ALTA is a modern, progressively developing business-industrial group, active on the market in the Czech Republic and abroad. In foreign trade, ALTA primarily focuses on countries of Central and Eastern Europe, but recently it has extended its scope of activity to other countries, too. Export activities are focused on the delivery of technological systems, machining equipment, machinery products, construction material manufacturing equipment and equipment used for mining and processing of ore and rock.

The ALTA Group consists of the parent company ALTA Invest, a.s. and its Czech and international subsidiaries, offering a wide range of business, engineering, manufacturing and financial services in many industrial areas:

> ALTA, a.s. offers and provides top quality business, design, engineering and financial services. It is likewise the exclusive dealer for the machine manufacturing plants TOS KURIM - OS, a.s. and ČKD BLANSKO-OS, a.s. on CIS markets.
> The companies TOS KURIM - OS, a.s., ČKD BLANSKO-OS, a.s. and SE-MI Technology, a.s. represent an important manufacturing and design basis of the ALTA Group in the area of machining equipment and equipment for deep and surface mining operations.
> The companies ALVEL, a.s. and DMS s.r.o. offer high level scientific, engineering and logistics services in the field of nuclear engineering.
> The companies ALTA RUS and ALTA URAL are among the most important foreign subsidiaries of the ALTA Group.

ALTA is an active member of the Chamber for Trade and Industry for CIS countries, Brno Regional Chamber of Commerce and Economics, International Chamber of Commerce of the Czech Republic, Czechoslovak Foreign Institute, Confederation of Industry of the Czech Republic, Association of Engineering Technology, Mining Union, Czech Power Industry Alliance, Czech Nuclear Power Companies and one of the founding members of INDUSTRY CLUSTER 4.0.
Dear business partners and friends,

Last year represented an important development milestone in the activities of ALTA Group. In response to the quickly changing situation on international markets and changes within the holding, transformation of the commodity and ownership structure of the Group was completed by splitting and subsequent merger of companies from the ALTA Group. Economic results achieved after the completed transformation successfully meet the goals set before the start of the transformation.

Also under the persistent difficult conditions on our markets of interest, the Group is able to successfully develop its business contacts not only with partners in traditional territories – in Russia, Ukraine and Belarus, but also in other countries and regions that have a significant export potential – in Turkey, Kazakhstan, Serbia, Iran and others.

Good results are achieved thanks to our stable and systematic work with partners, the ability to adapt to the constantly changing market situation, and last but not least, thanks to the professional qualifications and approach of our workers.

The focal point of our deliveries remains in the area of machine engineering – manufacture of road and rail vehicles, shipbuilding, the power and aviation industries, delivering technologies for extraction and processing of raw materials, nuclear engineering and fuel imports. The important contracts of the last year include projects of modernization and development of engineering plants in the Russian Federation and Ukraine. Among other things, the first machine from a new line of machine tools called ALTA TITAN, which represents the absolute technological and dimensional top in the field, was delivered to a foreign customer in 2016.

With the aim of higher diversification of sales opportunities, a survey of other markets was simultaneously carried out in 2016 in countries where processing industry is found in the development phase with a potential for quick growth – among others in Indonesia, Pakistan, Saudi Arabia. The effort was also targeted to intensify business opportunities where relations already exist and where the ALTA Group has positive references – in China, Israel and in some countries of the Middle East. In 2016, many significant changes to ALTA’s activities took place, but the year also brought about new acquisitions, possibilities and opportunities which create good prerequisites for further development of the whole group.

I would like to use this opportunity to thank the employees of the ALTA Group for their good work, and our traditional and new partners for the existing as well as future mutually beneficial and successful cooperation.

Vladimír Plašil
Chairman of the Board of Directors of ALTA Invest, a.s.

Vladimír Plašil
Born in 1960. Graduated from Kiev State University, degree in Foreign Trade Economics. Between 1984 and 1990 worked for PZO PRAGOINVEST. In 1991 he founded ALTA and managed it until 2003 as the CEO and Chairman of the Board of Directors. At the moment, he is the Chairman of the Board of Directors of ALTA Invest, a.s. as well as ALTA, a.s. Vladimir Plašil is engaged outside the company as well. He holds the position of Chairman of the Board of Directors of the INDUSTRY CLUSTER 4.0, Vice-chairman of the Board of Directors of the Chamber for Trade and Industry for the Commonwealth of Independent States and Member of the Board of Directors of the Brno Regional Chamber of Commerce and Economics.
## Group structure

