands)	13 859	-10 891	2 968	850
B.I.2.1.	Software	13 778	-10 810	2 968	850
B.I.2.2.	Other valuable rights	81	-81	0	0
B.I.4.	Other intangibles	160	-160	0	0
B.I.5.	Advances for intangible assets	4 579	0	4 579	4 150
B.I.5.2.	Intangible assets under construction	4 579	0	4 579	4 150
B.II.	Tangible fixed assets	584 656	-287 662	296 994	281 181
B.II.1.	Land and Buildings	212 883	-46 987	165 896	170 194
B.II.1.1.	Land	16 238	0	16 238	14 382
B.II.1.2.	Buildings and structures	196 645	-46 987	149 658	155 812
B.II.2.	Machinery, equipment, vehicles, fixtures and fittings	365 822	-240 675	125 147	81 846
B.II.5.	Advances for tangible fixed assets	5 951	0	5 951	29 141
B.II.5.1.	Advances for tangible fixed assets	437	0	437	0
B.II.5.2.	Tangible fixed assets under construction	5 514	0	5 514	29 141
C.	CURRENT ASSETS	248 562	-3 122	245 440	211 320
C.I.	Inventories	88 712	-2 772	85 940	69 576
C.I.1.	Raw material	25 005	-1 436	23 569	25 002
C.I.2.	Work-in-progress and semi-finished products	5 320	-564	4 756	5 276
C.I.3.	Finished products and goods	27 694	-772	26 922	28 120
C.I.3.1.	Finished products	9 197	-772	8 425	6 977
C.I.3.2.	Goods	18 497	0	18 497	21 143
C.I.5.	Prepayments on inventories	30 693	0	30 693	11 178
C.II.	Receivables	132 565	-350	132 215	121 240
C.II.2.	Short-term receivables	132 565	-350	132 215	121 240
C.II.2.1.	Trade receivables	103 709	-350	103 359	113 490
C.II.2.2.	Receivables from controlling entities	27 031	0	27 031	4 559
C.II.2.4.	Other Receivables	1 825		1 825	3 191
C.II.2.4.3	Government - tax receivables	1 470		1 470	1 585
C.II.2.4.4	Short-term advances	218		218	364
C.II.2.4.5	Estimated accrued revenues	0		0	1 242
C.II.2.4.6	Other receivables	137		137	
C.IV.	Cash and bank accounts	27 285		27 285	20 504
C.IV.1.	Cash	76		76	102

For identification
purposes only
Moore Stephens, s.r.o.
Audit License No. 462

Ident.	ASSETS	Current accounting period			Previous account. period
		Gross	Adjustments	Net	Netto
C.IV.2.	Bank accounts	27 209		27 209	20 402
D.	Prepayments and accrued income	15 537		15 537	16 503
D.1.	Prepaid expenses	15 537		15 537	16 503

Ident.	LIABILITIES	Current accounting period	Previous account. period
		Net	Netto
	TOTAL LIABILITIES AND EQUITY	565 518	514 004
A.	Equity	299 812	246 886
A.I.	Subscribed capital	121 780	121 780
A.I.1.	Subscribed capital	121 780	121 780
A.III.	Revenue reserves	9 197	9 197
A.III.1.	Other reserve fund	9 197	9 197
A.IV.	Retained earnings	111 349	69 133
A.IV.1.	Retained earnings of previous years	111 349	69 133
A.V.	Profit / loss of current accounting period	57 486	46 776
B.+C.	Liabilities	256 372	248 646
B.	Provisions	6 154	7 639
B.2.	Provision for income tax	2 334	4 399
B.4.	Others provisions	3 820	3 240
C.	Payables	250 218	241 007
C.I.	Long-term liabilities	66 705	76 953
C.I.2.	Payables to banks	55 559	61 331
C.I.8.	Deferred tax liabilities	10 555	9 760
C.I.9.	Other payables	591	5 862
C.I.9.3.	Other payables	591	5 862
C.II.	SHORT-TERM LIABILITIES	183 513	164 054
C.II.2.	Payables to banks	29 787	20 363
C.II.3.	Short-term advances received	29 247	8 744
C.II.4.	Trade payables	99 454	108 305
C.II.8.	Other payables	25 025	26 642
C.II.8.3.	Payables to employees	6 056	5 531
C.II.8.4.	Payables to social security and health insurance	3 386	3 047
C.II.8.5.	Government - tax payables and subsidies	841	703
C.II.8.6.	Estimated accrued items	9 476	12 180
C.II.8.7.	Other payables	5 266	5 181
D.	Accruals and deferred income	9 334	18 472
D.2.	Deferred income	9 334	18 472

