

Annual Report 2015



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Identification Data

Business name: FANS, a.s.
Incorporation date: 1st January 1992
Transformation into a joint-stock company: 21st November 1997
Headquarters: Na květnici 1064/17, 140 00 Prague 4, Czech Republic
IDN: 25625381
Bank details: Komerční banka, a.s., Prague, Acc. No.: 15905531/0100
Incorporation in the Company Register: Municipal Court in Prague, File B 5051

Tel.: +420 234 718 970, +420 469 312 460
Fax: +420 234 718 918, +420 469 311 367

paha@fansct.com, info@fansct.com
www.fans.cz

Common Shares

Type	Shares
Issue date	1 st November 2006
Form	Registered
Format	Printed
Currency	CZK
Nominal value	50,000 CZK
Quantity	200
Total issue volume	10,000,000 CZK
Tradability	Non-tradable

Main Activities and Products of the FANS Company

- Turnkey construction of concrete, steel and FRP cooling towers with forced or natural draught
- Air coolers and steam condensers, all from design up to commissioning
- Engineering, production, construction and supply of cooling circuits and their technology for industrial applications
- Conventional steam power plants
- Combined-cycle power plants
- Cogeneration plants
- Turbines, turbosets and machine halls
- Steam generators and boiler houses
- Incineration plants
- Wind power



Illustrative Photo



Member since 2007



Member since 2013



Member since 2014

Board of Directors Report on the Company's Business Activities



Rostislav Žoudlík
President of the Board

Physical laws rule all areas of life. This is not merely a bookish phrase which merits no further consideration, but I can confirm that FANS, a.s. has actually tried it out on its own skin.

Last year, when I mentioned the global situation in the cooling market, primarily in connection with the impact of the fall of the Russian Federation's market for the construction of new energy facilities, I thought it was impossible that all industrial activities related to cooling could collapse. That was wishful thinking. I was happy to see the launch of initiatives in the oil and chemical industries in 2015. I have to admit that this particular industrial segment was the workhorse for FANS, a.s., as it had generated the best results in terms of both added value and profit, a fact which was corroborated by trends in the area of overhead costs reduction. It also generated higher VAT gains on a long-term basis. At a closer view, we may gladly state that added value has quadrupled compared to the previous year, reaching CZK 132 million.

This aggregation generated a profit amounting to CZK 41 million, which represents a very decent profitability of 4.5 % at an output of CZK 907 million. The sole impediment to attaining an even greater profit was the concurrent weakening of the Russian ruble, where we had to write off CZK 12 million. While less than the year prior, the number is still considerably high. It shows that we have to concentrate more on dealing with currency exchange risks and use additional instruments to eliminate currency exchange losses in the future. Last year's stabilization of the economy of the company's individual subsidiaries ensured positive economics results for all of them. Some of them have even improved their overall financial stability, thus creating plenty of room for improvement in the coming year.

Board of Directors Report on the Company's Business Activities

I see great potential for the further development of FANS ASIA Pvt. Ltd., where the shareholder structure was changed so that FANS, a.s. now owns 85 % of the shares. The company has adopted a managerial style of management, with the aim of building up a strong company whose activities will extend beyond the borders of India within 5 years. OOO "FANS-Vostok" also intends to expand its localities in the Russian Federation market and seek more opportunities in the area of engineering. This orientation is confirmed by the signing of a contract for Lukoil, in which the delivery of a cooling unit alone constitutes one-half of the project's total value. Proficool, a subsidiary of FANS Sp. z o.o., will be responsible for the company's business in markets west of our borders, where the emphasis will be on developing HVAC products.

In this turbulent era, it is crucially important to set the rudder of business in the right direction, where we have a chance to succeed with our products or services. Our internal processes have been set up correctly since last year - this year, we have to concentrate on marketing. We have to find new opportunities and enhance business accountability in all areas of our corporate life. As I said in the introduction, each action has to lead to a reaction, and I am confident that the response to the changes in FANS will not be too long in coming.

In closing, let me thank all our partners, employees and statutory members, who actively participated in the successful progress and development of the joint-stock company FANS in 2015. I wish you a prosperous year in 2016, in both your professional and personal life.

Prague, 27th April 2016

Rostislav Žoudlík
President of the Board

Company History

- 2016** Strategic joint-venture with ENKOM, a.s.
- 2014** Opening of a new project office in New Delhi, India
- 2013** Foundation of Proficool FANS Sp. z o.o. based in Katowice, Poland
- 2009** Foundation of FANS ASIA Pvt. Ltd. based in Visakhapatnam, India
- 2008** Foundation of ZAO "FANS-East" based in Moscow, Russia
- 2006** FANS entry to Central Asian markets
- 2003** Foundation of a branch office in Moscow
- 1998** Own production plant in Hlinsko
- 1997** Transformation of the company into a joint-stock company
- 1993** Transformation of the company into Ltd.
- 1992** Foundation of the company

ENERGY AND

INDUSTRIAL

TURNKEY PROJECTS

Supervisory Board, Board of Directors

Organizational Structure

In effect since 1st April 2016

Supervisory Board in office from 1st July 2014 to present

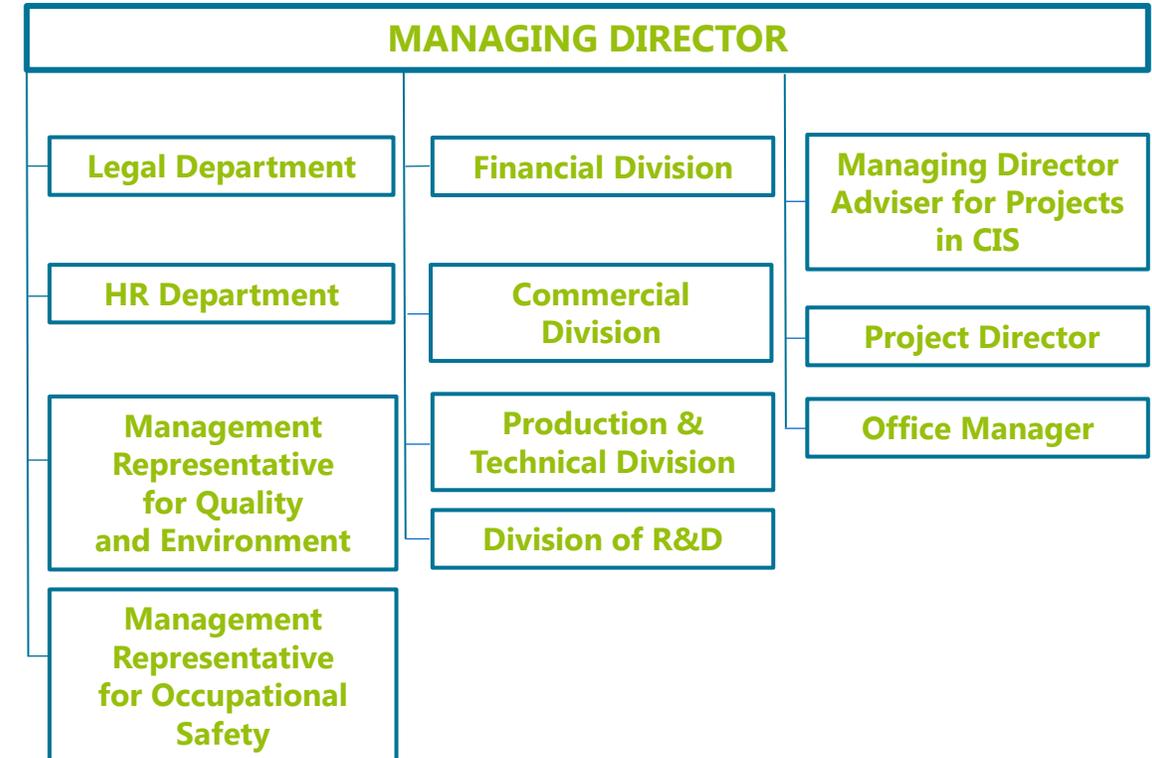
Petr Síleš – Chairman of the Supervisory Board
Jana Kytlicová – Member of the Supervisory Board
Jan Havlis – Member of the Supervisory Board