**BUSINESS**
- ALTA, a.s. / Brno
- ALTA RUS / Moscow
- ALTA URAL / Yekaterinburg
- TRANSPORT – 21 VEK / Yekaterinburg

**MACHINING EQUIPMENT**
- TOS KUŘIM - OS, a.s. / Kuřim
- ČKD BLANSKO-OS, a.s. / Kuřim
- ENERGETIKA KUŘIM, a.s. / Kuřim

**MINING EQUIPMENT**
- SE-MI Technology, a.s. / Ostrava

**POWER ENGINEERING**
- ALVEL, a.s. / Prague
- DMS s.r.o. / Dukovany
Group management

ALTA Invest, a.s.
Vladimír Plašil – Chairman of the Board of Directors
Jozef Abrahám – Chief Financial Officer of the ALTA Group

ALTA, a.s.
Vladimír Horňák – Chief Executive Officer
Jiří Bartuněk – Manager of the Machine Engineering Division
Pavel Kamarýt – Manager of the Mining Technologies Division
Josef Běláč – Manager of the Nuclear Fuel Cycle Division
Inez Krautmannová – Manager of the ALTA Group Project Financing
Karel Laš – Chief Purchase and Realization Officer
Josef Jančařík – Chief Economic Officer
Petr Vágner, LL.M – Head of the Legal Department of the ALTA Group

TOS KUŘIM - OS, a.s. / ČKD BLANSKO-OS, a.s.
Radim Sobola – Chief Executive Officer

SE-MI Technology, a.s.
Gabriel Sirotňák – Chief Executive Officer

ALVEL, a.s.
Josef Běláč – Chief Executive Officer
Irina Mečířová Čistáková – Financial & Economic Director

DMS s.r.o.
Lukáš Hurdálek – Chief Executive Officer
Since its founding in 1942, TOS KUŘIM - OS, a.s. has been an innovator in implementing new technologies in practice and the trade name of the company is the worldwide symbol of reliable and precision machine tools with long service life. The production program is focused on large-scale milling and universal machining centres with a unique system for automatically changing spindle heads. In recent years, TOS KUŘIM - OS, a.s. has become a leader in the field of machine design and ergonomics. In this area, it takes part in many competitions of worldwide significance. The aim of this innovation programme is the maximum satisfaction and comfort of customers, who determine the direction of further development of the company.

Subsidiaries

ČKD BLANSKO-OS, a.s. is a major Czech engineering company with a rich tradition. Since as early as 1951, the company has specialized in the development, construction, and installation of heavy vertical lathes, so-called boring mills. The boring mills manufactured by ČKD BLANSKO-OS, a.s. serve as machining centres enabling lathe turning, milling, boring, drilling and grinding. Confidence of the company is reflected in the construction of several unique machines that have no competition in the world of machine engineering. Development and production of these special machines is a promise of long-term cooperation with our business partners and future prosperity.

The production company SE-MI Technology, a.s. provides supplies of mechanical engineering products and technological systems in the fields of underground and surface mining of raw materials, preparation plants, surface transport systems and equipment designed for other industries based on own technical, production and logistic know-how.

The ALVEL company provides high level scientific and engineering services in the nuclear fuel cycle, with focus on special services for nuclear power plants in the Czech Republic and applied research. Main projects relate to safety analyses, material research, special software development and nuclear fuel inspections.

The DMS company has a long record in providing logistic services and transport of hazardous and radioactive materials, including nuclear materials and oversize loads. The DMS company operates on the territory of EU with projects reaching other continents (Africa, Asia). Over its twenty-year operation, DMS s.r.o. has become a synonym for safe and reliable transport in a global context.
Company development

1991
> Foundation of ALTA, spol. s r.o.

1992
> First deliveries of 8PA4 engines for the purposes of surface mining combines in CIS countries

1994
> Transformation of ALTA, spol. s r.o. to the joint-stock company ALTA, a.s.

1995
> Signing of a contract on exclusive agency of the Russian manufacturer of fuel cells TVEL for the Czech Republic

1996
> Deliveries for investment projects for technologies for mining and processing of ore and rock

1998
> Establishment of representation in Minsk (Belarus)

1999
> Establishment of representation in Kiev (Ukraine)
> Commencement of the modernization project of PO BELAZ (Belarus)

2001
> ALTA, a.s. places among the one hundred most successful companies in the chart put together by CZECH TOP 100 for the first time

2002
> Establishment of representation in Yekaterinburg (Russian Federation)

2005
> Signing of a framework agreement on the modernization project for FGUP PO Uralvagonzavod (Russian Federation)
> Property share acquisition in companies TOS KUŘIM - OS, a.s., KULÍČKOVÉ ŠROUBY KUŘIM, a.s., and SLEVÁRNA KUŘIM, a.s.