Date of compilat 6.3.2017	Signature of statutory body or natural person Javier Lazpita Sarriugarte 
Legal form akciová společnost	
Entrepreneurial activity production of plastic parts for the automotive industry	
Comment:	

PROFIT AND LOSS STATEMENT



asat. **31.12.2016**

From **1.1.2016** To: **31.12.2016**

in thousands CZK

ID no. **4 9 9 7 1 0 3 4**

Business name

Teknia Uherský Brod,

a.s.

Registered office

Rybářská 2330

Uherský Brod

688 01

Ident.	PROFIT AND LOSS STATEMENT	Values in accounting period	
		Current accounting period	Previous account. period
I.	Sales of goods and services	600 653	548 877
II.	Sales of goods	63 932	100 680
A.	Consumption from production	455 428	463 533
A.1.	Costs of goods sold	48 536	82 921
A.2.	Consumption of material and energy	324 724	297 313
A.3.	Services	82 168	83 299
B.	Increase/decrease in finished goods and in work in progress	-563	4 340
C.	Own work capitalized	-59	
D.	Staff costs	121 270	103 721
D.1.	Wages and salaries	89 562	76 685
D.2.	Social security and health insurance costs and other costs	31 708	27 036
D.2.1.	Social security and health insurance costs	29 574	25 246
D.2.2.	Other social costs	2 134	1 790
E.	Adjustment of values in operating activities	28 458	23 909
E.1.	Adjustment of values of intangible and tangible assets	30 184	24 214
E.1.1.	Adjustment of values of intangible and tangible assets - permanent	30 749	25 045
E.1.2.	Adjustment of values of intangible and tangible assets - temporary	-565	-831
E.2.	Adjustment of values of inventories	-487	-859
E.3.	Adjustment of values of receivables	-1 241	554
III.	Other operating income	32 053	33 859
III.1.	Proceeds on sale of fixed assets	3	51
III.2.	Proceeds on sale of material	20 407	26 386
III.3.	Other operating income	11 643	7 422
F.	Other operating expenses	22 253	28 158
F.1.	Net book value of fixed assets sold		121
F.2.	Net book value of material sold	17 952	23 449
F.3.	Taxes and fees relating to operating activities	241	240
F.4.	Provisions and adjustments relating to operating activities and complex deferred expenses	579	1 293
F.5.	Other operating expenses	3 481	3 055
*	Profit/loss from operating activities	69 853	59 755
VI.	Interest income and similar income	43	468
VI.1.	Interest income and similar income in subsidiaries	43	468
J.	Interest expense and similar expenses	1 301	1 469
J.2.	Other interest expense and similar expenses	1 301	1 469
VII.	Other financial revenues	1 808	9 745
K.	Other financial expenses	2 697	7 503
*	Profit/loss from financial activities	-2 147	1 241

Ident.	PROFIT AND LOSS STATEMENT	Values in accounting period	
		Current accounting period	Previous account. period
**	Profit/loss before tax	67 706	60 996
L.	income tax	10 220	14 220
L.1.	- Due	9 425	8 900
L.2.	- Deferred	795	5 320
**	Profit/loss after tax	57 486	46 776
***	Profit/loss for the period	57 486	46 776
*	Netto turnover for the period	698 489	693 629

Date of compilat 6.3.2017	Signature of statutory body/or natural person
Legal form sklcová společnost	Javier Lazpita Sarriugarte
Entrepreneurial activity production of plastic parts for the automotive industry	
Comment:	

CASH FLOW STATEMENTS

Business name

Teknia Uherský Brod,

a.s.