Board of Directors in office from 1st July 2014 to 30th April 2016

Rostislav Žoudlík – President of the Board of Directors
Peter Singhoffer – Vice-president of the Board of Directors
Petr Veselý – Member of the Board of Directors

Board of Directors in office from 1st May 2016 to present

Rostislav Žoudlík – President of the Board of Directors
Peter Singhoffer – Vice-president of the Board of Directors
Tomáš Wrana – Member of the Board of Directors



Subsidiaries Abroad

OOO "FANS-Vostok"

Foundation date: 3rd March 2008

Registered office: Berezhkovskaja Naberezhnaja 20, 121 58 Moscow, Russia

Tel.: +7 499 600 1493, Fax: +7 499 600 1493, E-mail: fansrussia@yandex.ru

IDN: 1087746303171

Ownership structure as at 31st December 2015

100 % FANS, a.s., Prague

Proficool FANS Sp. z o.o.

Foundation date: 27th February 2013

Registered office: ul. Jana III Sobieskiego 11/E6, 40-082 Katowice, Poland

Tel.: +48 32 441 67 00-02, Fax: +48 32 441 67 10, E-mail: biuro@fansct.com

IDN: 243202586

Ownership structure as at 31st December 2015

100 % FANS, a.s., Prague

FANS ASIA Pvt. Ltd.

Foundation date : 21st October 2009

Registered office: S No. 128/1, flat 404, Vinayak Paradise, Autonagar, Visakhapatnam – 530012, Andhra Pradesh, India

Tel.: +91 891 252 5169, Fax: +91 891 307 8525,

E-mail: fansasia@fansct.com

IDN: U29306AP2009PTC065572

Ownership structure as at 31st December 2015

85 % FANS, a.s., Prague

15 % JEHACE s.r.o., Prague

www.fansct.ru, www.proficool-fans.com

Branch Offices Abroad

FANS – organizational unit BRATISLAVA

Foundation date: 1st February 2001

Registered office: Priemyselná 8, 821 09 Bratislava, Slovak Republic

E-mail: info@fansct.com

IDN: 36068144

FANS, a.s. – Project Office

Foundation date: 2nd May 2012

Registered office: Plot 34, Sector 44, Institutional Area, Gurgaon – 122003,
Haryana, India

Tel.: +91 124 424 1913, Fax: +91 124 424 1914, E-mail: fansasia@fansct.com

IDN: F04413



Report on Relations

Report on Relations

between the controlling and controlled parties

and

the relations between the controlled party and allied parties

for the period from 1st January 2015 to 31st December 2015.

March 2016

Report on Relations

Report on Relations

between controlling and controlled entities, and relations between the controlled entity and allied entities, for fiscal period from 1st January 2015 to 31st December 2015.

The Directorate of FANS, a.s., IČ: 256 25 381, headquartered at Na květnici 1064/17, Nusle, 140 00 Prague 4, incorporated in the Companies Register administered by the Municipal Court in Prague, File B 5051 (as a controlled company), has, pursuant to the provisions of Sec. 82 of Act No. 90/2012 Coll. on business corporations, as amended (henceforth only "ZOK"), drawn up the following Report on Relations between FANS, a.s. and the controlling entity; and between FANS, a.s. and the entities controlled by the same controlling entity or by FANS, a.s. (henceforth only "allied entities") over the fiscal period from 1st January 2015 to 31st December 2015 (henceforth only "reference period").

- **Ing. Rostislav Žoudlík** permanently residing at Ve Svahu 1176/29, 147 00 Prague 4, as the **controlling and managing entity**,
- **FANS, a.s.**
IČO: 256 25 381
headquartered at Na květnici 1064/17, Nusle, 140 00 Prague 4, as the **controlled entity**,

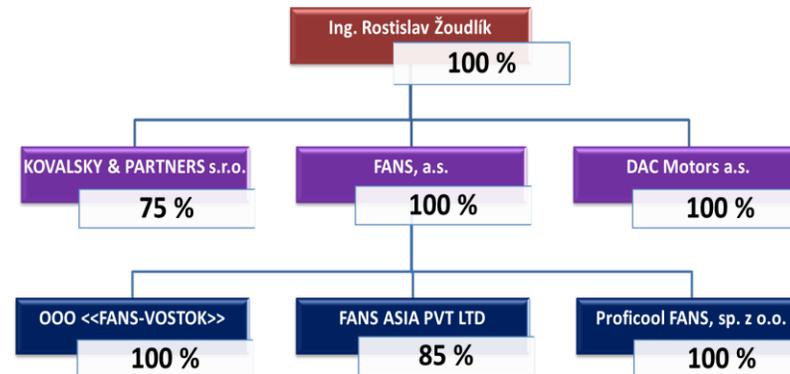
- **Other allied entities, i.e., entities controlled by the controlled entity or directly by the controlling entity:**