2006
> Commencement of the modernization project for FGUP PO Uralvagonzavod (Russian Federation)
> Signing of a contract for complex shaft mechanization for the VINACOMIN company (Vietnam)
> Property share acquisition in TRANSPORT – 21 VEK (Russian Federation)
> Signing of a contract with OOO Kuzminetskyi kirpichnyi zavod (Ukraine) for the delivery of a complete brick production line
> Signing and commencement of the project for delivery of galvanizing lines and a varnishing line for Irkut Corporation (Russian Federation)

2007
> Foundation of the subsidiary ALTA URAL providing service for machining tools for the Russian Federation

2008
> Capital acquisition in company SE-MI Technology, a.s. (Czech Republic)
> Signing of a framework contract with the company OAO Magnitogorskyi metalurgicheskiy kombinat (MMK) for the delivery of equipment for development works and processing of overburden
> Establishment of business representation in Donetsk (Ukraine)

2009
> Establishment of representation in Magnitogorsk (Russian Federation)
> Modernization of the OAO MMK rolling mill plant via deliveries of equipment and construction parts for rolling stand 5000
> Signing of contracts with OAO MMK for technological and construction deliveries of peripheries of the vacuum furnace system, continuous casting and the rolling stand 2500 project
> Signing of a contract for the delivery of mining equipment for ZAO Donetskstal
> Signing of a contract for the delivery of mining transport and a mechanized system for VINACOMIN

2010
> Acquisition of ČKD BLANSKO-OS, a.s. and following up on the tradition of the production of boring mills
> Completion of the project for the largest varnishing line of freight cars in the world for OAO NK Uralsyntez

2011
> Acquisition of the Czech manufacturer of heavy milling machines and lathes, ŠKODA MACHINE TOOL a.s.
> Foundation of the company ALVEL, a.s.

2012
> Signing of a memorandum concluded with the Ministry of Energy Sector and Infrastructure of the Republic of Serbia on cooperation on the construction of a new mine complex and a power plant with a capacity of 380 MW
> Signing of a significant contract concluded with the OAO Ashinsky Metallurgical Plant (AMET) concerning the reconstruction and complex refurbishment of the rolling line
> Signing of a contract for the “turnkey” delivery of a complete technological line for the OOO KKI brick factory, Kinley (Ceramic product plant, Bryansk Region, Russian Federation)
> Acquisition of DMS s.r.o. (transport of dangerous and nuclear materials and oversize loads)

2013
> Delivery of the largest belt conveyors for deep mining in the CIS territory for OAO SUEK in Krasnoyarsk (Russian Federation)
> Construction of a coal-treatment plant for Silesia PG Czechowice (Poland)
> Contract for delivery of a coal-mining complex for OAO Vorkutaugol (Russian Federation)

2014
> A project to modernize the rolling mill was successfully completed at the Ashinsky Metallurgical Plant (Russian Federation)

2015
> Delivery of technology for processing slag for the company Zaporozhtstal (Ukraine)
> In 2014–2015, 12 vertical lathes with a contract value of more than MEUR 10 were gradually delivered and put into operation for VSMPO-AVISMA (Russian Federation), the world leader in the field of production of titanium forgings and workpieces
> Sale of its shares in its subsidiaries ALTA MACHINE TOOL, a.s., ŠKODA MACHINE TOOL a.s., SEDRA TOOLS s.r.o. and ŠKODA EASTERN

2016
> In 2014–2016, an automatic line for the production of wheelset was delivered and put into operation for R.W.S. Wheelset (Kazakhstan) according to our own project in the amount of more than MEUR 20
> In cooperation with ALTA RUS, a set of four machines from four renowned European producers was delivered to Zvežda-Reduktor (Russian Federation) in the total amount of MEUR 6
> Re-starting of deliveries of mining technology to OAO Severnyi Kuzbas, Berezovskyaya mine shaft (Russian Federation)
> Successful completion of deliveries to Shachtoupravlenie Pokrovskoe mine shaft (Ukraine) – contract for mining technology for the extraction of coking coal in the amount of MEUR 20 (2014–2017)
Economic results

In 2015 the company decided to sell its shares in its subsidiaries ALTA MACHINE TOOL, a.s., ŠKODA MACHINE TOOL a.s., SEDRA TOOLS s.r.o. and ŠKODA EASTERN. The sale was effected in 2015 with conditions precedent that was met in 2016. The company did not control these two subsidiaries in 2015 any more and showed a counter value in other financial assets in 2015. On 1. 1. 2016 ALTA MACHINE TOOL, a.s. was split into two divisions. The Machine Engineering Division merged with the affiliated company ALTA, a.s. and the Raw Materials Division with ALTA MACHINE TOOL, a.s. and was a part of the sale. On 1. 1. 2016 ALTA Invest, a.s. and ALTA CZ, a.s. merged.