Registered office

Rybářská 2330

Uherský Brod

688 01

as at **31.12.2016**

From: **1.1.2016** To: **31.12.2016**

in thousands CZK

ID no. **4 9 9 7 1 0 3 4**

Seal

Ident.	CASH FLOW STATEMENTS	Values in accounting period	
		Current accounting period	Previous account. period
P.	Cash and cash equivalents at beginning of accounting period	20 504	11 339
Cash flow from ordinary activities			
Z.	Profit/loss before taxation	67 706	60 996
A.1.	Adjustments for non-cash transactions	30 910	28 372
A.1.1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition (+/-)).	30 749	25 045
A.1.2.	Change in adjustments, provisions	-1 714	157
A.1.3.	Profit/loss on disposal of fixed assets	-3	70
A.1.5.	Net interest expense (+) (except of capitalized interest) and interest income (-)	1 258	1 001
A.1.6.	Adjustments for other non-cash movements	620	99
A*	Net cash flow from operating activities before tax and changes in working capital	98 616	87 368
A.2.	Change in non-financial items of working capital	-6 547	-500
A.2.1.	Increase/decrease in trade and other receivables, including prepayments and accrued income (+/-)	13 704	-21 596
A.2.2.	Increase/decrease in trade payables, including accruals and deferred income (+/-)	-4 374	-7 233
A.2.3.	Increase/decrease in inventories	-15 877	28 329
A**	Net cash flow from operating activities before taxes	92 069	86 868
A.3.	Interest paid, excl. capitalized interests	-1 301	-1 469
A.4.	Interest received (+)	43	468
A.5.	Income tax on ordinary activities paid and additional assessments for past periods (including deposits and refunds) (-)	-11 489	-8 080
A***	Net cash flow from operating activities	79 322	77 787
Cash flow from investment activities			
B.1.	Costs associated with acquisition of fixed assets	-49 165	-45 200
B.2.	Proceeds on sales of fixed assets	3	51
B.3.	Loans and credits to related persons	-22 472	16 348
B***	Net cash flow from investing activities	-71 634	-28 801
Cash flow from financial activities			
C.1.	Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	3 652	-18 996

Ident.	CASH FLOW STATEMENTS	Values in accounting period	
		Current accounting period	Previous account. period
C.2.	Net effect of changes in equity on cash and cash equivalents, share profits or possibly legal reserve including advances paid for this increase (+)	-4 559	-20 825
C.2.6.	Dividends paid and profit shares including withholding tax paid relating to these demands and including settlement with partners in partnership and general partners in limited partnerships	-4 559	-20 825
C***	Net cash from financing activities	-907	-39 821
F.	Net Increase/decrease in cash and cash equivalents	6 781	9 165
R.	Cash and cash equivalents at end of period	27 285	20 504

Date of complat 0.3.2017	Signature of statutory body or natural person Javier Lazpita Sarriugarte 
Legal form sklebové společnost	
Entrepreneurial activity production of plastic parts for the automotive industry	
Comment:	

CHANGES IN SHAREHOLDERS EQUITY

Business name

Teknia Uherský Brod,

a.s.