Company name	IČO	Address – headquarters	Role in the group as per Sec. 82(2b)
DAC Motors a.s.	247 94 724	Hvězdova 1716/2b 140 78, Prague 4 – Nusle, Czech Republic	In 2015, the company conducted no business activities
KOVALSKY & PARTNERS s.r.o.	023 88 987	Hvězdova 1716/2b 140 78, Prague 4 – Nusle, Czech Republic	The company provides consulting services in human resources
Proficool FANS, Sp. z o.o.	243202586	ul. Jana III Sobieskiego 11/E6 40-082 Katowice Poland	Manufacture, design and R&D in the area of cooling, focusing on business activities in Poland
ZAO <<FANS-VOSTOK>> transformed 15.6.2015 into OOO <<FANS-VOSTOK>>	7703023935	ul. Berežkovskaja Naberežnaja, 20, 121 58 Moscow, Russian Federation	Business activities in the area of industrial cooling in the Russian Federation
FANS ASIA PRIVATE LIMITED	U29306AP2009PTC 065572	S No. 128/1, flat 404. Vinayak Paradise, Autonagar, Visakhapatnam – 530012, Andhra Pradesh, India	Delivery of cooling facilities focusing on business activities in India

Report on Relations

1. The Structure of Relations

The structure of the relations among all the allied entities in the group (corporation) was multi-level, vertically as well as horizontally, with central management. In 2015, only one change was made, when ZAO FANS – Vostok was transformed into OOO FANS – Vostok, whereby Ing. Rostislav Žoudlík acquired a 100 % share of equity. At present, the structure of relations looks as follows:



2. The role of FANS, a.s., in the group:

FANS, a.s. is the largest company in the group in terms of sales, total assets and number of employees. Except for KOVALSKY & PARTNERS s.r.o. and DAC Motors a.s., the business activities of all the companies in the group specialize in supplying investment units, primarily in the area of industrial cooling (cooling towers, cooling circuits, etc.). FANS, a.s. has a key position in the group as the manufacturing and projecting entity (manufacture, design and research & development of industrial cooling facilities).

3. The mode and means of controlling

Ing. Rostislav Žoudlík, being the controlling entity, controls FANS, a.s., especially by exercising his rights as the sole shareholder of the controlled entity, i.e., through (a) sole shareholder's decisions in the capacity of a General Assembly, (b) his direct influence as a statutory member of the controlled entity, and (c) by personally appointing to the Directorate and Supervisory Board persons to execute managerial functions in the controlled entity, thus ensuring strategic management of the company in accordance with the strategic plans of the owner, i.e., the controlling entity.

Report on Relations

4. Personal relations between controlling and controlled entities

In 2015, FANS, a.s. was personally related to the controlling entity as its statutory member, president of the Directorate of FANS, a.s. and 100 % shareholder of FANS, a.s. - Ing. Rostislav Žoudlík.

5. Overview of actions undertaken at the initiative or on behalf of the controlling entity or entities controlled by the controlling entities

In 2015, no action was undertaken at the initiative or on behalf of the controlling entity or entities controlled by the controlling entities, with respect to assets exceeding 10 % of the equity capital of FANS, a.s. as per the balance sheet for 2015.

6. List of contracts and legal acts signed between controlling and controlled entities or allied entities

In 2015 no contracts were signed between FANS, a.s., and Ing. Rostislav Žoudlík:

Name of contract	Date of signature	In effect until	Contractual subject / Contractual delivery
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In 2015, the Contract for Appointment into Office as a Member of the Directorate, dated 25.4.2014, remained valid, on the basis of which Ing. Rostislav Žoudlík acts as the President of the Board of Directors of FANS, a.s.

7. List of contracts and legal acts signed between related parties

In 2015, the following contracts were signed between FANS, a.s. and related parties:

▪ with Proficool FANS, Sp. z o.o.:

Name of contract	Date of signature	In effect until	Contractual subject / Contractual delivery
Purchase Contract No. 088/15, as amended by Supplements 1 and 2	27.7.2015	23.10.2015	Components, sensors and spare parts for 9 towers 3xCTF 100/III for Naftan BOV4
Contract for Work No. 184/15	22.9.2015	15.12.2015	Delivery for KGHM

In 2015, the following contract remained valid:

1. Frame Contract for Project implementation, dated 15.5.2014, on setting out the rules for the implementation of FANS, a.s. projects through Proficool FANS, Sp. z o.o.

2. Lease Contract for business premises and for services related to the use thereof, dated 1.8.2014; and for leasing storage premises in the production facility of FANS, a.s. in Hlinsko, until the end of 2015, whereupon the contract expired without renewal.

Report on Relations

- with: ZAO <<FANS – VOSTOK>> and OOO <<FANS – VOSTOK>>:

Name of contract	Date of signature	In effect until	Contractual subject / Contractual delivery
Contract No. 015/15 for delivery (purchase)	7.9.2015	31.12.2016 until completion	2 ventilation towers CTF 200/III
Contract No. 016/15 for delivery (purchase) with ZAO FANS-VOSTOK	16.1.2015	4/2016 paid	Machine for assembling cooling system 80,000 RUB
Contract No. 016/15 (purchase) with OOO FANS-VOSTOK	19.8.2015	31.12.2016	Ventilator for Sibur SK-400
026/15 ZAO FANS-VOSTOK	11.2.2015	11.2.2016	Delivery of cables for Omsk RUB 897.500
Contract No. 025/15 with ZAO FANS-VOSTOK	11.2.2015		Loan of RUB 2,200,000
066/15 ZAO FANS-VOSTOK Cooperation Agreement	1.4.2015	31.12.2015	Delivery of technical study for cooling circuit RUB 2,000,000
067/15 ZAO FANS-VOSTOK Cooperation Agreement	1.4.2015	31.12.2015	Delivery of technical study for cooling tower, RUB 2,000,000
089/15 Loan Contract	3.7.2015	3.7.2016	8,000,000 RUB
166/15 OOO FANS-VOSTOK Loan	1.12.2015	31.5.2016	26,100,000 RUB

- Contract No. 164-12-OS SNS of 27.11.2011, for a loan of 6,000,000 RUB, at an interest of 5 % p.a.; the loan was repaid by 25.5.2015.
- Loan Contract for 2,200,000 RUB of 17.7.2014; the loan was repaid by 18.2.2015.
- Contract for Service Agency (No. 068/14/SPS/121) of 17.7.2014, representation of FANS, a.s. in the Russian Federation.
- Contract No. 014/11/SOP/OU-SNS, of 1.2.2011, on mediation of business in the area of industrial cooling.