The consolidated revenues from sales of the ALTA Group pursuant to the International Financial Reporting Standards (IFRS) as adopted by the European Union amounted to MCZK 2,055 and the consolidated economic result of the company is MCZK -381. With respect to revenues and ER, economic results of TRANSPORT – 21 VEK (hereinafter “T21”) have the biggest impact compared to 2015, it made a profit of MCZK 130 according to national standards but showed a loss of MCZK 453 according to IFRS. Items which significantly influenced the economic result of T21 according to the International Financial Reporting Standards and therefore also the consolidated result of the Group are exchange rate differences (MCZK-249) and the difference between the sale price and the value of receivables at the end of “Wagon axles” leasing by Uralvagonzavod within a dispute in the previous years and its re-opening on the basis of the restructuring of the contractual documentation in 2016 (-246 MCZK). Until 2015, “Wagon axles” were categorized within IFRS as “Assets held for sale”.

In the longer time horizon, the comparison with periods before 2015 are affected in particular by not including ALTA MACHINE TOOL, a.s. (raw materials), ŠKODA MACHINE TOOL a.s., SEDRA TOOLS s.r.o. and ŠKODA EASTERN in the consolidation of 2015 and 2016. This fact was reflected in the consolidated balance particularly in the items of assets, receivables, liabilities and loans. The consolidated economic results of the ALTA Group fully reflect the circumstances of 2016 in the consolidation unit comprising ten companies. With respect to the shown results of the Group and when not taking into account the one-time T21 impact, it can be said that the Group still maintains a significant position within its business area. The ALTA Group succeeded in completing the tasks planned for 2016 and established a good basis for the successful implementation of tasks and plans for 2017.

In view of the fact that the parent company owns subsidiaries abroad, the financial statements have been consolidated in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Financing

Every year, the ALTA Group strengthens its position amongst the most important Czech exporters. The Group has also succeeded in implementing a number of contracts with bank financing for our customers. The realization of these projects is possible thanks to traditionally good and close relations with banking and insurance institutions.

The range of banks cooperating with us is comprehensive from the perspective of both size and provided services and focus on exports and project financing thereof. With the help of the experience of our banking partners and skill of employees in the area of export and project financing, it is possible to offer our clients innovative solutions and ensure advantageous financial conditions for the successful implementation of their business plans.

The ALTA Group has a highly qualified team of specialists with real experience in export and project financing acquired in years of working in the banking sector. Customers are offered standard export financing based on medium- or long-term credit with EGAP insurance. In this manner, it is possible to finance a wide range of export supply contracts starting with piece supplies, up to the supply of technological systems and construction projects on a turnkey basis.

The economic and financial standing of the investor’s existing business, the justification of the investment and the ability to repay the credit provided are especially considered. ALTA provides customers assistance in preparing all the necessary documents for standard analysis of the project and the borrower which the banks and EGAP require. Preparing the structure of the projects within the framework of long-term financing of turnkey supplies begins by analysing all relevant risks for the project which may affect the ability of the new undertaking to repay its liabilities to the financing bank. This is a comprehensive process, which usually takes 6–18 months and is associated with higher costs related to securing of credit. Our customers are informed accordingly.

Recently there has been an increase in the interest in supplier credits with deferred repayment in the event of piece supplies of equipment, technological systems or spare parts on the part of our customers. This concerns one-off as well as framework contracts with part supplies with deferred repayment of 12–36 months. In such cases, our company offers short-term up to long-term credit with subsequent financing in liaison with cooperating banks and insurance companies. Major emphasis is placed on our customers knowing from the beginning the details of the terms and price for this method of financing deliveries.

The precondition for success in export is an extensive knowledge of, and experience in, the area of export and project financing. Our company has such knowledge and shares it with its customers in the interest of the common use of new business opportunities. In spite of the complicated geopolitical situation, we managed to confirm this fact also last year and we offered our clients a complex spectrum of financing options under conditions which were as competitive as possible considering the given circumstances.
Business activities

Business activities within the framework of the ALTA Group particularly represent exporting technological systems in the field of machine engineering, delivering technologies for mining and processing ore and other raw materials, producing construction materials and metallurgy. The business activities of ALTA are traditionally realized via ALTA, a.s.

Ever since its foundation, ALTA, a.s. has been one of the leading suppliers of engineering equipment to countries of Central and Eastern Europe. It is the exclusive representative of the companies TOS KUŘIM - OŠ, a.s., and CKD BLANSKO-OS, a.s. on markets of the Russian Federation, Ukraine and Belarus. ALTA, a.s. also cooperates with other significant mechanical engineering manufacturers in the Czech Republic and in Europe. The segment of technological projects is based on the ALTA, a.s. company’s experience in the implementation of large investment projects for foreign customers. The import activities within the framework of the ALTA Group are particularly focused on fuel cells for the nuclear industry and several components ensuring the operational capability of Czech nuclear power plants.