Registered office

Rybářská 2330

Uherský Brod

688 01

asat... **3 1 . 1 2 . 2 0 1 6**

From: **1.1.2016** To: **31.12.2016**

in thousands CZK

ID no. **4 9 9 7 1 0 3 4**

Seal

Ident.	CHANGES IN SHAREHOLDERS EQUITY	Values in accounting period	
		Current accounting period	Previous account. period
A. Subscribed capital in Companies register entered (411, 491)			
A.1.	Opening balance	121 780	121 780
A.4.	Closing balance	121 780	121 780
C. Subscribed capital (A. +/- B).with account (-)252			
C.1.	Opening balance A. +/- B.	121 780	121 780
C.6.	Closing balance A. +/- B. incl. (252)	121 780	121 780
G. Legal reserves (421, 422)			
G.1.	Opening balance	9 197	9 197
G.4.	Closing balance	9 197	9 197
I. Credit from account periods (428 + credit 431)			
I.1.	Opening balance	69 133	50 538
I.2.	Increase	46 776	39 420
I.3.	Decrease	4 560	20 825
I.4.	Closing balance	111 349	69 133
L. Profit/loss for the period after tax			
L.1.	Opening balance	46 776	39 420
L.2.	Increase	57 486	46 776
L.3.	Decrease	46 776	39 420
L.4.	Closing balance	57 486	46 776
Equity in total (summation C to M)			
X.1.	Opening balance	246 886	220 935
X.2.	Increase	104 262	86 196
X.3.	Decrease	51 336	60 245
X.4.	Closing balance	299 812	246 886

Date of compilat 6.3.2017	Signature of statutory body/natural person Javier Lazpita Sarriugarte 
Legal form akciová společnost	
Entrepreneurial activity production of plastic parts for the automotive industry	
Comment:	

For the year ended at 31 December 2016
(in thousands CZK)

In the Notes only information important for the assessment of the financial and property positions of the company from the view of external users is stated.

1. Company Details and Main Business Activity

Establishment and Company Details

Teknia Uhersky Brod, a.s. (Company) was incorporated on 27 December 1993.

Scope of business activity:

- Production of plastic parts for automotive

Owners of the Company

The sole shareholder of the Company as at 31 December 2016 is:

TEKNIA MANUFACTURING GROUP, S.L.	100.0%
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Registered office

Teknia Uhersky Brod, a.s.
Rybářská 2330
Uherský Brod, post code 688 01
Czech Republic

Identification number

499 71 034

Statutory director and members of the board of directors at 31 December 2016

Statutory director

Javier Lazpita Sarriugarte

Members of the Board of Directors

Javier Lazpita Sarriugarte, chairman

José María Sánchez Jiménez, member

The statutory director represents the Company in all matters. The statutory director acts on behalf of the Company alone.

For the year ended at 31 December 2016
(in thousands CZK)

Procuration as at 31 December 2016

Lukáš Rajsígl

The proxy acts on behalf of the Company alone.

Name and registered office of the unit preparing the consolidated financial statements

TEKNIA MANUFACTURING GROUP, S.L., 48230 Elorrio, Barrio San Agustin 3,
Spain

The consolidated financial statements are available on
<http://www.tekniagroup.com/investor/financial-report>

2. Significant Accounting Methods Applied by the Company

The books are kept in accordance with the particular provisions of the Accounting Act No. 563/1991 Coll. as amended and regulation No. 500/2002 Coll. as amended.

The Company applies fully the general accounting principles and methods.

The Financial Statements has been prepared under the going concern assumption.

The Company prepared financial statements in accordance with Czech Accounting Standard no. 24 - comparable period for the accounting period commencing in 2016.

(a) Tangible and Intangible Fixed Assets

Tangible fixed assets are considered to be tangible fixed assets over 40 thousand CZK, intangible fixed assets are over 60 thousand CZK. Low value intangible assets are intangible assets up to 60 thousand CZK with useful life over 1 year. The accounting unit specified low value tangible fixed assets with the value of 20 thousand CZK to 40 thousand CZK. These low value tangible fixed assets are kept on a special analytical account 750 and are expensed in the year they were purchased. Other low value tangible assets up to 20 thousand CZK are not reported in the balance sheet and are expensed in the year they were purchased.