- with FANS ASIA PVT LTD:

Name of contract	Date of signature	In effect until	Contractual subject / Contractual delivery
Supplement No. 1 to Contract for Construction Work – Project MEJA	26.3.2015	Until project completion	Delivery of all construction work during construction of cooling towers for thermal power plant MEJA, India

In 2015, the following contracts remained effective:

- Contract for Construction Work of 20.9.2014, Project Nabinagar
- Contract No. 013/15 for Completion of Construction and Assembly Work, dated 27.11.2014, Project Meja
- Consortium Contract with FANS, a.s., for delivery of a cooling facility for Rashtriya Ispat Nigam Limited, India, dated 19.8.2010;
- Consortium Contract with FANS, a.s., concerning delivery Spec. No. MEC/8/11/S3/Q74T/003 for Rashtriya Ispat Nigam Limited, India, dated 5.2.2015;
- Loan Contract with FANS, a.s., dated 23.3.2011 (Contract No. NO 028/11/OS/GR) for the amount of INR 1,625,000
- Loan Contract with FANS, a.s., dated 18.12.2013 (Contract No. 193/13/OS/GR) INR 2,400,000

Report on Relations

▪ with DAC MOTORS a.s.:

Name of contract	Date of signature	In effect until	Contractual subject / Contractual delivery
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In 2015, License Contract No. 074/12/LCS/ON, dated 2.4.2012, remained in effect.

▪ with sister company KOVALSKY & PARTNERS s.r.o.:

Name of contract	Date of signature	In effect until	Contractual subject / Contractual delivery
Contract for Cooperation	1.6.2014	for indefinite time	Consultancy in human resources and head-hunting for job positions
Contract for Subletting Non-Residential Premises	31.1.2014	31.12.2014 with automatic extension of 1 year	Sublet of office premises at Lomnického 9, 140 00 Prague 4

8. List of other legal acts

In the course of the fiscal period, there were legal acts, other than common legal tasks executed by the controlling entity in the course of exercising his rights as the controlled entity's shareholder, undertaken on behalf of the controlling or controlled entities.

9. Other measures, contractual deliveries and consideration

Apart from the above, there were no deliveries or consideration exchanged between the controlled and controlling entities or allied entities during fiscal year 2015.

10. Declaration

FANS, a.s., hereby declares to have incurred no injuries arising from the above contracts, other legal acts, other measures, contractual deliveries or considerations provided. Thus, no settlement of injuries under Sec. 71 and 72 ZOK need be considered.

Prague, 31st March 2016



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Rostislav Žoudlík
President of the Board of Directors
FANS, a.s.

Quality Policy

The foremost priority of FANS, a.s., is to satisfy the requirements and needs of its customers, end users and partners. With this objective in mind, the company has adopted the principles of constant improvement of the quality of its products, not only in the area of technical issues, but also with respect to favorable economic and operational results for the customer. The corporate strategy is to stand by the customers, offer them tailor-made products, and fulfil their needs in the relevant areas. We want to be a sought-after business partner and reliable supplier.

FANS, a.s., has its own design and development facilities, actively monitors the latest events in science and research, collaborates with research institutions and ČVUT, and endeavors to apply the latest expertise in the manufacture of its products, while constantly expanding the range of its products and services.

The final achievements of FANS a.s. are the results of the joint efforts of its workers, for whom the company creates favorable conditions and a creative climate. Such conditions are a prerequisite to the company's development and continuous production quality improvement. By taking an individual approach to each worker and team, the company tries to improve their qualifications, since this is the cornerstone of our ability to satisfy the needs of our customers. Teamwork development reinforces the responsibility of all our workers for the quality of our products.

FANS, a.s. prefers to work with time-tested suppliers, and sees to it that all the purchased materials and subcontractor deliveries and services comply with the adopted principles of quality management.

The company subjects its suppliers and subcontractors to regular audits and tenders as part of its quality management system.

FANS, a.s. has implemented and is constantly improving its quality management system, with the goal of ensuring that its products and services have a high degree of quality and reliability.

The company's strategic objective is to become a leader in the markets of Central and Eastern Europe, and an important partner to enterprises in the Asian and African parts of the world. The company is therefore constantly improving its own ISO 9001 system as well as its corporate structure, while simultaneously monitoring feedback from its customers. Recently, the company obtained additional Certificates for Steel Structure Welding and a Certificate of Conformity in Production Management.

FANS, a.s. takes a positive approach to both the environment and work safety. The company acknowledges its obligation to preserve the environment for future generations and to provide a safe work environment. Considerable funds are spent every year, from our own resources along with various grants and programs, for environmental protection. The company has therefore implemented and is constantly improving its quality management system according to ISO 14001 standards and the work safety and health protection system OHSAS 18001.

In order to prevent or minimize the impact of the company's activities on the environment, and also ensure a safe work environment, FANS, a.s. undertakes to:

- observe relevant legal regulations, directives and other requirements
- set goals and prepare programs to ensure they are met
- constantly improve the prevention of environmental contamination
- prevent the occurrence of workplace injuries and occupational diseases
- carry out its business activities so as to protect the safety and health of its employees, business partners, and the company's vicinity
- constantly improve the work environment (work safety) and prevent risks
- use easily degradable and therefore environmentally friendly products in its production processes
- promulgate its policy amongst its business partners and the public

The management of FANS, a.s. undertakes to ensure adherence to its quality assurance policy. The environmental policy and work safety policy are binding to all of the company's employees.



Human Resources Policy

FANS, a.s. is one of the major and distinguished employers in the Pardubice Region. The company's top management, in cooperation with the human resources of FANS, a.s., endeavors to retain this status and reinforce it constantly.

As part of the corporation's quality policy, FANS, a.s. endeavors to become a leader in the markets of Central and Eastern Europe, as well as an important partner to enterprises in the Asian and African parts of the world. This objective is the starting point for creating and implementing a human resources strategy and policy, and intensifying the modernization of the system of adult education, performance evaluation, and motivation. Only a good system of human resources management (henceforth only HRM) can create the right conditions for increasing the organization's intellectual capital, and establishing an appropriate corporate culture along with a positive climate in the organization. Nothing but the pursuit of this policy can enable FANS, a.s. to attain the aforesaid long-term objectives.

One of the cornerstones of HRM is the development of its employees' qualifications, with an emphasis on further education. In order to improve the company's competitiveness and support its growth strategy, we concentrate above all on improving the language proficiency and technical education of our employees. An integral part of HRM is the adaptation of newly hired employees.

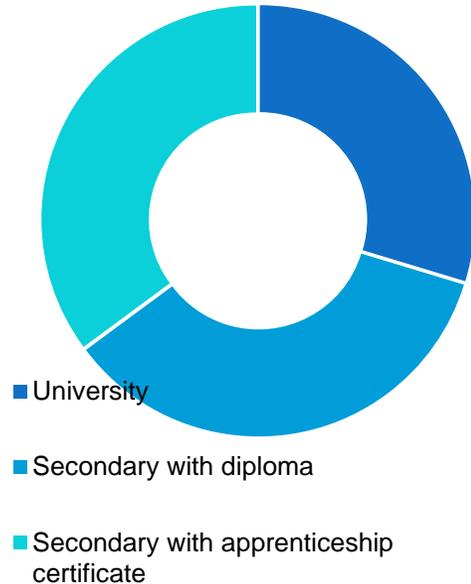
Ever since 2010, FANS, a.s. has actively participated in the projects of the operational program "Human Resources and Employment". In 2015, FANS, a.s. received funding for language courses, welders training and information system training from the project "Support for Professional Upgrading of Employees". The project was co-financed by the European Social Fund through OP LZZ and from the Czech Republic's state budget.



