

14

ANNUAL
REPORT

BUSINESS NAME	Bronswerk Heat Transfer spol. s r.o.
BUSINESS REG. NO. (TAX ID)	14867125 (CZ14867125)
LEGAL FORM	Limited Liability Company
DATE OF INCORPORATION	February 15, 1991
BASIC CAPITAL	5 441 CZK thousand
REGISTERED OFFICE & SEAT	Benesov nad Ploucnici (Zip code 407 22), Decinska 288, Czech republic
COMMERCIAL REGISTER ENTRY	15. 2. 1991, Commercial Register maintained by the Regional Court in Usti n.L., Section C, File No. 209
OWNER	BHT Holding B. V., The Kingdom of the Netherlands (100 %)
TELEPHONE (FAX)	412 590 511 (412 586 340)
E-MAIL	info@bronswerk.cz
WEB	www.bronswerk.cz

LIST OF CONTENTS

INTRODUCION FROM THE COMPANY'S STATUTORY REPRESENTATIVE	4
COMPANY'S MANAGEMENT REPORT	5
Profile of the Company	6
History of the Company	7
Management & Organisational structure	8
Custom Manufacture	9
Technical and Manufacturing potential	12
Employees of the Company	16
Economic indicators	18
Investments	20
Repairs and maintenance of the property	21
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014	22
REPORT ON RELATIONS BETWEEN RELATED PARTIES FOR THE YEAR ENDED 31 DECEMBER 2014	45
INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT	50

INTRODUCTION FROM THE COMPANY'S STATUTORY REPRESENTATIVE



Dear Madams, dear Sirs,

in the year 2014, our company achieved revenues at an amount of CZK 388.3 million which approximately equals to the revenues of the company in the year 2013. The profit after tax at an amount of CZK 20.2 million is, compared to that in the year 2013, nearly 8 percent higher. From the point of view of the Financial Statements, the year 2014 was in the history of the company an averagely successful year. The amount of the revenues and of the shown profit was however negatively impacted by decisions of some major customers to postpone the shipping of the already finished orders until the year 2015, or to reschedule the installation of the them at the sites also until the year 2015. Without such decisions of the customers the financial results of our company would have been considerably better. The positive results of the deferred orders will be reflected positively only in the results of the year 2015.

In the year 2014, the company expended for investments and repairs approximately CZK 10 million and prepared new investments both to the machinery as well as to the intangible assets.

The year 2014 was also a year which was extraordinarily demanding for the business activity of the company. It has already become a tradition that the company most of its activities performs abroad. Upon decision of the owner of the company we have orientated to the markets of Central Europe and East Europe, particularly Russia. And just the problems associated with the situation in Ukraine and with the relations of EU with Russia negatively affected our business activities in the year 2014. One of the ways through which we want to limit such negative impacts upon the activity of the entire holding is the establishment of a Russian daughter company which occurred at the very end of the year 2014. In addition, our company will more orientate in several next years to other, for the company new, markets.

For the 2015, our company is planning revenues at an amount of CZK 585 million, whereas as of today we have already contracted orders at an amount, at least, of CZK 460 million. Therefore, I believe that we will succeed in filling the financial plan of this year and that we will create enough financial funds for the further growth of our company.

Upon the overall assessment of the results achieved for the year 2014 I can thus conclude that the company BRONSWERK HEAT TRANSFER spol. s r.o. has been successfully continuing in its growth, and coped with all of its obligations.

In conclusion, I would like to thank our business partners for the cooperation and also the employees of our company for the properly performed work and efforts in fulfilling the tasks imposed.



Ing. Josef Charouz
Statutory Representative

In Benešov nad Ploučnicí on 29 May 2015



COMPANY'S MANAGEMENT REPORT

PROFILE OF THE COMPANY



Bronswerk Heat Transfer spol. s r.o. is a mechanical engineering company with a history dating back to the early nineties of the last century, and with its production and services rendered it is focused on **equipment and systems of heat transfer in the industry**. The company has its registered seat in Benešov nad Ploučnicí, a small town in the north of the Czech Republic, in the immediate vicinity of the border with the FRG.

For more than twenty years of its activity, Bronswerk Heat Transfer has established itself in a variety of countries of the European Union and Central and Eastern Europe as a noteworthy producer and supplier of heat exchange systems. The key products of the company are particularly air cooled heat exchangers, tube heat exchangers and air condensers. Its supplies include also other mechanical engineering products which relate to heat transfer systems. Within its industry, the company also renders servicing activities, inspection and consultancy services.

Bronswerk Heat Transfer finds its major customers typically beyond the borders of the Czech Republic. The exclusive customers comprise industrial companies, petrochemical and energy generating plants. Other customers of the company include contractors of superior investments projects where Bronswerk Heat Transfer participates therein as a subcontractor.

The company is, despite the less gratifying eras of the global economy, able to achieve good performances. This is evidenced by the general **indicators of the economic activity throughout the years of 2010 – 2014**.

	2010	2011	2012	2013	2014
TURNOVER *	158	737	639	391	388
EXPORT *	112	475	582	352	354
EBIT *	41	101	46	23	29
TOTAL ASSETS *	422	580	519	468	505
FIXED ASSETS *	37	45	137	109	104
CAPEX *	3	15	99	9	4
TOTAL EMPLOYEES	146	138	145	148	143

* in CZK Millions

HISTORY OF THE COMPANY



1991 ESTABLISHMENT OF THE COMPANY ENVIG SPOL. S R.O.

The history of Bronswerk Heat Transfer has its onset at the beginning of the year 1991, whereas at that time yet under the name of ENVIG spol. s r.o. The original specialization of the purely Czech company was an engineering activity covering thermal calculations and designs of heat exchangers.

1996 MOVING THE COMPANY INTO A NEW PRODUCTION SITE

Soon the company ENVIG started with assembling supplies of thermal equipment and its own production. For the sake of extending the production capacities, the company moved in 1996 into a large production site in Benešov nad Ploučnicí. In the same year, the company had a workforce of 60 employees.

1999 THE ONSET OF THE COOPERATION WITH THE COMPANY BRONSWERK HEAT TRANSFER B. V.

At the break of the century the company started cooperating with a similarly oriented Dutch company Bronswerk Heat Transfer B. V., and, in 2000 it made a capital merge with the latter company. In the same year the company's workforce reached 90 people.

2007 THE COMPANY HAS BECOME A 100% DAUGHTER COMPANY OF THE BHT HOLDING B. V.

Over the period until 2007, the Dutch partner had been gradually assuming the whole share in the possession of the originally Czech company. In that year, the name of the Czech company changed for the last time, into Bronswerk Heat Transfer spol. s r.o. In 2007, the company employed as many as over 140 employees.

2013 COMPLETION OF A VAST CONSTRUCTION OF NEW MANUFACTURING PREMISES

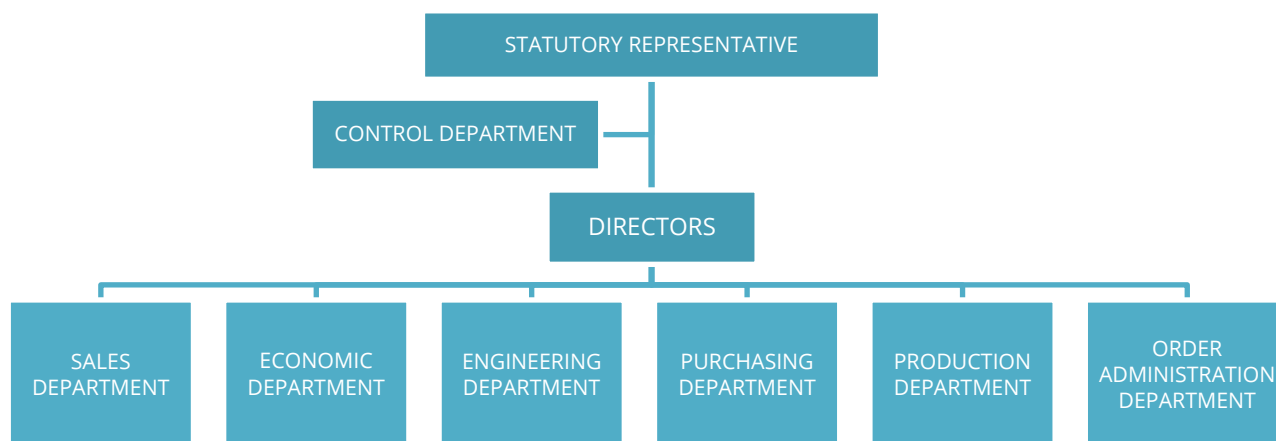
In the 2013, the company completed a vast investment into the construction of new manufacturing premises and the reconstruction of the existing ones. Thanks to such investment, the production capacities have considerably extended, being essential for the further growth of the company.

2014 THE ESTABLISHMENT OF THE DAUGHTER COMPANY IN THE RUSSIAN FEDERATION

In the year 2014, the company Bronswerk Heat Transfer established, for the sake of a more flexible reaction to the requirements of the customers in the Russian market and better satisfaction of their needs, the daughter company OOO Bronswerk Heat Transfer with the seat in Moscow.

Nowadays, Bronswerk Heat Transfer spol. s r.o. is part of the BHT Holding B. V., and is making business in a number of markets of the European Union and the countries of the former Eastern Block. Such fact has brought with it the status of an international company which, together with its sister company and under the mark of Bronswerk it supplies its equipment and services in the global extent.