Depreciation methods and depreciation period according to fixed assets groups:

Fixed assets	Method	Period of depreciation
Buildings and constructions	straight line	20 or 30 years
Fence, water, sewer system and gas connection, cabling, material container, air conditioning, central transport, drying, cooling	straight line	15 years
Machinery, cars	straight line	5, 6 or 8 years
Computers and computer units, notebooks and servers	straight line	4 years
Software	straight line	6 years
Patents and other intangible assets	straight line	5 years

For the year ended at 31 December 2016
(in thousands CZK)

(b) Inventory

Direct and auxiliary material is stated at standard costs. Related costs and price differences are recorded on a special analytical account and expensed proportionate to the volume of inventory decrease.

Recycled direct material is stated at standard costs as purchased material as it has in case of its processing the same value for the accounting unit.

Indirect material is stated at standard costs using the FIFO method, i.e. the first value for the inventory additions is used as the first value for the inventory usage.

Finished products and semi-finished products are stated at own production costs.

Work - in progress is stated at direct material cost and direct wages cost.

The goods are stated at purchase price using the FIFO method.

(c) Allowances to assets and Provisions

Allowance to doubtful debts

The company creates provisions to doubtful debts based on financial credibility of its customers and the aging structure of the receivables. 100 % accounting provisions are created to unpaid receivables overdue more than 6 months. 50 - 100% accounting provisions are made to unpaid receivables overdue 1 - 180 days with respect to known circumstances existing at the date of the preparation of the Financial Statements. Besides the due date the individual risks in the case of particular debtors are taken into account.

Inventory provisions

The Company creates inventory provisions to the amount of predictable risks and possible losses which are known as at the date of preparation of the Financial Statements.

The Company creates provisions to recycled material amounting to 50 % of its balance value, provisions to the slow -moving material amounting to 50 % to 100 % of its balance value and further 50 % to 100 % provisions to material which the Company cannot utilize at the moment.

The Company creates provisions to finished products that were subject to claims or represented defect products as at the inventory count or defective work. Provisions are made to inventories when the valuation used in the accounting is temporarily exceeding the selling price of the inventory. 50 % to 100 % provisions were made for slow- moving inventories.

The Company creates 20 % to 100 % provisions to semi - finished products that were assessed as slow -moving or not moving and for semi-products represented as defective work.

For the year ended at 31 December 2016
(in thousands CZK)

Provisions

Provisions are made to pay future risks and expenses with known purpose, which are probable to occur, nevertheless their amount is not sure or the date they will be drawn is not sure. The Company made especially provisions for complaints, incidental costs connected with sold moulds, severance payments, untaken holiday, for social and health insurance connected with management remuneration. The provision for untaken holiday is made based on the analysis of untaken holiday for the accounting period as at the date of balance and average wage costs including the social and health insurance cost for the particular employees.

(d) Conversion of Foreign Currencies

The Company applies for translation of petty cash, bank accounts, receivables and payables denominated in foreign currency daily foreign exchange rate of the Czech National Bank.

Business trips abroad are posted pursuant to provisions of the Czech Labour Code.

Assets and liabilities denominated in foreign currencies as at the balance sheet date are translated using the official exchange rate of the Czech National Bank as at the balance sheet date. Unrealised foreign exchange gains and losses are recognized in the profit and loss.

(e) Leased assets

Regular lease payments are expensed on a straight line basis over the lease term. After the end of the lease term and exercise of the option to purchase the leased asset is capitalised at its purchase price.

(f) Income Tax

The income tax for the tax period consists of due tax and the change in deferred tax.

The due tax represents an estimate of income tax calculated from the tax base using the tax rate valid on the first day of the tax period and all additional tax payments and returns from previous tax periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses), multiplied by the tax rate expected to be valid in the future periods.

A deferred tax asset is recognized only if it is probable that it will be utilized in future accounting periods.

(g) Classification of Payables

The Company classifies the part of the long term payables, bank and other loans with maturity period shorter than one year from the balance date, as short-term.

For the year ended at 31 December 2016
(in thousands CZK)

3. Change in Accounting Methods and Principles

In 2016 there were no changes in accounting methods and principles.