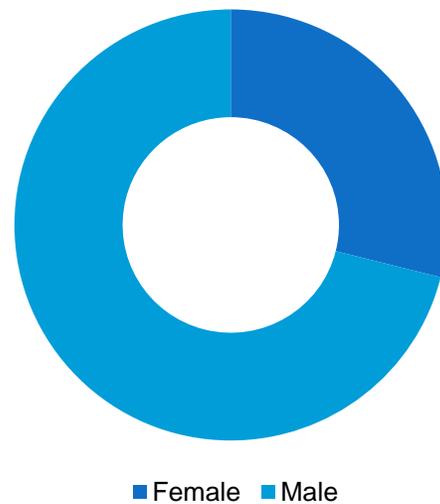
Employee Structure

FANS, a.s., is fully aware of the fact that its current and future achievements depend above all on the skills of its workers. An adequate number of reliable and professionally qualified employees is a prerequisite to the company's further development and preservation of its competitiveness.

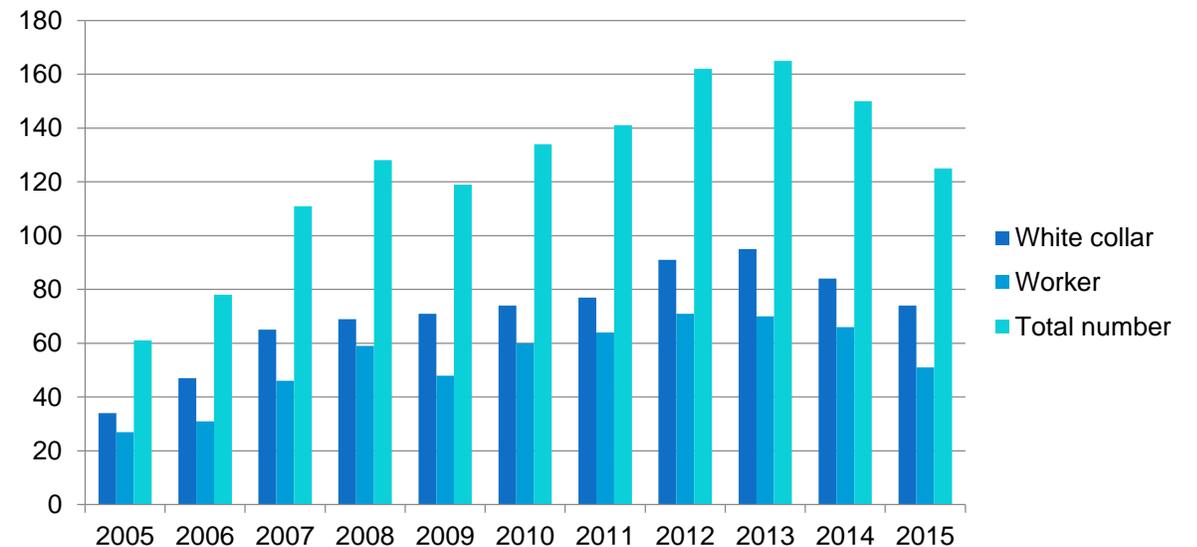
By Qualification



By Gender



Development of Workforce



Research and Development

As in prior years, FANS, a.s. also cooperated actively in 2015 in the subsidized projects ALFA and CK with ČVUT - Prague. Thanks to these projects, the company gained valuable scientific knowledge applicable in the field of industrial cooling.

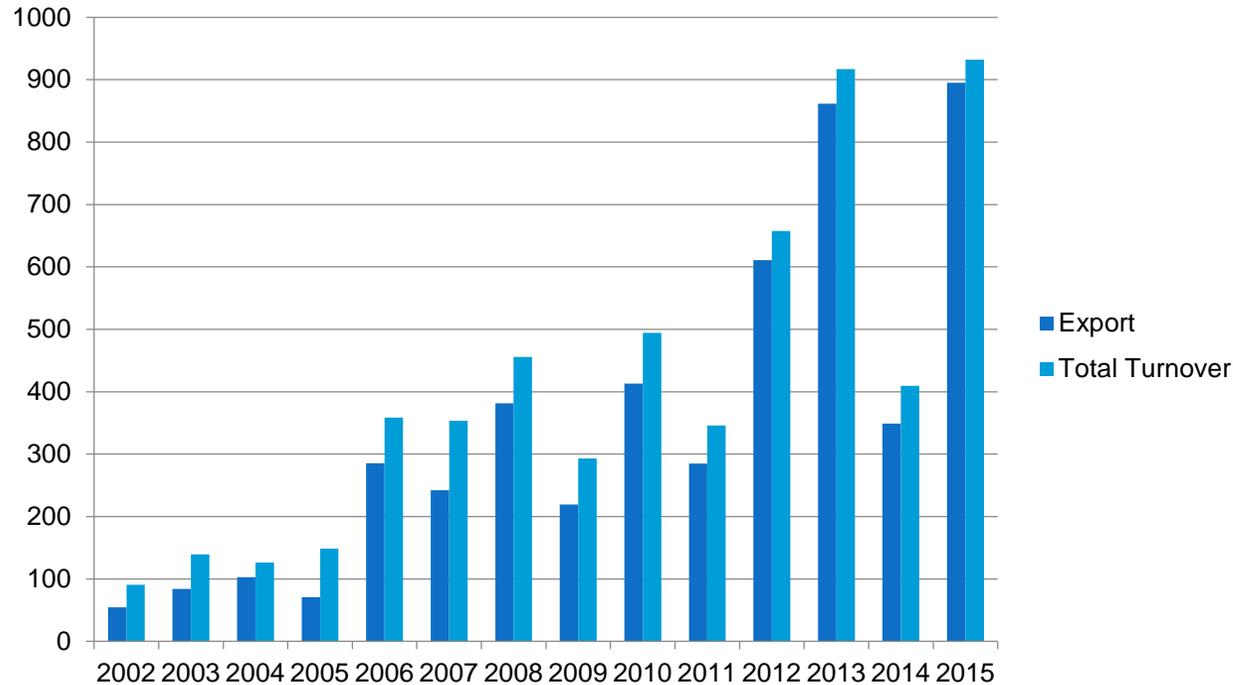
New information was gained primarily in the field of dry and hybrid cooling, both of which are of vital importance to the company's further development. The company's own research activity is a prerequisite to retaining its competitiveness and prosperity. Therefore, it is firmly embedded in the structure of FANS, a.s. By supporting research projects, the company builds up the prerequisites for retaining its leading position in the market, along with its growth potential.