MANAGEMENT & ORGANISATIONAL STRUCTURE



STATUTORY REPRESENTATIVE	Ing. Josef Charouz
COMMERCIAL DIRECTOR	Ing. Pavel Klement
TECHNICAL DIRECTOR	Ing. Martin Němec
FINANCIAL DIRECTOR	Ing. Karel Hartman
CONTROL MANAGER	Ing. Pavel Pečiva
SALES MANAGER	Ing. Tomáš Fogl
FINANCE MANAGER	Ing. Petr Hajný
ENGINEERING MANAGER	p. Gejza Vöröš
PURCHASING MANAGER	p. Radek Kužel
PRODUCTION MANAGER	Ing. Antonín Hrstka
ORDER ADMINISTRATION MANAGER	p. Miroslav Brzák

As of 31. 12. 2014, the company Bronswerk Heat Transfer spol. s r.o. owned a 99% share in the basic capital of the company OOO Bronswerk Heat Transfer.

CUSTOM MANUFACTURE



The company Bronswerk Heat Transfer specializes to the process design, design documentation, construction, and supplies of the systems and different **equipment for heat exchange systems**.

The most important **industries** where the company supplies its equipment to, are, particularly, the following:

- › **Petrochemical and chemical industries**
- › **Power and heat generation industries**
- › **Food industry**
- › **Communal waste incineration plants**

Besides standard equipment, the company is able to offer **turn-key projects**:

- › **Industrial cooling circuits**
- › **Water cooled steam condensers**
- › **Air cooled steam condensers**
- › **Feeding water heating system**

As a necessary part of such equipment, the company supplies the complete process design, thermal, hydraulic and strength designs, electric instrumentation, the installation or engineering supervision, including commissioning and performance tests.

The company Bronswerk Heat Transfer endeavours to continually expand the production and contractor's program and services rendered. Thanks to the licence agreements for the designing programs for the thermal-hydraulic design of exchangers and the flow of fluids, the company is able to prepare the design and to perform the supply of **different non-standard equipment according to the wish of the customer**. The vision of the company Bronswerk Heat Transfer is to offer, in addition to supplies of separate equipment, also complete packages of technological systems.



As a standard, the company Bronswerk Heat Transfer is active in the supplies of such **equipment and its accessories**:

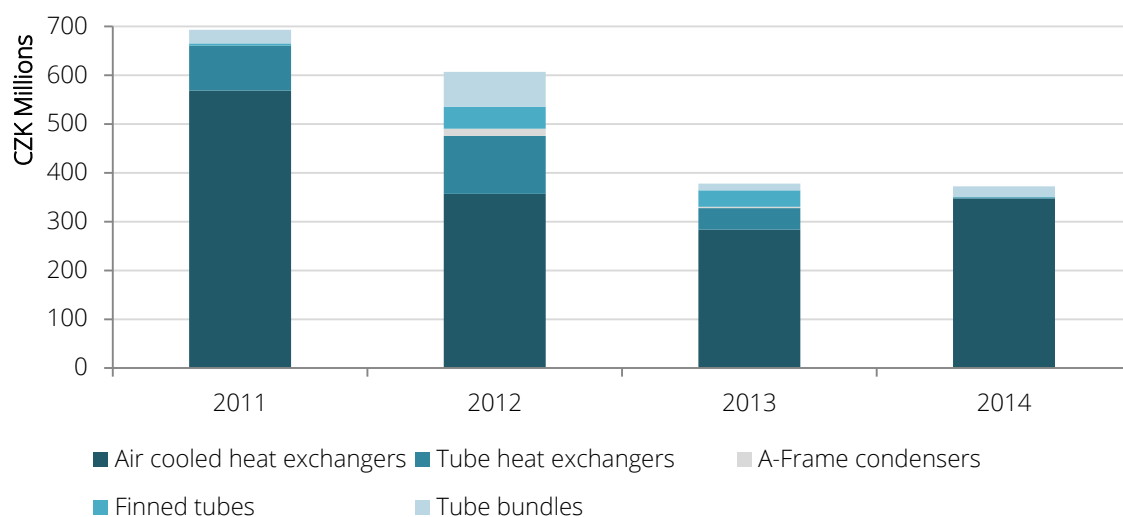
- › **Air cooled heat exchangers**
 - › Process coolers
 - › Air cooled condensers
- › **Tube heat exchangers**
 - › Process exchangers
 - › Water cooled condensers
- › **Air heaters**
- › **Finned tubes & Tube bundles**
- › **Pressure vessels**
- › **Steel structures**

In the framework of its activity the company provides also **service activities, installation services, inspection activities and consultancy services**. They include particularly the below activities:

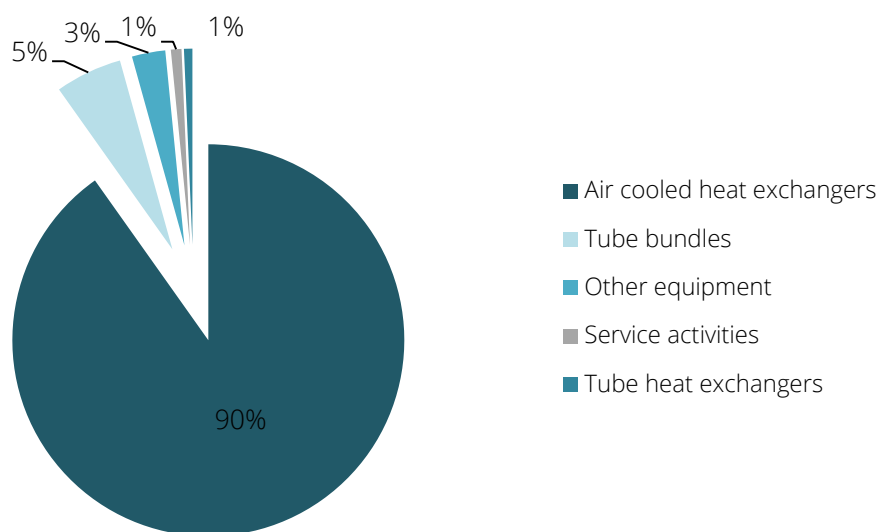
- › **Inspections of exchangers, machines and their accessories, troubleshooting and detecting inconsistencies**
- › **Proposals of modifications and optimizing the existing system**
- › **Pressure tests**
- › **Mechanical and chemical cleaning of exchangers**
- › **Dismantling and assembling of exchangers and their accessories**
- › **Replacement of parts and repairs**



The most significant supplies of equipment contributed within the years 2011 – 2014 to the revenues of the company in the below ratios:



In the year 2014, all the supplied units of equipment and services contributed to the total revenues of the company in the below ratio:

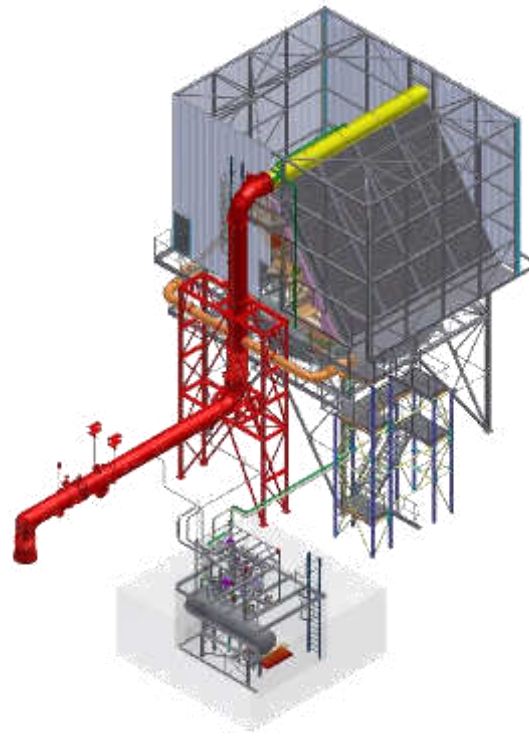




TECHNICAL AND MANUFACTURING POTENTIAL

The core processes of the company Bronswerk Heat Transfer are:

- › **Engineering and designing activities**
- › **Finning tubes**
- › **Welding, heat treatment and machining of weldments**
- › **Inspection and testing activities**
- › **Surface treatments and painting**
- › **Assembling, installation and servicing the products**



ENGINEERING

The process analysis, outline design, design, construction and technology of the individual items of equipment and technological nodes are provided by Bronswerk Heat Transfer with its core employees. In the Engineering Department, there were **27 specialists** at the end of the year 2014.

The company has enough highly qualified employees for the process and design and the preparation of the production of the designed equipment. Thanks to the licences for several design programs for the thermal-hydraulic design of exchangers and flow of fluids the employees are able to prepare also a design of non-standard equipment according to the wish of the customer. For their work, the outline designers and designers routinely use modern computer programs for heat transfer, flow of fluids and the creation of a 3D documentation.

All equipment units are designed and manufactured in accordance with the requirements of the customer, while respecting the prior agreed upon standards and specifications. The thermal, hydraulic and strength design are performed for each project as per the defined process parameters which make it possible to supply the equipment in an **optimized form in accordance with the requirements of the customer.**



PRODUCTION CAPACITIES

Bronswerk Heat Transfer has enough capacities for providing all core processes and is able to supply its equipment even in non-standard materials, such as **stainless steel, duplex steel, aluminium alloy, copper, brass, monel, inconel, incoloy, or titanium**. The production itself is performed in the production site in the seat of the company in Benešov nad Ploučnicí near Děčín.

For the production of several types of finned tubes which are the basic part of air exchangers, the company uses **three finning machines**.

One of the core processes in the production of equipment is **welding** where the company, thanks to the efforts of its professional staff, achieves very good results. For welding, the company is equipped with welding facilities which include standard welding units, semi-automatic welding machines and **special equipment** for the orbital welding of tubes or automated submerged arc welding. The welding operations are performed by the company's own personnel with a top expertise at an international level and under the supervision of several welding technologists. For the next processing of weldments, the company uses its own annealing furnace and blasting machine. The machinery equipment of the production shops, including CNC machining centres, allow the company to make the further processing of mill materials and weldments.