4. Tangible and Intangible Fixed Assets

(a) Intangible Fixed Assets

	Valuable rights	Software	Other low value IFA	Low value IFA under construction	Total
Purchase price					
Balance as at 1. 1. 2016	81	11 372	160	4 150	15 763
Additions	--	2 343	--	692	3 035
Disposals	--	-200	--	--	-200
Transfers	--	263	--	-263	--
Balance as at 31. 12. 2016	81	13 778	160	4 579	18 598
Accumulated depreciation					
Balance as at 1. 1. 2016	81	10 522	160	--	10 763
Depreciations	--	488	--	--	488
Disposals	--	-200	--	--	-200
Transfers	--	--	--	--	--
Balance as at 31. 12. 2016	81	10 810	160	--	11 051
Net book value as at 1. 1. 2016	0	850	0	4 150	5 000
Net book value as at 31. 12. 2016	0	2 968	0	4 579	7 547

For the year ended at 31 December 2016
(in thousands CZK)

b) **Tangible Fixed Assets**

	Land	Buildings	Machinery and equipment	Fixed assets under construction	Payments	Total
Purchase price						
Balance as at 1. 1. 2016	14 382	195 154	303 318	29 706	--	542 560
Additions	1 856	1 364	36 958	5 514	437	46 129
Disposals	--	--	-3 412	-621	--	-4 033
Transfers	--	127	28 958	-29 085	--	--
Balance as at 31. 12. 2016	16 238	196 645	365 822	5 514	437	584 656
Accumulated amortizations						
Balance as at 1. 1. 2016	--	39 342	221 472	--	--	260 814
Depreciation	--	7 645	22 615	--	--	30 260
Disposals	--	--	-3 412	--	--	-3 412
Transfers	--	--	--	--	--	--
Balance as at 31. 12. 2016	--	46 987	240 675	--	--	287 662
Adjustments						
Balance as at 1. 1. 2016	--	--	--	565	--	565
Change in adjustments	--	--	--	-565	--	-565
Balance as at 31. 12. 2016	--	--	--	--	--	--
Net book value as at 1. 1. 2016	14 382	155 812	81 846	29 141	--	281 181
Net book value as at 31. 12. 2016	16 238	149 658	125 147	5 514	437	296 994

Fixed assets pledged by right of lien are stated under point 13.

5. Inventory

The Company created adjustment provision to inventory:

	Balance as at 1.1.2016	Change compared to previous year	Balance as at 31.12.2016
Material	1 536	-100	1 436
Semi-finished products	1 000	-436	564
Products	723	49	772
Total	3 259	-487	2 772

6. Trade Receivables and Trade Payables

	Balance as at 1.1.2016	Change compared to previous year	Balance as at 31.12.2016	Provisions as at 31.12.2016
Short-term receivables	115 081	-11 372	103 709	350
Long-term receivables	--	--	--	--
Short-term payables	108 305	-8 851	99 454	--
Long-term payables	--	--	--	--

For the year ended at 31 December 2016
(in thousands CZK)

The Company does not show any receivables as at 31.12.2016 with maturity over 5 years as at the balance sheet date.

The Company does not show any receivables as at 31.12.2016 covered by any physical securities.

7. Changes in Equity

Changes in equity are showed in the separate statement.

Proposal for distribution of the current year's (2016) profit:

- 1) payment of dividends,
- 2) the remaining amount will be kept in the Company.