In the field of mechanical engineering, ALTA, a.s. continued to carry out deliveries to traditional partners in 2016 despite the fact that the impact of international sanctions on deliveries of machine tools reduced export dynamics. After further corrections of investment plans of potential customers, sanction conditions of the Russian Federation had to be met and at least partial production in local companies had to be substantiated. ALTA managed to meet this procedure as one of a few Czech companies. Thanks to it, we continue to successfully operate on this traditional market of ours.

The good results have been largely achieved thanks to our stable work with traditional partners. We have long-term contracts for very sophisticated equipment and we have also successfully diversified a portion of our deliveries of equipment for other markets. The focal point of our deliveries continues to be in the manufacture of road and rail vehicles, shipbuilding, and the power and aircraft industries. The first machine from a new line of machine tools ALTA TITAN, which represent the absolute technological and dimensional top in the field, was delivered to a foreign customer last year.

In 2016, the continuing crisis negatively impacted the supplies of technology for mining and processing ore and industrial minerals primarily in the traditional markets of Russia and Ukraine. The main volume of deliveries headed for Ukraine, especially for customers Shachtoupravlenie Pokrovskoe (extraction of coking coal) and the Zaporozhstal iron ore factory (extraction of iron ore).

The effort to diversify business activities to other territories continued. These activities have been successfully developed particularly in the Balkans where several business contracts should be gradually implemented in Serbia and Bosnia and Herzegovina. A number of potential customers have been found in Turkey, Iran and other, particularly Asian, countries.

Thanks to the significant increase in prices of coking coal, ALTA managed to succeed in tenders in Kuzbass with a significant success leading to the conclusion of a contract for the delivery of mining technology for OAO Severnyi Kuzbass. Other deliveries of technologies are also in progress for Zaporozhstal, Shachtoupravlenie Pokrovskoe, Severstal and other partners in the field of metallurgy.

Within the Group, we consider the year 2016 a critical one with regard to deliveries of technologies for mining and processing of ores in view of new acquisitions and diversification of customer portfolio.

In 2016, the subsidiary ALVEL continued with activities related to the import of nuclear fuel and development of engineering activities in the field of nuclear power. It took part in the implementation and securing of contracts on the European market, including Russian Federation, as well as on other foreign markets.
### Mechanical engineering

The mechanical engineering segment provides optimal technological solutions through the supplied technological systems as well as in the form of supply of individual machines.

**Focus:**
- production, sale and distribution of machine tools produced internally
- sale of machine tools produced externally
- sale of surface treatment equipment
- sale of automated machining lines and operations
- material division equipment
- forming and forging machines
- machining lines and robot work stations
- forming and forging lines and robot work stations
- surface treatment lines (galvanic and varnishing ones)
- casting lines
- technological supplies for iron metallurgy
- welding lines and robot work stations
- welding equipment, machines and excess materials
- diagnostic equipment

### Mining technologies

The segment of mining technologies specializes in the supply of technologies for raw materials mining in a surface or underground fashion. The supplied technologies, which are well known not only in the CIS countries but also in Poland and Vietnam, are designed both for mining and enrichment of ores and raw materials (namely coal, but also gold, silver and iron ore, chrome, lead, platinum, etc.), and for mining and treatment of materials intended for the building industry (aggregate, sand, etc.).

**Focus:**
- designing, supply and installation of mining mechanized complexes for coal extraction
- designing, supply and installation of technological lines for mining and treatment of ores and aggregates and its further processing (concrete mixing plants, asphalt mixing plants, railroad tie manufacturing)
- design and supply of technological systems for continuous surface mining of ores and coal
- conveyor systems for deep and surface mining
- supply of mineral processing plants
- supply of mining equipment for vertical transport
Technological projects

The segment of technological projects specializes in the supply of equipment for the production of building materials, in comprehensive solutions in the energy sector (energy sources) and the food industry.

**Focus:**

- machines and equipment for the brick-and-tile industry
- machines and equipment for the production of wood pellets
- comprehensive supply of services and equipment to mini-breweries
- comprehensive supply of services and equipment in the energy sector
- modernization of existing metallurgical plants

Fuel cycle of nuclear power plants

In fuel cycle of nuclear power plants segment we provide comprehensive solutions to fuel cycles in nuclear power plants, namely starting with supplies of nuclear materials and fresh nuclear fuel and proceeding up to optimization studies of their use in the reactor after its irradiation as well.