For the final assembly and construction of technological units, the company has **production premises** with two crane tracks and four bridge cranes, each of a capacity of 30 tons. Thus, the company is able to manufacture equipment of a total weight of up to 60 tons. Upon demand of the customer the company has, thanks to the adequate size of the handling area, a location for making the check assembly of coolers, and the assembly can include also the **measurement** of noise and vibrations.



QUALITY ASSURANCE

For the **quality assurance and the safety of the equipment**, all the essential elements of the execution of orders are stipulated in the company's system documentation, subject to which the company repeatedly passes successfully the renewal and recertification audits.

The company successfully passes renewal and recertification audits of the Quality Control System in accordance with the standards ČSN EN **ISO 9001** (Quality Management System), ČSN EN **ISO 3834-2** (Stricter requirements for the quality on fusion welding of metal materials), and in addition, the company is the holder of the certification for the production of steel structures acc. to ČSN EN 1090-2.

For its qualified personnel, Bronswerk Heat Transfer is also the holder of the international certification for the production of pressure vessels in accordance with **ASME** CODE VIII Division I of the American Association of Mechanical Engineers. Thanks to this certification, the units of equipment produced are registered in the global registration system of the organisation The National Board of Boiler & Pressure Vessel Inspectors, which is the evidence of the quality and safety of pressure vessels.

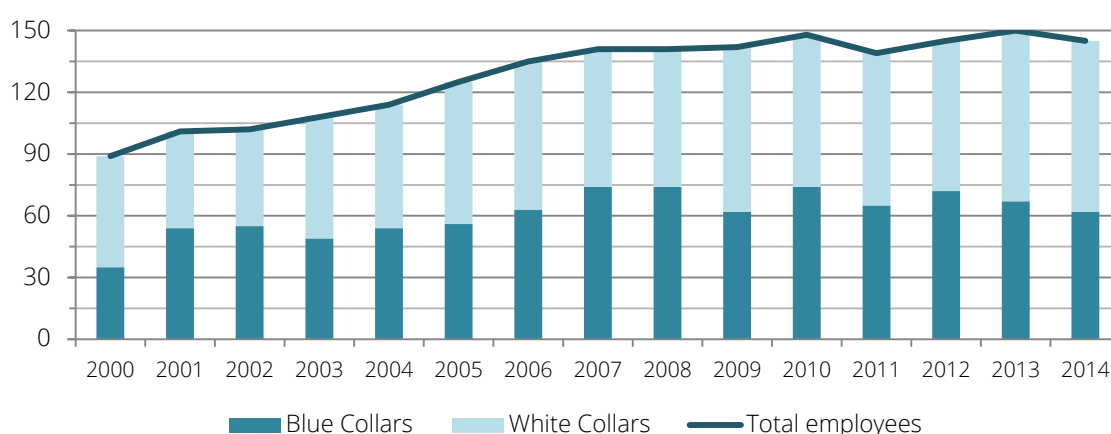
In addition, Bronswerk Heat Transfer is subject to periodical recertification processes for the eligibility for supplying equipment and using the same safely in the territory of the Russian Federation, Ukraine and Belarus in accordance with the standards **GOST R**, which are applicable in the Commonwealth of Independent States.

The company runs its activity in accordance with the applicable legislative relating to the protection of the environment. Accordingly, all production takes place in a way that the negative impacts upon the environment are minimized.

EMPLOYEES OF THE COMPANY

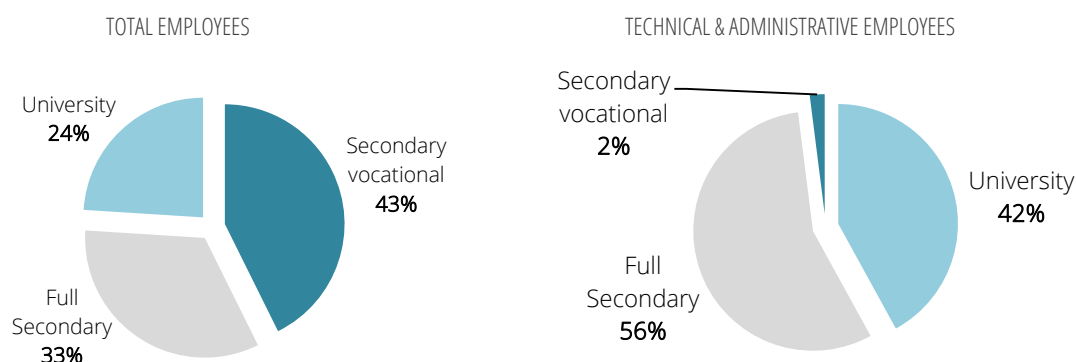


The number of employees of the company Bronswerk Heat Transfer has been kept at the **stable level within recent years**. At the end of 2014, the company had a workforce of 143 people. Compared with the year 2013, the number of the employees decreased by 5 people.



At the end of 2014, the company employed 19 women at different white collar positions. Most women take positions of accountants, clerks and assistants. But, there is no exception that women can be found in the Outline Design, Design or Technology Departments where 5 women hold specialist positions.

EDUCATION LEVEL STRUCTURE



University education's share in the education level structure of the white collar staff positions is 42%, and in the education level structure of all employees it is 24%.

For the sake of enhancing the role of an attractive employer, the company has **long time cooperated with university students**. Students of the University of Jan Evangelista Purkyně v Ústí nad Labem and the Technical University in Brno have been for many years offered a possibility of the **cooperation in preparing theses**.

Bronswerk Heat Transfer fosters **additional education and increasing the qualification of its employees**. In 2014, the company allocated **CZK 2 155 thousand** for professional education. Likewise in the previous years, the company provides **free of charge education of foreign languages**.

In the year 2014, the company, within the projects „Vzdělávejte se pro růst v Ústeckém kraji!“ (“Learn for the Growth in the Ústí nad Labem Region!”) and „Vzdělávejte se pro růst v Ústeckém kraji II“ (“Learn for the Growth in the Ústí nad Labem Region II”) joined Operační program Lidské zdroje a zaměstnanost (**Operational Program of Human Resources and Employment**). In the year 2014, through such projects, slightly below 51 % of the costs for the education of the employees, i.e. **CZK 1 092 thousand**, were financed from the funds of the European Social Fund and the State Budget of the Czech Republic.



ECONOMIC INDICATORS

THE TREND OF THE REVENUES FOR THE SALES OF PRODUCTS AND SERVICES RENDERED



PROFIT & LOSS ACCOUNT

(SELECTED INDICATORS IN CZK THOUSANDS)

RESULTS OF OPERATIONS	2014	2013	2012
REVENUES FROM OWN PRODUCTS AND SERVICES	388 325	391 111	638 820
OTHER REVENUES	12 847	27 259	26 210
CHANGE TO WIP	103 108	22 772	11 637
TOTAL REVENUES	504 280	441 142	676 667
CONSUMPTION IN OPERATION	361 759	315 131	497 378
PERSONNEL EXPENSES	75 530	69 412	77 995
DEPRECIATION AND AMORTIZATION	9 657	9 138	6 091
REPAIRS AND MAINTENANCE	6 020	10 904	2 201
TAXES AND FEES	191	125	170
OTHER OPERATING EXPENSES	5 116	2 216	18 841
INTERESTS	1 211	1 122	837
FINANCE EXPENSES	11 863	21 697	27 083
CHANGE IN PROVISIONS AND ALLOWANCES	5 757	-11 228	11 478
TOTAL COSTS	477 104	418 517	630 596
PROFIT OR LOSS BEFORE TAXES	27 176	22 625	46 071
INCOME TAX	6 937	3 842	12 189
PROFIT OR LOSS FOR THE YEAR	20 239	18 783	33 882

ASSETS STRUCTURE

(SELECTED INDICATORS IN CZK THOUSANDS)

ASSETS	2014	2013	2012
INTANGIBLE ASSETS	1 697	2 010	2 254
LAND, CONSTRUCTIONS AND MACHINERY	101 129	106 559	134 955
SUBSIDIARIES	948	0	0
FIXED ASSETS	103 774	108 569	137 209
INVENTORY	192 826	107 626	99 371
RECEIVABLES	17 806	102 358	100 368
FINANCIAL ASSETS	190 322	148 321	179 514
CURRENT ASSETS	400 954	358 305	379 253
OTHER ASSETS	446	701	3 029
TOTAL ASSETS	505 174	467 575	519 491

EQUITY & LIABILITIES	2014	2013	2012
BASIC CAPITAL	5 441	5 441	5 441
RETAINED EARNINGS	259 532	294 340	275 554
OTHER FUNDS	1 004	1 004	1 004
EQUITY	265 977	300 785	281 999
LONG-TERM LIABILITIES	0	0	0
SHORT-TERM LIABILITIES	234 610	122 036	152 333
BANK LOANS AND BORROWING	0	42 508	9 815
PROVISIONS	1 914	2 246	13 828
LIABILITIES	236 524	166 790	175 976
OTHER LIABILITIES	2 673	0	61 516
TOTAL EQUITY & LIABILITIES	505 174	467 575	519 491

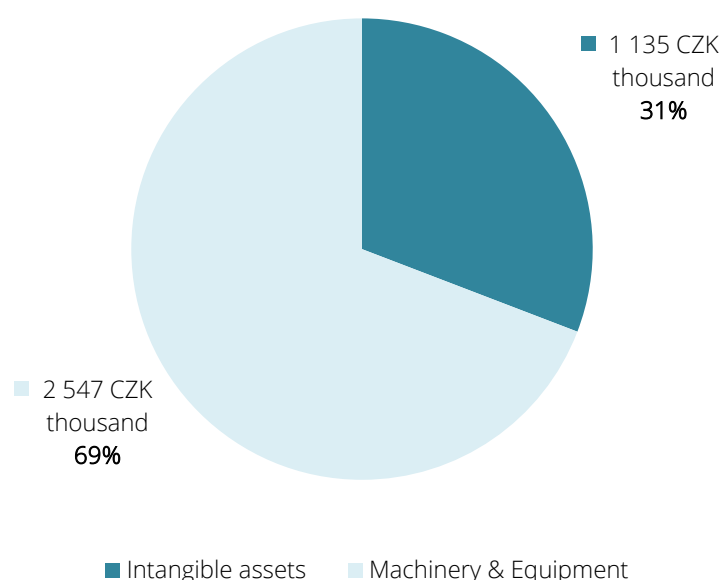
There were no events in the period between the date of this report and the balance sheet date, i. e. 31 December 2014, which are not disclosed in the financial statements and which would have a significant effect on the Company's operation and/or results.