8. Provisions

	Provision for corporate income tax	Provision for untaken holiday	Provision for SHI of management rewards	Provision for complaints	Provision for additional costs for moulds	Total
Balance as at 1. 1. 2016	4 399	2 463	410	367	--	7 639
Change	- 2 065	-209	194	-179	774	-1 485
Balance as at 31. 12. 2016	2 334	2 254	604	188	774	6 154

9. Bank Credits

		Balance as at	
Type of security		31.12.2016	31.12.2015
Investment credit KB	assets + blank bill	28 755	35 279
Investment credit KB	assets + blank bill	32 565	36 916
Multipurpose credit UniCredit Bank	receivables + blank bill	14 224	8 418
Purpose credit UniCredit Bank	receivables + blank bill	--	1 081
Investment credit KB	blank bill	9 802	--
Total		85 346	81 694

For the year ended at 31 December 2016
(in thousands CZK)

10. Other liabilities

	Balance of the liability	
	31.12.2016	31.12.2015
Purpose credit UniCredit Leasing CZ	1 243	2 373
Purpose credit UniCredit Leasing CZ	2 512	4 795
Purpose credit UniCredit Leasing CZ	2 102	3 875
Total	5 857	11 043

All these purpose credits are secured by the right of lien for the financed subject.

11. Accruals

Accruals are deferred revenues of services related to delivery of goods, which are continuously billed proportionate to the stage of completion.

12. Revenues

The Company produces die-castings mainly and sells services and goods. The sales were in 2016 and 2015 as follows:

	Year	Domestic sales	Sales export	Total
Products	2016	168 990	419 656	588 646
	2015	143 104	392 133	535 217
Services	2016	2 256	9 751	12 007
	2015	5 020	8 640	13 660
Goods	2016	18 395	45 537	63 932
	2015	51 415	49 265	100 680
Total	2016	189 641	474 944	664 585
	2015	199 539	450 018	649 557

Abroad realized revenues involve third countries too, it means countries outside the European Union. Revenues – third countries made 5.42 % (CZK 36 037 thousand) in 2016 of total abroad sales, in 2015 3.54% (CZK 22 990 thousand).

For the year ended at 31 December 2016
(in thousands CZK)

13. Related Parties

(a) Trade Receivables and Payables

The trade receivables and payables described under point 8 comprise of the following balances of accounts concerning the related parties.

	Receivables as at 31. 12.		Payables as at 31. 12.	
	2016	2015	2016	2015
TEKNIA MANUFACTURING GROUP, S.L.U.	1 179	--	--	560
TEKNIA AZUQUECA S.L.U.	--	--	84	132
TEKNIA R&D S.L.U.	9	--	1 725	--
TEKNIA EPILA S.L.U.	--	--	246	--
TEKNIA KALISZ SP. Z O.O.	423	184	--	1
TEKNIA RZESZOW S.A.	136	73	--	--
Total	1 747	257	2 055	693

(b) Receivables from group undertakings and associated companies

Receivables from group undertakings in 2016 are represented by a credit granted to the parent company, TEKNI A MANUFACTURING GROUP, S.L., amounting to CZK 27,031 thousand.

In 2015 amounting to CZK 4,559 thousand.

(c) Payables to group undertakings and associated companies

There are no other payables to group undertakings and associated companies as at 31.12.2016.

(d) Factual Concern

Controlling agreement or profit transfer agreement were not concluded. The relations between related parties are described in the report of statutory body of the Company on relations between the related parties. The Report on mutual relations is part of the annual report.

For the year ended at 31 December 2016
(in thousands CZK)

14. Employees and Senior Managers

Average number of employees and senior managers and wage costs for:

	2016	2015
Employees	268	242
Senior managers	7	7
Total	275	249

Rewards for members of Statutory Body and for Board of Directors were not paid in 2016. The top managers may use cars for private purposes as well.

15. Income Tax

(a) Tax Due

The Company realized a profit before tax of CZK 67,706 thousand in 2016.

The Company made provision for tax due amounting to CZK 9,558 thousand in 2016. The provision was reduced due to tax deposits amounting to CZK 7,224 thousand paid in the course of 2016.