The project "Reduction of the Energy Consumption of Cooling Towers" led to a new line of circulation wheels for the ventilator units of cooling towers. Last year, we managed to launch a series production of this product. For the manufacture of the ventilator blades, we used pultrusion technology, which brings an innovative approach to fiberglass processing.

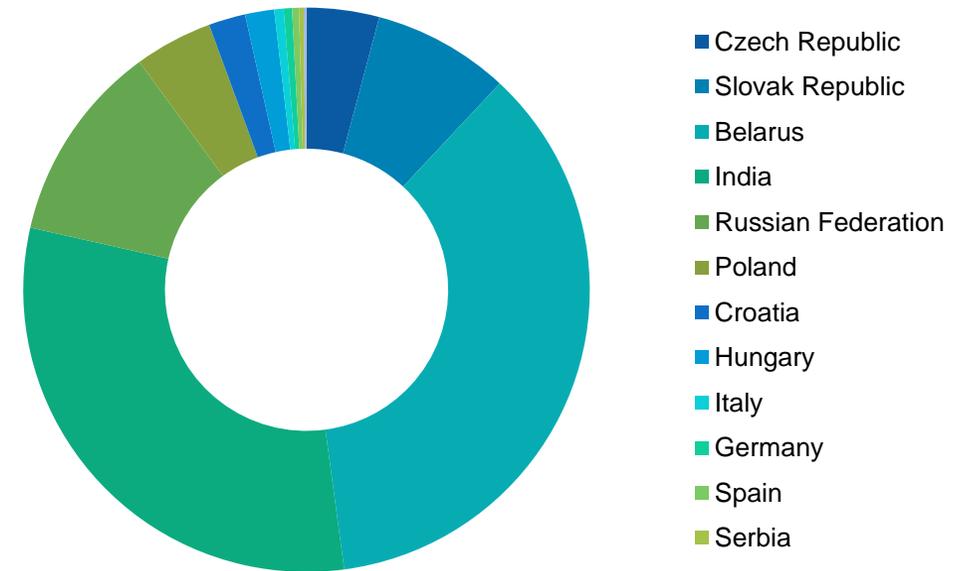


Business Results

Business Results – Turnover and Export



Sales results by territory



References

DUSLO, a.s.

Slovak Republic

Year of Implementation: 2016

The circulation circuit for CV 6 is a turnkey project that includes solution design and planning, construction and assembly work, construction and delivery of a collection pit, assembly of circulation pumps, construction of a water treatment facility, complete pipeline, electro and instrumentation and control, guarantee measurements, and warranty and after-sales service. The cooling circuit includes 10 cells of FRP cooling tower, whose size has no equal in Central Europe.

DUSLO, a.s. is one of the most important companies in the Slovak chemical industry and conducts business globally.

Technical Parameters

Water Flow	18,000 m ³ /h
Inlet Temperature	35 °C
Outlet Temperature	25 °C
Total Heat Rate	209 MW



References

ОАО „НАФТАН“

Belarus

Year of Implementation: 2015 - 2016

Delivery and subsequent supervision of a cooling circuit consisting of 9 cells of forced draft cooling towers. It was one of the largest and most significant projects realized by FANS, a.s. in 2015.

ОАО НАФТАН is a major petrochemical plant producing various kinds of fuels, oils, lubricants, bitumen, etc. in the Novopolotsk region.

Technical Parameters

Water Flow	10,000 m ³ /h
Inlet Temperature	40 °C
Outlet Temperature	28 °C
Total Heat Rate	139.67 MW



Illustrative Photo



References

TEC "Astrakhanskaya"

Russian Federation

Year of Implementation: 2015

Delivery and supervision of two cooling towers CTF 200/IV for the important Russian energy company TEC Astrakhanskaya, with a total output of 380 MW.

Technical Parameters

Water Flow	24,500 m ³ /h
Inlet Temperature	40.9 °C
Outlet Temperature	30.9 °C
Total Heat Rate	282 MW



Illustrative Photo

References

OA0 "Nevynnomyskyi Azot" Russian Federation Year of Implementation: 2015

Delivery and supervision of a forced-draft cooling tower CTF 200/IV.
OA0 "Nevynnomyskyi Azot" is one of the largest Russian producers of nitrogen fertilizers and one of the leading chemical companies producing ammonia.

Technical Parameters

Water Flow	8,000 m ³ /h
Inlet Temperature	40 °C
Outlet Temperature	28 °C
Total Heat Rate	110.6 MW



Illustrative Photo

References

U.S. Steel Košice, s.r.o.

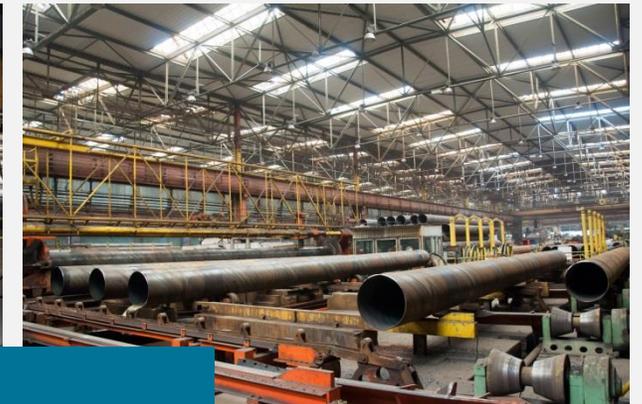
Slovak Republic

Year of Implementation: 2015 - 2016

General overhaul of a 10-cells concrete forced draft cooling tower that is used for cooling blast furnaces. In this project, the latest expertise acquired from our own research and development was applied, with the goal of finding the optimal solution for the client, in terms of technical, financial and environmental options. The general overhaul for this Slovak client included complete replacement of existing technology, construction work and electrical installations. Furthermore, the overhaul includes delivery of our low-speed engines.

Technical Parameters

Water Flow	6,000 m ³ /h
Inlet Temperature	55 °C
Outlet Temperature	40 °C
Total Heat Rate	103 MW



Illustrative Photo

References

Synthos Dwory 7 sp. z o.o. s.j.

Poland

Year of Implementation: 2015

Delivery and installation of 4 cells of forced draft cooling towers BORA 7500. The delivery includes chemical water treatment station, a filtration unit, pumps, complete automatization and construction work.