**Focus:**

- provision of import and export licences for the import and export of nuclear materials and double-use items
- licensing of transport packing materials/containers for road as well as air transport of nuclear materials within the territory of the EU
- supplies of fresh fuel cells and the relating engineering services, including the provision of transport thereof for the nuclear power plants and research reactors in the Czech Republic and Slovakia
- export of nuclear materials and provision of their transport
- import and export of materials and goods belonging to double-use items
- transport of radioactive and hazardous materials and spent nuclear fuel
Internal control and internal audit

The corporate administration and management of the ALTA Group includes an internal control system and internal audit. The purpose of the internal control system is to ensure that the set business goals are achieved together with protection of the company assets, effectiveness of in-house processes and protection of the interests of the Group’s shareholders and creditors. The purpose of the internal audit is to assess the internal control system in an independent and impartial manner.

In 2016, the Group was subject to a number of audits, which focused on the following areas:

> protection of assets of the member companies in the Group
> assessment of efficiency, effectiveness and economy of the in-house processes executed in the member companies of the Group
> assessment of compliance with the set strategic goals and interests of shareholders and creditors of the Group, legislative and regulatory requirements on the part of the member companies in the Group
> identification of major risks associated with activities pursued by the member companies of the Group and issuing of recommendations concerning management thereof
> assessment of the efficiencies of the processes securing a true and honest presentation of financial information provided both on the level of the member companies of the Group and on the level of the consolidated financial statement

The results of the executed audits were provided to the Board of Directors and the Supervisory Board of ALTA Invest. Recommendations were issued on the basis of the determined circumstances, in order to improve the performance of the Group and to minimize the identified risks. A plan for resolving identified facts was developed on the basis of these recommendations.

The department of internal audit continuously monitored the performance of corrective measures within the ALTA Group. The annual financial statements (consolidated, non-consolidated) were checked by an external auditor.

Research and development, technologies and innovations

The ALTA Group is continually accentuating its products from the perspective of their sustainable competitiveness. Due to the technical development departments of the member companies, the Group has highly qualified teams of employees specializing in research and development. This concentrated capacity includes all stages of development of a new product, from design, through construction, up to prototype testing. The Group has been systematically creating and developing the background with the necessary research and development technologies of the latest generation and optimizing the designing processes.

For the control of development in the medium-term horizon, the member companies have been preparing a plan of technical development, including the application of the latest findings in the sciences and reflecting the marketing priorities and goals of the Group. These plans define the goals for preserving and increasing the value of our products and mutual relations based on the competency of individual entities to secure the necessary activities. Concerning machine tools, research in 2016 was especially focused on the modularity and multifunction capability of tools, the use of new materials, and furthermore on methodologies for the effective construction of machine tools in the stage of installation and handover testing. Special emphasis of technical development was placed on the readiness of machines from the point of view of the Industry 4.0 initiative.

The list of research projects carried out supported by grants included:

> Project: Use of progressive technologies for the effective construction of machine tools, 07/2014–12/2017
> Project: Multifunctional ram with high stroke of a box-in-box concept, 07/2014–12/2017
> Project: Multifunctional machining centre with a composite structure, 01/2016–06/2017
Social responsibility

Since its establishment, ALTA has been acting as a partner for public cultural and social events. Since 2002, ALTA has been a traditional partner to the cultural project Days of Russian Culture in South Moravia and in Prague. The festival, which meets with a great response every year, is focused primarily on theatre, ballet, and music. ALTA is also a long-term partner of the Brno City Theatre. The financial aid of ALTA contributes regularly to the humanitarian traditions of our nation within the framework of the partnership with Společnost Ludvíka Svobody (an association named after the former Czechoslovakian president). In recent years, attention has been paid to educational, sporting and other leisure-time activities of youth, for instance within the framework of support for technical kindergartens and primary schools in Kuřim.

Continuous attention of the Group is paid to human resources. Radical market changes require not only high expertise, effort and loyalty from our employees, but also the courage to look for new solutions and to respond flexibly to the needs of customers. Creativity with high level of loyalty is the basis of the company’s success. ALTA provides its employees with a wide scope for self-realization and supports their interest in innovations of the existing processes and creating necessary conditions for professional growth, including language teaching. Support is not directed only at the development and strengthening of work knowledge and skills but also at a personal and out-of-work level.

Among other things, high work engagement is compensated by a wide range of benefits. Within health care, employees can use the suggested preventive programmes or draw benefits at their own discretion. Applying equal opportunities and supporting employment of women is a matter of fact. The ALTA Group has employees of all age groups. Attention is also paid to university students, some of them find employment in our companies also after graduation. Female colleagues ending maternity or parental leave and taking care of small children appreciate the opportunity of part-time work. This significantly facilitates their return to the working process and allows a seamless combination of the working and family life.