(b) Deferred Tax

Deferred tax

	Receivables		Payables		Difference	
	2016	2015	2016	2015	2016	2015
Tangible fixed assets	--	108	11 874	11 405	-577	-5 507
Intangible fixed assets	--	--	--	--	--	--
Financial assets	--	--	--	--	--	--
Receivables	66	302	--	--	-236	105
Inventory	527	619	--	--	-92	-163
Provisions	726	616	--	--	110	246
Tax losses	--	--	--	--	--	--
Revaluation of assets and liabilities accounted made counter equity	--	--	--	--	--	--
Other temporal differences	--	--	--	--	--	--
Deferred tax	1 319	1 645	11 874	11 405	-795	-5 319

In accordance with accounting policy stated under 2(f) the Company calculated the deferred tax payable of CZK 10,555 thousand. For the calculation of the deferred tax the tax rate of 19 % was applied. The Company calculated the deferred tax payable of CZK 9,760 thousand in 2015. For the calculation of the deferred tax the tax rate of 19 % was applied.

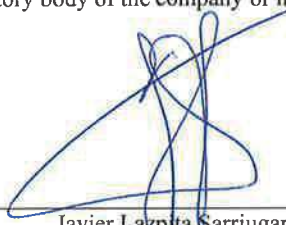
For the year ended at 31 December 2016
(in thousands CZK)

16. Cash- Flow Statement

The Cash-flow statement was prepared by the indirect method in compliance with Czech standards of accounting in an extra statement.

17. Material Subsequent Event

There was no material subsequent event as at the date of the financial statement preparation.

Date:	Signature of the statutory body of the company or individual being accounting unit
6 th March 2017	 Javier Lazpita Sarriugarte Statutory Director

Moore Stephens s.r.o.
Nádražní 344/23
150 00 Prague 5

T +420 255 708 311
F +420 255 708 312

info@moorestephens.cz
www.moorestephens.cz

Independent Auditor's Report

on the Financial Statements
for the Year Ended 31st December 2016

For the Shareholder
and Company's Management

Teknia Uhersky Brod, a.s.

Registered Office:
Rybářská 2330
688 01 Uherský Brod
Id. Nr.: 499 71 034

Principal activity: Production of plastic parts for automotive

This document is an English translation of the Czech auditor's report. Only the Czech version of the report is legally binding.

Independent auditor's report for the Shareholders of company Teknia Uhersky Brod, a.s.

Opinion

We have audited the accompanying financial statements of Teknia Uhersky Brod, a.s. (hereinafter referred to as the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as of 31 December 2016, and the income statement, statement of changes in equity and cash flow statement, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Details of the Company are presented in Note 1 to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Director is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any special opinion on them excluding the separate review of the Report on Related Party Transactions stated below. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Statutory director's responsibility for the Financial Statements

The Statutory Director of the Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting regulations and for such internal control as statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls by the Statutory Director.
- Obtain an understanding of internal control system relevant to the audit 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 Company's internal control system.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Director.
- Conclude on the appropriateness of the Statutory Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Review of the Report on Related Party Transactions

We have reviewed the factual accuracy of the information included in the Report on Related Party Transactions of Teknia Uhersky Brod, a.s. for the year ended 31 December 2016 prepared in accordance with the provisions of § 82 of the act No. 90/2012, Coll. on commercial companies and cooperatives. This Report on Related Party Transactions is the Responsibility of Company's statutory body. Our responsibility is to express a conclusion on the Report on Related Party Transactions based on our review.

We conducted our review in accordance with the Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the Report on Related Party Transactions is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on related party transactions and, accordingly, we do not issue an audit opinion.

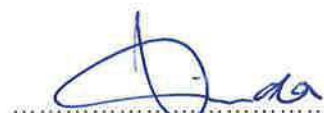
Based on our review, nothing has come to our attention that causes us to believe that the information contained in the Report on Related Party Transactions of Teknia Uhersky Brod, a.s. for the year ended 31 December 2016 contains material factual misstatements.

Moore Stephens s.r.o., Nádražní 344/23, 150 00 Praha 5, audit licence No. 462

Prague, 6.3.2017



Ing. Miroslav Janděčka
Partner



Ing. Jiří Liberda
Auditor, licence No. 2010