INVESTMENTS

Compared to the years 2013 & 2012 when Bronswerk Heat Transfer vastly invested into the project of new production premises, the total investment expenditures **reached in 2014 an amount of CZK 3 682 thousand.**

Acquiring investments in 2014 occurred in the form of purchases of new investment assets, particularly machines and equipment, and also the technical appreciation of the existing investment assets. The most significant investment expense in the year 2014 was a vast upgrade to the software system at an amount of CZK 1 135 thousand.

The structure of the completed investments in 2014 is shown in the below graph:

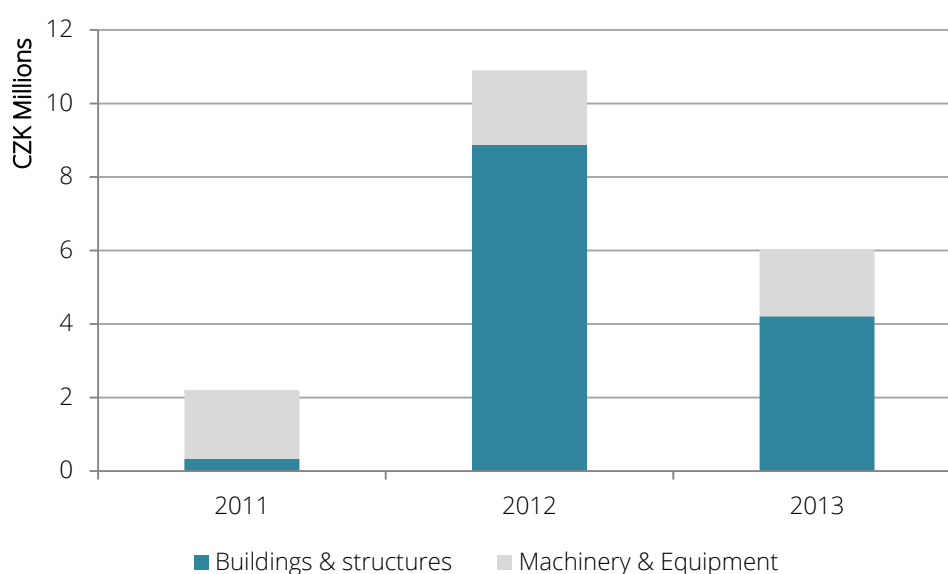


In 2013, the company completed a vast investment into the construction of the new production premises and refurbishment of the existing ones. Thanks to this investment, the manufacturing capacities being essential for the further growth and development of the company considerably extended.

REPAIRS AND MAINTENANCE OF THE PROPERTY

The scheduling and performance of repairs and maintenance of the production equipment and buildings were made by the company with respect to the condition of its property, and in case of buildings, also to its financial potential. In 2014, for the repair and maintenance of the property, the company expended a total of **CZK 6 020 thousand**. The most significant expenditure for the repairs and maintenance in 2014 was the repair of the surface and fencing of the site of the company at an amount of CZK 2 914 thousand.

Structure of the costs for the repairs and maintenance of the property in the years 2012 – 2014 is shown in the below graph:





THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2014

BRONSWERK HEAT TRANSFER spol. s r.o. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year			Prior year 2013
		Gross	Allowances	Net	Net
	TOTAL ASSETS	598 802	-93 628	505 174	467 575
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	183 624	-79 850	103 774	108 569
B. I.	Intangible assets	7 027	-5 330	1 697	2 010
B. I. 1	Foundation and organization expenses				
2	Research and development				
3	Software	7 027	-5 330	1 697	2 010
4	Patents, royalties and similar rights				
5	Goodwill				
6	Other intangible assets				
7	Intangible assets in progress				
8	Advances granted for intangible assets				
B. II.	Tangible assets	175 649	-74 520	101 129	106 559
B. II. 1	Land	661		661	661
2	Constructions	112 425	-25 497	86 928	90 638
3	Separate movable items and groups of movable items	73 615	-60 075	13 540	15 219
4	Perennial crops				
5	Livestock				
6	Other tangible assets				
7	Tangible assets in progress				
8	Advances granted for tangible assets				41
9	Gain or loss on revaluation of acquired property	-11 052	11 052	0	
B. III.	Financial investments	948	0	948	0
B. III. 1	Subsidiaries	948		948	
2	Associates				
3	Other long-term securities and interests				
4	Loans and borrowings to subsidiaries and associates				
5	Other long-term investments				
6	Long-term investments in progress				
7	Advances granted for long-term investments				
C.	CURRENT ASSETS	414 732	-13 778	400 954	358 305
C. I.	Inventory	204 084	-11 258	192 826	107 626
C. I. 1	Materials	31 474	-3 873	27 601	33 962
2	Work in progress and semi-finished production	38 706	-492	38 214	45 513
3	Finished products	133 353	-6 893	126 460	22 556
4	Livestock				
5	Goods	37		37	18
6	Advances granted for inventory	514		514	5 577
C. II.	Long-term receivables	2 651	0	2 651	2 028
C. II. 1	Trade receivables	1 445		1 445	1 916
2	Receivables from group companies with majority control				
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners				
5	Long-term advances granted			0	
6	Unbilled revenue				
7	Other receivables				
8	Deferred tax asset	1 206		1 206	112

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET - LONG FORM

		Current year			Prior year 2013
		Gross	Allowances	Net	Net
C. III.	Short-term receivables	17 675	-2 520	15 155	100 330
C. III. 1	Trade receivables	9 479	-2 520	6 959	82 055
2	Receivables from group companies with majority control				
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners				
5	Social security and health insurance				
6	Due from government - tax receivables	3 461		3 461	13 247
7	Short-term advances granted	456		456	757
8	Unbilled revenue	4 173		4 173	4 127
9	Other receivables	106		106	144
C. IV.	Short-term financial assets	190 322	0	190 322	148 321
C. IV. 1	Cash	33		33	133
2	Bank accounts	190 289		190 289	148 188
3	Short-term securities and interests				
4	Short-term financial assets in progress				
D. I.	Accrued assets and deferred liabilities	446	0	446	701
D. I. 1	Prepaid expenses	95		95	701
2	Prepaid expenses (specific-purpose expenses)				
3	Unbilled revenue	351		351	

BRONSWERK HEAT TRANSFER spol. s r.o. as at 31 December 2014
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year	Prior year 2013
	TOTAL EQUITY & LIABILITIES	505 174	467 575
A.	EQUITY	265 977	300 785
A. I.	Basic capital	5 441	5 441
A. I. 1	Registered capital	5 441	5 441
2	Own shares and own ownership interests (-)		
3	Changes in basic capital		
A. II.	Capital funds	460	460
A. II. 1	Share premium (agio)	460	460
2	Other capital funds		
3	Gain or loss on revaluation of assets and liabilities		
4	Gain or loss on revaluation of corporation transformations		
5	Gain or loss on corporation transformations		
6	Gain or loss on revaluation upon corporation transformations		
A. III.	Funds created from profit	544	544
A. III. 1	Reserve fund	544	544
2	Statutory and other funds		
A. IV.	Profit (loss) for the previous years	239 293	275 557
IV. 1	Retained earnings for the previous years	239 293	275 557
2	Accumulated loss of previous years		
3	Other retained earnings for previous years		
A. V. 1	Profit (loss) for the year (+ / -)	20 239	18 783
A. V. 2	Approved decision on advances for profit distribution (-)		
B.	LIABILITIES	236 524	166 790
B. I.	Provisions	1 914	2 246
B. I. 1	Provisions created under special legislation		
2	Provision for pensions and similar obligations		
3	Provision for corporate income tax		
4	Other provisions	1 914	2 246
B. II.	Long-term liabilities	0	0
B. II. 1	Trade payables		
2	Liabilities to group companies with majority control		
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners		
5	Long-term advances received		
6	Bonds payable		
7	Long-term notes payable		
8	Unbilled deliveries		
9	Other liabilities		
10	Deferred tax liability		
B. III.	Current liabilities	234 610	122 036
B. III. 1	Trade payables	19 514	57 861
2	Liabilities to group companies with majority control	948	
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners		
5	Liabilities to employees	3 782	3 159
6	Liabilities arising from social security and health insurance	1 998	1 699
7	Due to government – taxes and subsidies	2 063	460
8	Short-term advances received	198 033	49 574
9	Bonds payable		
10	Unbilled deliveries	8 088	6 462
11	Other liabilities	184	2 821
B. IV.	Bank loans and borrowings	0	42 508
B. IV. 1	Long-term bank loans		12 398
2	Short-term bank loans		30 110
3	Borrowings		
C. I.	Accrued liabilities and deferred assets	2 673	0
C. I. 1	Accruals		
2	Deferred income	2 673	

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
17 June 2015	Ing. Josef Charouz	Alena Kovářová	Ing. Karel Hartman tel. 420412590530

The accompanying notes are an integral part of the financial statements.