Creating a friendly and open relationship between employees is of particular importance. Contributing to that, in addition to emphasizing a friendly, tactful and inspiring working environment, are plenty of year-round sporting, social and cultural activities, as well as a range of social benefits. Among the most popular events, there is the Christmas Party, the Summer Day for families with children, a sports-focused event called Střelecké odpoledne (shooting afternoon), golf tournaments or the very popular ALTA BOWLING CUP.

The environment

Activities within the ALTA Group are performed in accordance with currently applicable laws that concern the protection of the environment. The strategy of development is oriented on the provision of services and products whose reliability, quality and friendly approach towards the environment meet the needs of customers. In the field of environmental protection, the aim is to achieve and maintain such a level of management and organizational activity which will enable to minimize the negative impact of our industrial activity on the environment and which will be positively reflected in the quality of our production.

The level of occupational health and safety for our employees is a matter of priority. This policy also includes procedures for handling waste, chemical substances and measures to be taken in the case of accidents or emergency situations. As part of the framework for improving the quality of the working environment and its immediate surroundings, a new representational entrance was built with extensive landscaping, new tiling, lighting, and the planting of greenery at the complex of TOS KUŘIM - 05, a.s. The company premises and their nearest surroundings are being constantly improved and maintained. By our systematic approach to environmental protection, we want to improve living conditions in the nearest surroundings.
### ALTA Invest, a.s.
#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**AS AT 31 DECEMBER 2016, 2015 (thousands of CZK)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from sales of goods and services</td>
<td>2,054,952</td>
<td>2,677,663</td>
</tr>
<tr>
<td>Costs for sold goods and services</td>
<td>-1,663,405</td>
<td>-2,304,801</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>391,547</strong></td>
<td><strong>372,862</strong></td>
</tr>
<tr>
<td>Distribution costs</td>
<td>-84,458</td>
<td>-106,856</td>
</tr>
<tr>
<td>Administration costs</td>
<td>-156,701</td>
<td>-168,041</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other operating profit and loss</td>
<td>-341,973</td>
<td>-106,856</td>
</tr>
<tr>
<td><strong>Profit (loss) from sale of shares</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other financial income</td>
<td>-1,902</td>
<td>1,977</td>
</tr>
<tr>
<td>Other financial expenses</td>
<td>-32,923</td>
<td>-32,419</td>
</tr>
<tr>
<td><strong>Financial profit</strong></td>
<td><strong>751,464</strong></td>
<td><strong>208,907</strong></td>
</tr>
<tr>
<td><strong>Financial loss</strong></td>
<td><strong>-994,594</strong></td>
<td><strong>-32,419</strong></td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td><strong>-484,836</strong></td>
<td><strong>65,530</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td>103,550</td>
<td>-52,384</td>
</tr>
<tr>
<td><strong>Profit (loss) for the period from continuing operations</strong></td>
<td>-381,286</td>
<td>44,166</td>
</tr>
<tr>
<td><strong>Profit (loss) for the period from completed operations</strong></td>
<td>0</td>
<td>23,917</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td><strong>-381,286</strong></td>
<td><strong>68,083</strong></td>
</tr>
<tr>
<td>Profit allocated to the shareholders of the parent company</td>
<td>-379,313</td>
<td>65,836</td>
</tr>
<tr>
<td>Profit allocated to non-controlling shares</td>
<td>-1,973</td>
<td>2,247</td>
</tr>
</tbody>
</table>

### OTHER COMPREHENSIVE INCOME FOR THE PERIOD

- Revaluation reserve for available-for-sale financial assets | -4 2
- Cash flow hedges of financial derivatives | 0 4,697
- Fund from conversion of foreign currencies for foreign operations | 3,1% -9,438
- Tax on other comprehensive income | -13,194 -875