Synthos Group S.A. is one of the largest producers of chemicals in Poland. The company is the first European manufacturer of rubber emulsions and a leading manufacturer of polystyrene.

Technical Parameters

Water Flow	3,700 m ³ /h
Inlet Temperature	40 °C
Outlet Temperature	30 °C
Total Heat Rate	43.08 MW



FINANCIAL STATEMENT 2015

Auditor's Report, Opinion



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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of FANS, a.s.

We have audited the accompanying financial statements of FANS, a.s., based in Na květnici 1064/17, Praha 4, identification number 256 25 381, in accordance with Czech accounting regulations, which comprise the balance sheet as at 31. 12. 2015, and the income statement and cash flow statement for the period from 1. 1. 2015 to 31. 12. 2015, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body of FANS, a.s. 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.

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 and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those laws and regulations 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 the 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 give a true and fair view of the financial position of FANS, a.s. as at 31. 12. 2015, and of its financial performance for the period from 1. 1. 2015 to 31. 12. 2015 in accordance with Czech accounting regulations.

Other information

The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained from the audit and whether the annual report was prepared in accordance with the legal requirements, or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Based on the work we have performed, we have nothing to report with regard to the other information that we have obtained.

Prague, 30. 5. 2016

BDO Audit s. r. o., Certificate No. 018

Represented by partners:


Petr Slaviček

Certificate No. 2076


Lukáš Hendrych

Certificate No. 2169

Profit and Loss Statement

FANS, a.s.
Na květnici 1064/17
Praha 4
140 00

ID No.: 256 25 381
Period: 1.1.2015 to 31.12.2015

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31. 12. 2015
(‘000 CZK)

Ref.	Period		
	Current	Prior	
II.	Revenue from sale of own products and services rendered, change in inventory of own production and capitalization	908 897	441 398
1.	Sales of own product and services	952 758	408 327
2.	Change in own production inventory	-48 067	24 726
3.	Capitalisation	206	8 345
B.	Production consumption	774 235	396 237
1.	Raw materials and consumption	413 665	185 838
2.	Services	360 570	210 399
+	Added value	132 662	45 161
C.	Personnel expenses	63 349	71 569
1.	Wages and salaries	40 969	48 735
2.	Remuneration of board members	4 907	3 056
3.	Social security expenses and health insurance	15 469	17 574
4.	Other social expenses	2 004	2 204
D.	Taxes and fees	2 995	767
E.	Depreciation and amortization of tangible and intangible fixed assets	7 286	7 119
III.	Income from fixed assets and materials sold	0	25
1.	Income from fixed assets sold	0	25
F.	Net book value of fixed assets and material sold	0	35
1.	Net book value of fixed assets sold	0	35
G.	Additions to/reversals of provisions and adjustments relating to operating activities and complex deferred expenses	-6 939	1 918
IV.	Other operating income	42 833	47 412
H.	Other operating expenses	47 828	41 830
*	Operating profit/loss	60 976	-30 630
L.	Loss from revaluation of securities and derivatives	242	0
X.	Interest income	532	872
N.	Interest expense	4 212	3 827
XI.	Other financial income	21 625	18 323
O.	Other financial expense	37 183	41 579
*	Profit/loss from financial operations (transactions)	-19 480	-26 411
Q.	Income tax on ordinary activities	13 668	-11 834
1.	- due	4 309	0
2.	- deferred	9 359	-11 834
**	Profit/loss from ordinary activities	27 828	-45 207
***	Profit/loss of current accounting period (+/-)	27 828	-45 207
****	Profit/loss before tax (+/-)	41 496	-57 041

Date: 30. 05. 2016

Signature:  

Balance Sheet

FANS, a.s.
Na květnici 1064/17
Praha 4
140 00

ID No.: 256 25 381

BALANCE SHEET AS AT 31. 12. 2015 ('000 CZK)

Ref.	ASSETS	Gross	Current Year Adjust.	Net	Prior Year Net
	ASSETS	702 145	-58 376	643 769	509 677
B.	Fixed assets	115 032	-50 030	65 002	66 113
B.I.	Intangible assets	4 604	-1 998	2 606	5 190
	3. Software	4 459	-1 998	2 461	5 190
	7. Intangible assets under construction	145	0	145	0
B.II.	Tangible fixed assets	88 156	-48 032	40 124	44 432
	1. Land	1 584	0	1 584	1 584
	2. Buildings and structures	51 239	-26 110	25 129	27 857
	3. Machines, tools and equipment, transportation means, furniture and office equipment	35 261	-21 922	13 339	13 834
	7. Tangible assets under construction	72	0	72	1 157
B.III.	Long-term financial assets	22 272	0	22 272	16 491
	1. Shares and ownership interests in subsidiaries	21 732	0	21 732	15 936
	6. Long-term investments in progress	540	0	540	555
C.	Current assets	584 271	-8 346	575 925	441 549
C.I.	Inventory	101 235	-1 022	100 213	168 418
	1. Raw materials	16 553	-1 022	15 531	37 527
	2. Work in progress and semi-finished products	83 775	0	83 775	121 165
	3. Finished goods	907	0	907	9 726
C.II.	Long-term receivables	77 522	0	77 522	20 148
	1. Trade receivables	47 018	0	47 018	8 314
	5. Long-term advance payments	28 029	0	28 029	0
	8. Deferred tax asset	2 475	0	2 475	11 834
C.III.	Short-term receivables	288 024	-7 324	280 700	220 314
	1. Trade receivables	190 778	-3 324	187 454	158 242
	2. Receivables from controlled entities, controlling entities and from entities under common control	13 212	0	13 212	3 870
	6. Due from state - tax receivables	38 458	0	38 458	9 494
	7. Short-term advance payments	29 047	0	29 047	43 523
	9. Other receivables	16 529	-4 000	12 529	5 185
C.IV.	Short-term financial assets	117 490	0	117 490	32 669
	1. Cash in hand	417	0	417	214
	2. Bank accounts	117 073	0	117 073	32 455
D.I.	Accruals	2 842	0	2 842	2 015
	1. Deferred expenses	2 826	0	2 826	2 011
	3. Deferred cash receipts	16	0	16	4