INCOME STATEMENT - LONG FORM

		Current year	Prior year 2013
I.	Revenue from sale of goods	291	363
A.	Cost of goods sold	286	358
+	Gross margin	5	5
II.	Production	491 433	413 883
II. 1	Revenue from sale of finished products and services	388 325	391 111
2	Change in inventory produced internally	103 108	22 772
3	Own work capitalized		
B.	Production related consumption	367 779	326 035
B. 1	Consumption of material and energy	208 574	205 900
B. 2	Services	159 205	120 135
+	Value added	123 659	87 853
C.	Personnel expenses	75 530	69 412
C. 1	Wages and salaries	54 631	49 924
C. 2	Bonuses to members of corporation management		
C. 3	Social security and health insurance	18 575	17 097
C. 4	Other social costs	2 324	2 391
D.	Taxes and charges	191	125
E.	Amortization and depreciation of intangible and tangible fixed assets	9 657	9 138
III.	Revenue from sale of intangible and tangible fixed assets and materials	1 289	1 079
III. 1	Revenues from sale of intangible and tangible fixed assets	478	4
2	Revenue from sale of materials	811	1 075
F.	Net book value of intangible and tangible fixed assets and materials sold	26	23
F. 1	Net book value of intangible and tangible fixed assets sold	22	
F. 2	Materials sold	4	23
G.	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	5 757	-11 228
IV.	Other operating revenues	2 817	2 222
H.	Other operating expenses	4 804	1 835
V.	Transfer of operating revenues		
I.	Transfer of operating expenses		
*	Profit or loss on operating activities	31 800	21 849
VI.	Revenue from sale of securities and interests		
J.	Securities and interests sold		
VII.	Income from financial investments	0	0
VII. 1	Income from subsidiaries and associates		
2	Income from other long-term securities and interests		
3	Income from other financial investments		
VIII.	Income from short-term financial assets		
K.	Expenses related to financial assets		
IX.	Gain on revaluation of securities and derivatives		
L.	Loss on revaluation of securities and derivatives	60	2 821
M.	Change in provisions and allowances relating to financial activities		
X.	Interest income	145	832
N.	Interest expense	1 211	1 122
XI.	Other finance income	8 305	22 763
O.	Other finance cost	11 803	18 876
XII.	Transfer of finance income		
P.	Transfer of finance cost		
*	Profit or loss on financial activities	-4 624	776

BRONSWERK HEAT TRANSFER spol. s r.o. as at 31 December 2014
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year	Prior year 2013
Q.	Tax on profit or loss on ordinary activities	6 937	3 842
Q. 1	- due	8 031	3 279
Q. 2	- deferred	-1 094	563
** Profit or loss on ordinary activities after taxation		20 239	18 783
XIII.	Extraordinary gains		
R.	Extraordinary losses		
S.	Tax on extraordinary profit or loss	0	0
S. 1	- due		
S. 2	- deferred		
* Extraordinary profit or loss		0	0
T.	Transfer of share of profit or loss to partners (+/-)		
*** Profit or loss for the year (+/-)		20 239	18 783
**** Profit or loss before taxation		27 176	22 625

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
17 June 2015	 Ing. Josef Charouzd	 Alena Kovářová	 Ing. Karel Hartman tel.420412590530

1 DESCRIPTION OF THE COMPANY

BRONSWERK HEAT TRANSFER spol. s r.o. ("the Company") is a limited liability company incorporated on 15 February 1991 in the Czech Republic. The Company's registered office is located in Benešov nad Ploučnicí, Děčínská 288, zip code 407 22, Czech Republic and business registration number (IČ) is 14867125. The Company is involved in the construction of mechanical drive machines.

The corporation has conformed to Act No. 90/2012 Coll., on corporations and cooperatives (Corporations Act) as a whole (general opt-in) through the procedures stipulated in Section 777, paragraph 5 of the Act. This fact was recorded in the Commercial Register on 3 April 2014. Therefore the Company altered its Memorandum of Association.

No other significant changes were made to the Commercial Register entry in 2014.

BHT Holding B. V., Stationsweg 22, Nijkerk, the Netherlands, is the parent company which holds 100% interest in the Company's basic capital.

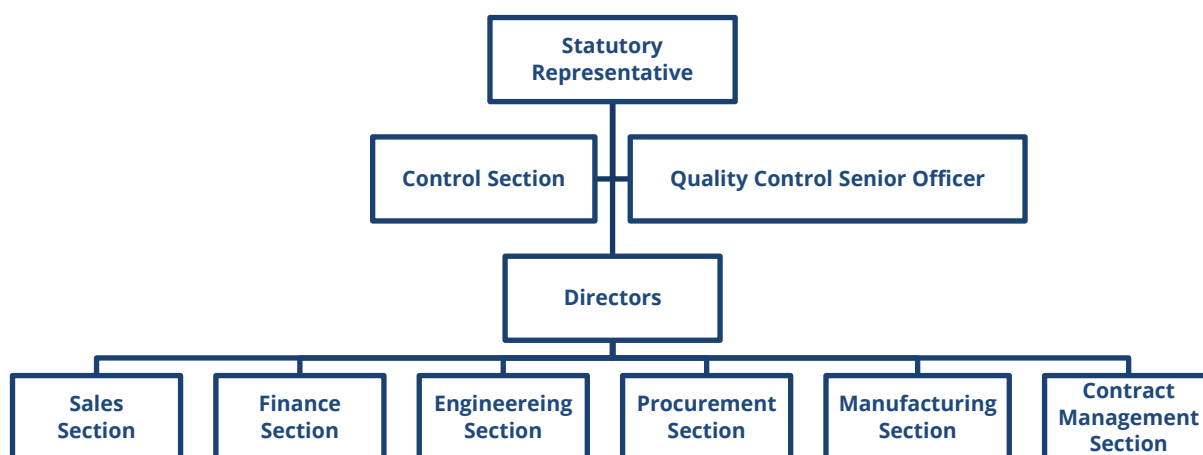
The Company is included in the consolidated group of the parent company.

In 2012, a right of pledge over the ownership interest of the parent company, BHT Holding B.V., BRONSWERK HEAT TRANSFER spol. s r.o. in favor of ABN AMRO Bank N.V. was established; it concerns ABN AMRO Bank N.V. receivables up to a total amount of EUR 18,296 thousand plus interest as well as prospective receivables arising in the period from 6 August 2012 to 1 July 2027 up to a total amount of EUR 18,296 thousand. The change was made in the Commercial Register entry on 17 October 2012.

The Company's sole Statutory Representative was Ing. Josef Charouzd as at 31 December 2014.

At the end of 2014 the Company established a subsidiary in Russia.

The Company's organizational structure is as follows:



2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2014 and 2013.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2014 and 2013 financial statements are as follows:

A. Intangible Fixed Assets

Intangible fixed assets are valued at their acquisition cost and related expenses.

Intangible fixed assets with a cost exceeding CZK 60 thousand are amortized over their useful economic lives.

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	3

B. Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs.

Internally-developed tangible fixed assets are recorded at their accumulated cost, which consist of direct material, labor costs and production overheads. Interest and other financial expenses incurred in the construction of tangible fixed assets are also capitalized.

Tangible fixed assets with a cost exceeding CZK 40 thousand are depreciated over their useful economic lives.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

Gain or loss on revaluation of acquired property arose in 1996 and represents the difference between the net book value of the part of an enterprise acquired by purchase and the amount paid and approved by the General Meeting.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Constructions	30
Machinery and equipment	4 – 12
Vehicles	4
Gain or loss on revaluation of acquired property	15

C. Financial Assets

Short-term financial assets consist of cash in hand and at bank.

D. Inventory

Purchased inventory is stated at actual cost being determined using the weighted average method. Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Finished goods and work-in-progress are recorded at standard cost. The cost of inventory produced internally includes direct material and labor costs, sub-supplies and production overhead. If there is a significant difference between the standard costs and actual costs, finished products and work-in-progress are revalued at actual cost as at 31 December.

E. Receivables

Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts where probability of the insurance fulfillment in case of insured receivables is considered.

F. Derivatives

Derivatives are initially measured at cost. Derivatives are recorded in other short-term receivables or payables, as appropriate, in the accompanying balance sheet.

Derivatives are revalued to fair value as at the balance sheet date. Changes in the fair value of derivatives held for trading are reported in income. The Company accounts for all derivatives as derivatives held for trading.

G. Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Regional Court. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the financial statements date is recorded through changes in basic capital. Contributions in excess of basic capital are recorded as share premium.

In the first year in which profit is generated, the Company, in accordance with its amended Memorandum of Association should allocate 10% of profit after tax (however, not more than 5% of basic capital) to the legal reserve fund. In subsequent years, the legal reserve fund is allocated 5% of profit after tax until it reaches 10% of basic capital. These funds can only be used to offset losses or to support measures taken to deal with unfavorable results of the Company.

H. Provisions and Liabilities

The Company creates legal provisions in accordance with the Act on Provisions and provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values.

Short-term and long-term loans are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

I. Financial Lease

The Company records leased assets by expensing the lease payments and capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

J. Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at a fixed rate set published by the Czech National Bank at the first day of every calendar month and applicable over the particular month. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

K. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

L. Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

The Company recognizes as an expense any additions to provisions for or allowances against risks, losses or physical damage that are known as at the financial statements' date.

Long-term contracts are accounted for according to the completed contract method (revenue is recognized in accordance with the conditions specified in the contract). For projects where pre-invoicing plays the role of advance payments the pre-invoicing is recognized as deferred income in the accompanying balance sheet until certain project stage is completed.

M. Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

N. Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

O. Subsidies/Investment Incentives

Following a request for granting subsidy for reconstruction of its production halls, the Company received a subsidy of CZK 26,376 thousand within the Operational Programme Business and Innovation in November 2013. The total subsidy represented 40% of eligible costs of the Production halls restoration project. The cost of fixed assets acquired was reduced by the subsidy amount received.

4 FIXED ASSETS

A. Intangible Fixed Assets (in CZK thousands)

COST

	At beginning of year	Additions	Disposals	At end of year
Software	7,238	1,135	(1,346)	7,027
2014 Total	7,238	1,135	(1,346)	7,027
2013 Total	6,552	686	-	7,238

ACCUMULATED AMORTIZATION

	At begin- ning of year	Amortization during year	Disposals	At end of year	Net book value
Software	(5,228)	(1,448)	1,346	(5,330)	1,697
2014 Total	(5,228)	(1,448)	1,346	(5,330)	1,697
2013 Total	(4,298)	(930)	-	(5,228)	2,010

B. Tangible Fixed Assets (in CZK thousands)

COST

	At begin- ning of year	Additions	Disposals	Subsidies	Transfers	At end of year
Land	661	-	-	-	-	661
Constructions	112,130	-	-	-	295	112,425
Machinery and equipment	71,454	-	(386)	-	2,547	73,615
Tangibles in progress	-	2,842	-	-	(2,842)	-
Advances for tangibles	41	-	(41)	-	-	-
Gain or loss on revaluation of acquired property	(11,052)	-	-	-	-	(11,052)
2014 Total	173,234	2,842	(427)	-	-	175,649
2013 Total	193,832	6,188	(410)	(26,376)	-	173,234

ACCUMULATED DEPREICATION

	At begin- ning of year	Deprecia- tion during year	Disposals	At end of year	Net book value
Land	-	-	-	-	661
Constructions	(21,492)	(4,005)	-	(25,497)	86,928
Machinery and equipment	(56,235)	(4,204)	364	(60,075)	13,540
Gain or loss on revaluation of acquired property	11,052	-	-	11,052	-
2014 Total	(66,675)	(8,209)	364	(74,520)	101,129
2013 Total	(58,877)	(8,208)	410	(66,675)	106,559

Loss on revaluation of acquired property of CZK 11,052 thousand arose in 1996 as the difference between the net book value of a part of the enterprise acquired by purchase and the amount paid and approved by the Company's General Meeting. The final depreciation of the loss on revaluation of acquired property totalling CZK 369 thousand was realized in 2011.

As at 31 December 2014 and 2013, assets (buildings and land) with the original cost of CZK 103,189 thousand and CZK 102,893 thousand, respectively and net book value of CZK 80,193 thousand and CZK 83,363 thousand, respectively were pledged as security for the loan from Komerční banka, a.s. (see Note 12).

C. Long-Term Financial Investments (in CZK thousands)

In 2014 the Company established subsidiary BRONSWERK HEAT TRANSFER, LLC, in Russia in which it contributed basic capital of CZK 948 thousand.

5 INVENTORY

Excess, obsolete and slow moving inventory has been written down to its estimated net realizable value by an allowance account. The allowance was determined by management based on the records of warehouse inventory movements and usability (see Note 7).

6 RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income based on their age structure and estimated collectibility in 2014 and 2013, respectively (see Note 7).

As at 31 December 2014 and 2013, receivables overdue for more than 180 days totaled CZK 2,460 thousand and CZK 2,433 thousand, respectively.

Long-term receivables totaling CZK 1,445 thousand and CZK 1,916 thousand represent long-term retention money as at 31 December 2014 and 2013, respectively.

As at 31 December 2014 and 2013, unbilled revenues relate to an unbilled delivery of a pipe cooling system to Bronswerk Heat Transfer B.V.

As at 31 December 2014 and 2013, tax receivables of CZK 5,741 thousand and CZK 9,402 thousand, respectively represent receivables relating to value added tax.

Receivables from related parties (see Note 20).

7 ALLOWANCES

Allowances reflect a temporary diminution in value of assets (see Notes 5 and 6).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/ 12/ 2012	Additions	Deductions	Balance as at 31/ 12/ 2013	Additions	Deductions	Balance as at 31/ 12/ 2014
Inventory	4,308	888	-	5,196	6,893	(831)	11,258
Receivables – other	5,006	100	(2,612)	2,494	26	-	2,520

8 SHORT-TERM FINANCIAL ASSETS

Short-term financial assets consist of cash in hand and at bank. As at 31 December 2014 and 2013, the Company had CZK 13,453 thousand and CZK 12,430 thousand, respectively of restricted cash balances (security for bank guarantees).

As at 31 December 2014 and 2013, Komerční banka, a.s., issued the following bank guarantees in respect to the Company's projects with the following limits:

Creditor	Amount (in original currency) as at 31/12/2014	Amount (in CZK thousands) as at 31/12/2014	Date of issue	Validity
J&P AVAX	EUR 7,350	204	12/5/2010	31/1/2015
NIS NAFTNA SRBIJE	EUR 138,470	3,839	23/12/2010	14/8/2015
Hydro Carbon Supply-Jordan	EUR 207,825	5,762	12/6/2012	25/5/2015
Chemoproject Nitrogen a.s.	EUR 12,590	349	13/3/2013	10/1/2015
VIRU KEEMIA GRUPP AS	EUR 165,000	4,575	13/6/2013	31/5/2015
Ateko a.s.	EUR 17,019	472	19/8/2013	30/6/2016
ABB Sp. Z o.o	EUR 2,200	61	1/11/2013	30/6/2017
ČKD	CZK 8,908,500	8,909	18/12/2013	31/5/2015
ČKD	CZK 8,908,500	8,909	18/12/2013	15/2/2018
Outotec (Finland)	EUR 31,365	870	7/4/2014	5/7/2016
Phöenix Zeppelin	CZK 2,555,790	2,556	15/5/2014	31/1/2015
Moravia Gas Store	EUR 220,889	6,124	29/5/2014	15/5/2015
JSC NAFTAN *	EUR 96,950	2,688	13/6/2014	30/5/2016
STIS d.o.o.	EUR 61,920	1,717	17/6/2014	16/1/2016
ANTIPINSKY NPZ	EUR 145,250	4,027	18/6/2014	16/5/2015
JSC NAFTAN	EUR 9,543	265	20/6/2014	30/5/2016
VIRU KEEMIA GRUPP AS	EUR 155,000	4,297	24/6/2014	15/6/2016
ThyssenKrupp Uhde GmbH	EUR 26,350	731	10/7/2014	18/12/2016
ThyssenKrupp Uhde GmbH	EUR 26,083	723	11/7/2014	31/7/2018
Thyra Engineering S.A.	EUR 276,500	7,666	18/8/2014	15/9/2015
ANTIPINSKY NPZ	EUR 13,100	363	11/9/2014	2/7/2015
ABB Sp. Z o.o	EUR 12,690	352	13/10/2014	31/12/2015
LUDAN Engineering SRL	EUR 18,745	520	25/11/2014	15/6/2015
OAD ShchekinoAzot	EUR 85,000	2,357	25/11/2014	13/11/2016
ITP Benelli	EUR 25,710	713	15/12/2014	31/1/2016
Total		69,049		

Creditor	Amount (in original currency) as at 31/12/2013	Amount (in CZK thousands) as at 31/12/2013	Date of issue	Validity
J&P Avax	EUR 7,350	202	12/5/2010	31/5/2015
NIS NAFTA SRBIJE	EUR 138,470	3,798	23/12/2010	14/8/2015
Hydro Carbon Suply - Jordan	EUR 180,000	4,937	23/2/2011	24/1/2014
AOA E4 Group, Russia	EUR 14,900	409	18/1/2012	30/6/2014
PC ORLEN	EUR 40,500	1,111	25/1/2012	11/1/2014
UNIS	EUR 800,000	21,940	30/1/2012	6/6/2014
Hydro Carbon Suply - Jordan	EUR 207,825	5,700	12/6/2012	25/5/2015
Chemoproject Nitrogen a.s.	EUR 12,590	345	13/3/2013	10/1/2015
ThyssenKrupp Uhde GmbH	EUR 79,050	2,168	27/3/2013	11/2/2014
VIRU KEEMIA GRUPP AS	EUR 165,000	4,525	13/6/2013	31/5/2015
ANTIPINSKY NPZ	EUR 415,000	11,381	7/7/2013	30/6/2014
ITP Benelli	EUR 77,130	2,115	15/7/2013	30/4/2014
Ateko a.s.	EUR 17,019	467	19/8/2013	30/6/2016
ThyssenKrupp Uhde GmbH	EUR 27,835	763	19/9/2013	7/6/2014
Outotec	EUR 32,080	880	19/9/2013	31/3/2014
STIS d.o.o.	EUR 123,840	3,396	2/10/2013	30/6/2014
ABB Sp. z o.o.	EUR 4,400	121	1/11/2013	30/6/2014
ABB Sp. z o.o.	EUR 2,200	60	1/11/2013	30/6/2017
VIRU KEEMIA GRUPP AS	EUR 465,000	12,753	28/11/2013	15/7/2014
ThyssenKrupp Uhde GmbH	EUR 78,105	2,142	11/12/2013	7/6/2014
ČKD Praha DIZ, a.s.	CZK 8,908,500	8,909	18/12/2013	31/5/2015
ČKD Praha DIZ, a.s.	CZK 8,908,500	8,909	18/12/2013	15/2/2018
Total		97,031		

9 EQUITY

The basic capital of the Company consists of one interest fully subscribed and paid, with a nominal value of CZK 5,441 thousand.

The movements in the capital accounts during 2014 and 2013 were as follows (in CZK thousands):

	Balance as at 31/ 12/ 2012	Increase	Trans- fers	Rounding	Balance as at 31/ 12/ 2013	Increase	Decrease	Rounding	Balance as at 31/ 12/ 2014
Basic capital	5,441	-	-	-	5,441	-	-	-	5,441
Share premium	460	-	-	-	460	-	-	-	460
Legal reserve fund	544	-	-	-	544	-	-	-	544
Retained earnings	241,672	-	33,882	3	275,557	-	(36,267)	3	239,293
Current period profit/loss	33,882	18,783	(33,882)	-	18,783	20,239	(18,783)	-	20,239
Total	281,999	18,783	-	3	300,785	20,239	(55,050)	3	265,977

The Annual General Meetings held on 12 July 2013 approved the transfer of profit for 2012 to retained earnings.