FANS, a.s., ID No. 256 25 381
BALANCE SHEET AS AT 31. 12. 2015

Ref.	LIABILITIES	Current Year	Prior Year
	TOTAL EQUITY AND LIABILITIES	643 769	509 677
A.	Equity	112 469	78 859
A.I.	Registered capital	10 000	10 000
	1. Registered capital	10 000	10 000
A.II.	Capital contributions	3 129	-2 652
	3. Gains or losses from revaluation of assets and liabilities	3 129	-2 652
A.III.	Legal, statutory and other reserve funds	2 036	2 035
	1. Reserve fund	2 000	2 000
	2. Statutory and other reserves	36	35
A.IV.	Profit/Loss - previous year	69 476	114 683
	1. Retained profits from previous years	69 476	114 683
A.V.1	Profit/Loss - current year	27 828	-45 207
B.	Liabilities	530 805	430 064
B.I.	Provisions	8 278	17 892
	3. Income tax provision	4 232	0
	4. Other provisions	4 046	17 892
B.II.	Long-term liabilities	22 822	11 214
	1. Trade payables	5 327	0
	5. Long-term advances received	15 656	10 823
	9. Other liabilities	1 839	391
B.III.	Short-term liabilities	332 689	174 041
	1. Trade payables	236 185	81 210
	5. Liabilities to employees	3 025	2 970
	6. Social security and health insurance liabilities	1 691	1 771
	7. Due to state - taxes and subsidies	487	1 860
	8. Advances received	73 264	83 306
	10. Estimated liabilities	15 265	313
	11. Other liabilities	2 772	2 611

Balance Sheet

FANS, a.s., ID No. 256 25 381
BALANCE SHEET AS AT 31. 12. 2015

Liabilities pg. 2

Ref.	LIABILITIES	Current Year	Prior Year
B.IV.	Bank loans and overdrafts	167 016	226 917
1.	Long-term bank loans	73 520	88 698
2.	Short-term bank loans and overdrafts	93 496	140 221
C.I.	Accruals	495	754
1.	Accrued expenses	495	754

Date:

Signature: 

Cash Flow Report



Cash flow statement		Commercial name or other name of an accounting unit
Minimum compulsory information under Regulation 500/2002 Coll.		FANS, a.s.
as at 31.12.2015 (in thousands of Czech Crowns)		Registered office or address of an accounting unit Na květnici 1064/17 140 00 Praha 4
		Current year
P.	Balance of cash on hand and financial equivalents as at the beginning of reporting period	32 669
Cash flows from running activities		
Z.	Accounting profit/loss from running activities before taxation	41 496
A. 1	Adjustments by non-cash operations	4 027
A. 1 1	Depreciation of fixed assets and amortization of adjustments to acquired assets	7 286
A. 1 2	Change in balance of adjustments, reserves	-6 939
A. 1 3	Profit from sales of fixed assets	0
A. 1 4	Revenue from dividends and shares in profit	0
A. 1 5	Accounted for interest expense, exclusive of interest capitalization and accounted for credit interest	3 680
A. 1 6	Possible adjustments by other non-cash operations	0
A. **	Net cash flow from running activities before taxation, changes in working capital and unusual/extraordinary items	45 523
A. 2	Change in non-cash items of working capital	84 086
A. 2 1	Change in balance of receivables from running activities, temporary assets accounts	-141 585
A. 2 2	Change in balance of short-term payables from running activities, temporary liability accounts	158 312
A. 2 3	Change in balance of inventory	67 359
A. 2 4	Change in balance of current liquid assets not included in cash or equivalents	0
A. **	Net cash flow from running activities before taxation and unusual/extraordinary items	129 609
A. 3	Interests paid exclusive of interest capitalization	-4 212
A. 4	Interests received	381
A. 5	Income tax for running activities and additional tax assessments for previous periods	7 729
A. 6	Income and expense on unusual and/or extraordinary items, including income tax	0
A. ***	Net cash flow from running activities	133 507
Cash flows from investing activities		
B. 1	Expense on fixed assets acquisition	-394
B. 2	Income from fixed assets sales	0
B. 3	Loans to related parties	0
B. ***	Net cash flow from investing activities	-394
Cash flows from financing activities		
C. 1	Change in balance of long-term or short-term payables	-48 293
C. 2	Impact of changes in equity on cash on hand and financial equivalents	1
C. 2 1	Increase in cash on hand as a result of increased registered capital, share premium etc.	0
C. 2 2	Payment of share in equity to partners	0
C. 2 3	Other contributions of cash by partners and shareholders	0
C. 2 4	Loss coverage by partners	0
C. 2 5	Direct debit fund payments	1
C. 2 6	Dividends paid or shares in profit, including taxes paid	0
C. ***	Net cash flow from financing activities	-48 292
F.	Net increase/decrease in cash on hand	84 821
R.	Balance of cash on hand and financial equivalents as at the end of reporting period	117 490
Date of dispatch	Person responsible for preparation of financial statements (name and signature)	Signature of statutory body or individual who is the accounting unit
30.5.2016	Ung	Ung

Key Performance Indicators

	Measuring units	2015	2014	2013
Performances	CZK mil.	906,9	441,4	875,0
Revenues from sale	CZK mil.	952,8	408,3	917,0
of which: exports	CZK mil.	913,4	348,2	861,0
Average number of employees	persons	132,8	149,8	164,7
Value added	CZK thous.	132 662,0	45 161,0	147 323,0
Work product from value added	CZK thous.	999,0	305,6	894,5
Average monthly income	CZK	25 708,0	27 111,0	30 227,0
Profit before tax	CZK thous.	41 496,0	-57 041,0	30 188,0
Profitability (operating profit / revenues)	%	6,4	-7,5	4,9
Total assets	CZK mil.	643,8	509,7	499,0
of which: fixed assets	CZK mil.	65,0	66,1	52,1
current assets	CZK mil.	575,9	441,5	444,7
Total equity and liabilities	CZK mil.	643,8	509,7	499,0
of which: equity	CZK mil.	112,5	78,9	123,6
of which: registered capital	CZK mil.	10,0	10,0	10,0
liabilities	CZK mil.	530,8	430,1	374,8
of which: bank loans	CZK mil.	167,0	226,9	171,9
Share of liabilities in total equity and liabilities	%	82,4	84,4	75,1



Projected Development of the Company

Main parameters of the financial plan of the company FANS, a.s. for the year 2016

According to hitherto signed and currently negotiated projects, FANS, a.s. expects a stable sales turnover, compared to 2015, and a corresponding profit increase. The main target countries remain the territories of the former CIS, the Czech Republic, Slovakia and India. As for the product assortment, sales in 2016 will be dominated by projects for the construction of cooling circuits (projects Naftan BOV-4, Duslo CV-6, MEJA, NABINAGAR) rather than deliveries of complete cooling towers. In the area of overhead costs, we anticipate a growth of approx. 7 %, especially in labor expenses.

Sales	1,000 mil. CZK
Value Added	135 mil. CZK
Labor Costs	69 mil. CZK
Net Profit Before Tax	44 mil. CZK
Equity	157 mil. CZK
Liabilities	382 mil. CZK

FANS Around the World, Contacts

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 **Headquarters of Subsidiaries Abroad**
Slovak Republic
Poland
Russian Federation
India

 **Our Customers**