Following the decision of the General Meetings held on 5 February 2014 an advance of EUR 2,000 thousand (i.e. CZK 55,050 thousand) for the share in profit was paid out on 7 February 2014. Following the decision of the General Meetings held on 26 June 2014, the 2013 profit of CZK 18,783 thousand and a portion of retained earnings of CZK 36,264 thousand were approved for dividend payment and set off against the above advance payment.

10 PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2012	Addi- tions	Deductions	Balance as at 31/ 12/ 2013	Additions	Deductions	Balance as at 31/ 12/ 2014
Other	4,440	-	(2,194)	2,246	-	(332)	1,914
Legal	9,388	-	(9,388)	-	-	-	-
Total	13,828	-	(11,582)	2,246	-	(332)	1,914

As at 31 December 2014 and 2013, other provisions were created in particular for estimated warranty repairs of finished products and accrued vacation.

In 2013, legal provision was used for repairs of tangible fixed assets and therefore was released in the same year as a result of its use.

11 CURRENT LIABILITIES

As at 31 December 2014 and 2013, the Company had overdue current payables totaling CZK 1,585 thousand and CZK 7,341 thousand, respectively, of which CZK 383 thousand and CZK 362 thousand, respectively, were overdue for more than 180 days.

As at 31 December 2014 and 2013, the Company reports CZK 1,998 thousand and CZK 1,699 thousand of payables due for social security and health insurance premiums which were due in January of the following year.

Short-term advance payments received are payments received in advance from customers for production contracts.

Unbilled deliveries represent, in particular, unbilled supplies incurred in connection with the settlement of services in the next period (sub-supplies, freight, phone charges), which are being charged to income for the year in which they were incurred.

As at 31 December 2014, other payables represent in particular revaluation of outstanding derivatives to fair value (see Note 14).

Payables to related parties (see Note 20).

12 BANK LOANS

			2014		2013	
Bank	Terms	Total limit	Amount in EUR thou- sands	Amount in CZK thou- sands	Amount in EUR thou- sands	Amount in CZK thou- sands
Operating loans						
Komerční banka, a.s.	2013-2014	EUR 950 thousand	-	-	950	26,054
Investment loans						
Komerční banka, a.s.	2012-2019	CZK 24,000 thousand	-	-	-	16,454
Total			-	-	-	42,508
Less current portion			-	-	-	30,110
Net			-	-	-	12,398

The bank loan interest rates have been set as a fixed percentage over PRIBOR and are comparable with normal market rates.

The interest expense relating to bank loans for 2014 and 2013 was CZK 1,211 thousand and CZK 1,122 thousand, respectively.

The loans extended by Komerční banka, a.s. are secured by pledged assets (see Note 4b). The loan agreements with Komerční banka, a.s., include the following terms and conditions to be fulfilled by the Company:

1. Liabilities and other liabilities may not exceed 82% of total liabilities
2. Bank loans may not exceed 27% of the Company's revenues from sales;
3. Bank loans may not exceed EBITDA by more than three times.

The Company was in compliance with all Komerční banka, a.s.'s loan terms as at 31 December 2014.

As at 31 December 2014, the Company had the following agreed limits for drawing bank products of individual bank institutions:

Bank	Total drawing limit	Operating loans	Letters of credit	Bank guarantees
Komerční banka	CZK 250,000 thousand	CZK 130,000 thousand	CZK 83,175 thousand	CZK 120,000 thousand
ČSOB	CZK 11,900 thousand	CZK 11,900 thousand	CZK 11,900 thousand	CZK 11,900 thousand

13 OTHER LIABILITIES

As at 31 December 2014, deferred income include deferred revenues associated with partial billing of unfinished project as per contract and is recognized into income for the year in which it is earned (see Note 3I).

14 DERIVATIVES

The Company has concluded several derivative contracts which are classified as held for trading derivatives. As at 31 December 2014 and 2013 the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively. Changes at net fair values are included in revenues from revaluation of securities and derivatives or costs of revaluation of securities and derivatives, as appropriate.

The following table summarizes face values and positive or negative values of outstanding derivatives held for trading as at 31 December:

	2014			2013		
	Contractual/ Face value (in EUR thousands)	Fair value Positive (in CZK thousands)	Negative (in CZK thousands)	Contractual/ Face value (in EUR thousands)	Fair value Positive (in CZK thousands)	Negative (in CZK thousands)
Foreign exchange contracts						
Forwards EUR/CZK	-	-	-	(3,000)	-	(2,786)
Swap EUR/CZK	900	-	(156)	700	89	-
Swap EUR/CZK	(500)	45	-	-	-	-
Total derivatives held for trading	400	45	(156)	(2,300)	89	(2,786)

	2014			2013		
	Contractual/ Face value (in CZK thousands)	Fair value Positive (in CZK thousands)	Negative (in CZK thousands)	Contractual/ Face value (in CZK thousands)	Fair value Positive (in CZK thousands)	Negative (in CZK thousands)
Interest rate contracts						
1 M PRIBOR FIX	23,662	-	(73)	23,662	-	(124)

15 INCOME TAXES

On the basis of preliminary calculation the Company calculated tax expense as follows (in CZK thousands):

	2014 In CZK thousands	2013 In CZK thousands
Profit before taxes	27,176	22,625
Non-taxable revenues	-	(1,340)
Differences between accounting and tax depreciation and net book value of fixed assets disposed	29	(320)
Non-deductible expenses		
- Change of non-tax deductible allowances	6,088	(1,624)
- Change of non-tax deductible provisions	(332)	(2,194)
- Shortages and losses	98	123
- Other	9,667	519
Deduction of gifts	(10)	(17)
Taxable income	42,716	17,772
Current income tax rate	19%	19%
Tax	8,116	3,377
Tax allowance	(85)	(120)
Adjustment of the tax paid in previous year	-	22
Current tax expense	8,031	3,279

The Company quantified deferred taxes as follows (in CZK thousands):

Deferred tax items	2014		2013	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(1,297)	-	(1,302)
Allowance against inventory	2,139	-	987	-
Provisions	364	-	427	-
Total	2,503	(1,297)	1,414	(1,302)
Net	1,206		112	

As at 31 December 2014 and 2013, the Company recorded a deferred tax asset of CZK 1,206 thousand and CZK 112 thousand, respectively.

16 LEASES

The Company leases fixed assets, which are not recorded on balance sheet (see Note 3j).

Assets which are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the lease term expires) as at 31 December 2014 and 2013 consist of the following (in CZK thousands):

Description	Total lease	Payments made as at as at 31/12/2014	Payments made as at 31/ 12/ 2013	Remaining payments as at 31/ 12/ 2014	
				Due with- in one year	Due over one year
Passenger cars	1,861	1,653	1,327	208	-
Machinery and equipment	8,759	8,528	7,612	146	85

17 COMMITMENTS AND CONTINGENCIES

Bank guarantees received and restricted account balances (see Note 8).

Pledged tangible fixed assets (see Note 4b).

18 REVENUES

The breakdown of revenues from ordinary activities is as follows (in CZK thousands):

	2014		2013	
	Domestic	Foreign	Domestic	Foreign
Revenues from the sale of finished products, services and goods	34,153	354,463	39,240	352,234

The revenues of the Company were concentrated primarily with 10 main customers in the chemical, utility and food industries.

19 PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2014		2013	
	Total personnel	of that management and members of statutory bodies	Total personnel	of that management and members of statutory bodies
Average number of employees	143	4	148	4
Wages and salaries	54,631	6,143	49,924	4,245
Social security and health insurance	18,575	1,760	17,097	1,480
Social cost	2,324	184	2,391	137
Total personnel expenses	75,530	8,087	69,412	5,862

20 RELATED PARTY INFORMATION

In 2014 and 2013 members of statutory bodies were granted no loans, guarantees, advances and other benefits. Managers may use company cars for private purposes.

The Company sells products to related parties in the ordinary course of business. Sales were CZK 32,226 thousand and CZK 41,788 thousand in 2014 and 2013, respectively.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	Due dates	2014	2013
Bronswerk Heat Transfer B. V.	30 days	1,321	19,297

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases were CZK 20,936 thousand and CZK 14,140 thousand in 2014 and 2013, respectively.

Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	Due dates	2014	2013
Bronswerk Heat Transfer B. V.	30 days	-	-

21 SIGNIFICANT INCOME STATEMENT ITEMS AND OTHER INFORMATION FOR DISCLOSURE

Services comprise, in particular, sub-supplies of services, commissions for project brokering, costs for sales representation in Russia and transport of finished products to customers.

Other operating expenses include in particular costs for contractual penalties and fines and costs for insurance premiums.

Other operating revenues include, in particular, refunds of VAT paid abroad and received subsidies for staff training.

Other finance income and expense represent, in particular, realized and unrealized foreign exchange rate gains and losses and bank charges.

Remuneration paid to statutory auditors was CZK 750 thousand and CZK 750 thousand for 2014 and 2013, respectively.

22 STATEMENT OF CASH FLOWS (SEE APPENDIX 1)

The cash flow statement was prepared under the indirect method.

23 STATEMENT OF CHANGES IN EQUITY (SEE SCHEDULE 9)

Prepared on:

Signature of accounting
unit's statutory body:

Person responsible for
accounting (name,
signature):

Person responsible for
financial statements
(name, signature):

17 June 2015



Ing. Josef Charouz



Alena Kovářová






Ing. Karel Hartman

CASH FLOW STATEMENT

For the years ended 31 December 2014

		Current year	Prior year 2013
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	27 176	22 625
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	11 253	4 438
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	9 657	9 138
A. 1. 2.	Change in allowances	6 088	-1 624
A. 1. 3.	Change in provisions	-332	-11 582
A. 1. 4.	Foreign exchange differences	-2 136	5 594
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	-456	-3
A. 1. 6.	Interest expense and interest income	1 066	290
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	-2 634	2 625
A*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	38 429	27 063
A. 2.	Change in non-cash components of working capital	109 473	-125 465
A. 2. 1.	Change in inventory	-91 261	-9 144
A. 2. 2.	Change in trade receivables	75 707	-12 274
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	6 541	-6 344
A. 2. 4.	Change in trade payables	-36 970	-26 969
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	155 456	-70 734
A**	Net cash from operating activities before taxation, interest paid and extraordinary items	147 902	-98 402
A. 3. 1.	Interest paid	-1 211	-1 122
A. 4. 1.	Tax paid	-2 871	-11 512
A. 5. 1.	Gains and losses on extraordinary items		
A***	Net cash provided by (used in) operating activities	143 820	-111 036
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	-4 884	19 502
B. 2. 1.	Proceeds from sale of fixed assets	478	4
B. 3. 1.	Loans granted		28 408
B. 4. 1.	Interest received	145	832
B. 5. 1.	Dividends received		
B***	Net cash provided by (used in) investing activities	-4 261	48 746
Cash flows from financing activities			
C. 1. 1.	Change in long-term liabilities and long-term, resp. short-term, loans	-42 508	31 097
C. 2. 1.	Effect of changes in basic capital on cash		
C. 2. 2.	Profit shares paid	-55 050	
C. 2. 3.	Effect of other changes in basic capital on cash		
C***	Net cash provided by (used in) financing activities	-97 558	31 097
F.	Net increase (decrease) in cash	42 001	-31 193
P.	Cash and cash equivalents at beginning of year	148 321	179 514
R.	Cash and cash equivalents at end of year	190 322	148 321

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
17 June 2015	 Ing. Josef Charouz	 Alena Kovářová	 Ing. Karel Hartman tel.420412590530



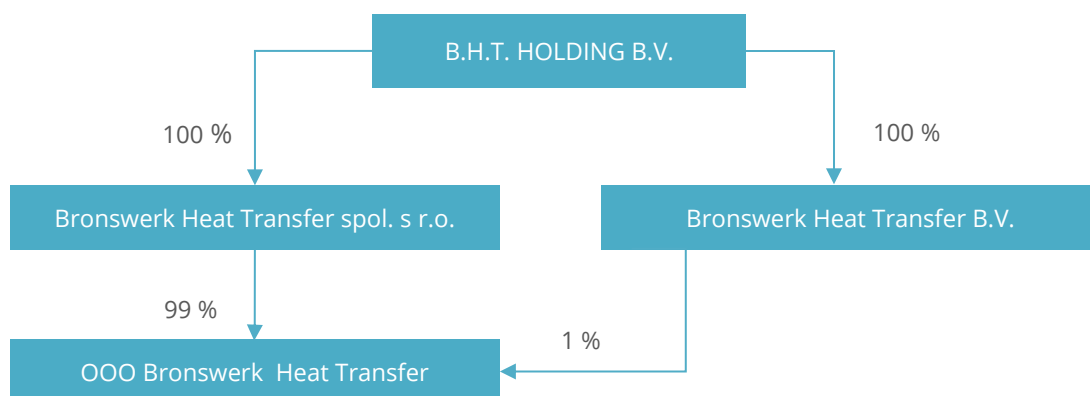
REPORT ON RELATIONS

BETWEEN RELATED PARTIES

FOR THE YEAR ENDED
31 DECEMBER 2014

ORGANIZATIONAL STRUCTURE OF RELATED PARTIES

The ownership structure of BRONSWERK HEAT TRANSFER spol. s r. o. (hereinafter the "Company").



As at 31 December 2014, the Company owned 99% share in the registered capital of the company OOO Bronswerk Heat Transfer.

LEGAL RELATIONS BETWEEN RELATED PARTIES

The Company registers the following contracts for the sale of products and services and purchase of goods with related parties:

Related party	Contract type	General terms and conditions	Order number
Bronswerk Heat Transfer B.V.	Order	Order for the production and delivery of goods as per customer's technical specification for mutually agreed price and agreed terms.	19319, 23536, 24431, 24652, 24924, 24888, 25267, 25348, 25959, 25931, 26211, 26563, 26566, 28460, 28187, 28111, 28006, 27739, 27169, 26808, 26698, 25714, 25302, 25178, 23162, 23163
Bronswerk Heat Transfer B.V.	Order	Order for the delivery of services -construction documentation as per customer's technical specification for mutually agreed price and agreed terms.	23407, 25954, 25622
Bronswerk Heat Transfer B.V.	Order	Company's order for the purchase of goods as per its technical specification for mutually agreed price and agreed terms.	BHT/BHT/2012_01_RO

In 2014 the Company neither effected other legal acts nor took other measures on behalf of the related parties.

The Company management believes that the aforementioned contracts and orders were made on an arms-length basis. The Company suffered no detriment as a result of received orders and concluded contracts, on the contrary, the orders significantly helped to fill the Company's production capacities.

The Executive of the company states that from the relations with the above mentioned person, the advantages resulting from the participation in a supranational business grouping – the Group B.H.T. Holding BV result and that they considerably prevail for the company. The sister company Bronswerk Heat Transfer B.V. is a significant business partner (the customer as well as supplier) of the company. The Executive states that he is not aware of any significant risks resulting from the relations with the above mentioned person.

TRANSACTIONS BETWEEN RELATED PARTIES – PERFORMANCE AND COUNTER-PERFORMANCE

SALES

The Company sells products and services to related parties. In 2014, sales totaled CZK 32,225,515.

Name	Amount in EUR	Amount in CZK
Air cooled heat exchangers	887 400	24 398 307
Tube bundles & accessories	154 258	4 263 283
Steamducts	103 670	2 851 351
Other	24 905	687 574
Total products	1 170 233	32 200 515
Other services	910	25 000
Total	1 171 143	32 225 515

PURCHASES

The Company purchases goods and receives services from related parties in the ordinary course of business. Transactions with related parties in 2014 were as follows.

Related party	Voucher No.	Due date	Description	Amount in EUR	Amount in CZK
BRONSWERK HEAT TRANSFER BV	102140092	29. 12. 2014	Licence	15 900	439 158
BRONSWERK HEAT TRANSFER BV	102140091	29. 12. 2014	Training	10 259	283 359
BRONSWERK HEAT TRANSFER BV	102140093	31. 12. 2014	Share in operating	480 000	13 308 000
BRONSWERK HEAT TRANSFER BV	102140097	31. 12. 2014	Warranty costs	50 000	1 381 000
BRONSWERK HEAT TRANSFER BV	102140096	31. 12. 2014	Marketing Costs	160 000	4 419 200
BRONSWERK HEAT TRANSFER BV	102140095	31. 12. 2014	Marketing Costs	25 000	690 500
BRONSWERK HEAT TRANSFER BV	102140094	31. 12. 2014	Marketing Costs	15 000	414 300
Total				756 159	20 935 517

CURRENT RECEIVABLES

The following current receivables from related parties result from the above transactions as at 31 December 2014.

Related party	Document No.	Amount in EUR	Amount in CZK
BRONSWERK HEAT TRANSFER BV	211140031	2 260	62 659
BRONSWERK HEAT TRANSFER BV	211140032	3 062	84 894
BRONSWERK HEAT TRANSFER BV	211140033	1 525	42 281
BRONSWERK HEAT TRANSFER BV	211140036	298	8 262
BRONSWERK HEAT TRANSFER BV	211140051	40 489	1 122 556
Total		47 634	1 320 652

LONG-TERM RECEIVABLES

The Company reported no long-term receivables from related parties as at 31 December 2014.

PROVIDED LOANS

The Company reported no provided loans to related parties as at 31 December 2014.

CURRENT LIABILITIES

The Company reported no current liabilities to related parties as at 31 December 2014.

LONG-TERM LIABILITIES

The Company reported no long-term liabilities to related parties as at 31 December 2014.

OTHER TRANSACTIONS

No special transactions that would affect the Company's ownership background were made in 2014. The Company management believes that all transactions between related parties were made on an arms-length basis.

The Report on Relations between Related Parties was prepared as of 31 December 2014 in accordance with the provisions of §82 of Law no. 90/2012 Sb., on trade corporations."



Ing. Josef Charouzd
Statutory Representative

In Benešov nad Ploučnicí on 3rd June 2015



INDEPENDENT
AUDITOR'S REPORT
ON THE ANNUAL
REPORT

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of BRONSWERK HEAT TRANSFER spol. s r.o.:

- I. We have audited the financial statements of BRONSWERK HEAT TRANSFER spol. s r.o. ("the Company") as at 31 December 2014 presented in the annual report of the Company and our audit report dated 17 June 2015 stated the following:

"We have audited the accompanying financial statements of BRONSWERK HEAT TRANSFER spol. s r.o., which comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. For details of BRONSWERK HEAT TRANSFER spol. s r.o. see Note 1 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing as amended by implementation guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRONSWERK HEAT TRANSFER spol. s r.o. as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic."

- II. We have also audited the consistency of the annual report with the financial statements described above. The management of BRONSWERK HEAT TRANSFER spol. s r.o. is responsible for the accuracy of the annual report. Our responsibility is to express, based on our audit, an opinion on the consistency of the annual report with the financial statements.

We conducted our audit in accordance with International Standards on Auditing and the related implementation guidance issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the information presented in the annual report that describes the facts reflected in the financial statements is consistent, in all material respects, with the financial statements. We have checked that the accounting information presented in the annual report is consistent with that contained in the audited financial statements as at 31 December 2014. Our work as auditors was confined to checking the annual report with the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements described above.

Ernst & Young Audit, s.r.o.
License No. 401



Jiří Svoboda, Auditor
License No. 2070

31 July 2015
Prague, Czech Republic



Bronswerk Heat Transfer spol. s r.o.

Decinska 288
Benesov nad Ploucnici
Czech Republic

Tel. +420 412 590 511
Fax. +420 412 586 340