### COMPREHENSIVE INCOME FOR THE PERIOD

- **-10,024** 9,708

### ALTA Invest, a.s.
#### CONSOLIDATED STATEMENT ON FINANCIAL POSITION

**AS AT 31 DECEMBER 2016, 2015 (thousands of CZK)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Short-term assets</strong></td>
<td>2,454,196</td>
<td>4,862,490</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>410,196</td>
<td>717,868</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>695,153</td>
<td>790,432</td>
</tr>
<tr>
<td>Receivables from construction contracts</td>
<td>180,432</td>
<td>224,420</td>
</tr>
<tr>
<td>Financial lease receivables</td>
<td>533,992</td>
<td>1,348,754</td>
</tr>
<tr>
<td>Inventories</td>
<td>489,658</td>
<td>543,907</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3,894</td>
<td>453,606</td>
</tr>
<tr>
<td>Other assets</td>
<td>116,152</td>
<td>164,916</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>0</td>
<td>915,117</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,851,463</td>
<td>5,992,093</td>
</tr>
<tr>
<td><strong>Long-term assets</strong></td>
<td>1,030,163</td>
<td>1,126,725</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>464,231</td>
<td>511,834</td>
</tr>
<tr>
<td>Investment property</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>23,419</td>
<td>12,396</td>
</tr>
<tr>
<td>Goodwill</td>
<td>342,363</td>
<td>342,363</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>109,903</td>
<td>79,783</td>
</tr>
<tr>
<td>Financial lease receivables</td>
<td>390,165</td>
<td>45,712</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>5 5</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>463,573</td>
<td>0</td>
</tr>
<tr>
<td>Deferred payable debt</td>
<td>57,794</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>4,305,649</strong></td>
<td><strong>5,854,583</strong></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Funds from profits</td>
<td>29,809</td>
<td>28,845</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>994,042</td>
<td>1,391,268</td>
</tr>
<tr>
<td>Non-controlling shares</td>
<td>8,635</td>
<td>12,622</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>3,073,163</strong></td>
<td><strong>4,221,848</strong></td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td><strong>4,305,649</strong></td>
<td><strong>5,854,583</strong></td>
</tr>
<tr>
<td><strong>Short-term liabilities</strong></td>
<td><strong>2,109,048</strong></td>
<td><strong>3,722,469</strong></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>503,447</td>
<td>879,997</td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>3,543</td>
<td>1,615</td>
</tr>
<tr>
<td>Liabilities from construction contracts</td>
<td>25,796</td>
<td>15,294</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>970,365</td>
<td>2,000,713</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>720</td>
<td>0</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>543,530</td>
<td>782,446</td>
</tr>
<tr>
<td>Provisions</td>
<td>61,644</td>
<td>52,444</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td><strong>964,115</strong></td>
<td><strong>469,379</strong></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>58,589</td>
<td>50,987</td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>4,796</td>
<td>2,333</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>761,673</td>
<td>96,666</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>95</td>
<td>0</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>139,022</td>
<td>289,727</td>
</tr>
<tr>
<td>Deferred payable tax</td>
<td>0</td>
<td>51,666</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>4,305,649</strong></td>
<td><strong>5,854,583</strong></td>
</tr>
</tbody>
</table>
Basic company information

<table>
<thead>
<tr>
<th>Trade name:</th>
<th>ALTA Invest, a.s.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered office:</td>
<td>Brno, Štefánikova 41</td>
</tr>
<tr>
<td>Company ID No.:</td>
<td>607 35 244</td>
</tr>
<tr>
<td>Legal form:</td>
<td>joint-stock company</td>
</tr>
<tr>
<td>Registration Court:</td>
<td>Regional Court in Brno</td>
</tr>
<tr>
<td>Identification of the company in the Commercial Register:</td>
<td>Section B, File No. 1497</td>
</tr>
<tr>
<td>Date of incorporation:</td>
<td>28 December 1994</td>
</tr>
<tr>
<td>Registered capital:</td>
<td>CZK 200,000,000</td>
</tr>
<tr>
<td>Number of shares:</td>
<td>220,000 pcs of registered shares</td>
</tr>
</tbody>
</table>

Bodies of the company

Board of Directors

Chairman of the Board of Directors
Vladimír Plašil

Supervisory Board

Chairman of the Supervisory Board
Lucie Čípová
Addresses and contact details

ALTA Invest, a.s.
Štefánikova 41
602 00 Brno
Czech Republic
T +420 541 550 111, F +420 541 550 555
e-mail: office@alta.cz
www.alta.cz

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e-mail: info@alta.cz
www.alta.cz

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Czech Republic
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e-mail: praha@alta.cz

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e-mail: prerov@alta.cz

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e-mail: ostrava@alta.cz

ALTA, a.s. – Most Office
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Czech Republic
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e-mail: office@dms.cz
www.dms.cz

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Opletalova 37
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Czech Republic
T +420 541 550 670, F +420 541 550 660
e-mail: info@alvel.eu
www.alvel.eu

TOS KUŘIM - OS, a.s.
Registered office of the company:
Štefánikova 41
602 00 Brno
Czech Republic
Production plant:
Blanenská 1321/47
664 34 Kuřim
G Czech Republic
T +420 541 101 111, F +420 541 102 355
e-mail: sales@tos-kurim.cz
www.tos-kurim.cz

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Registered office of the company:
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602 00 Brno
Czech Republic
Production plant:
Blanenská 1321/47
664 34 Kuřim
G Czech Republic
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e-mail: machinetools@ckd-blansko.cz
www.ckd-blansko.cz

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www.se-mi.cz

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ALTA URAL
Mamina-Sibiryaka street, house 101, office 6118
620 075 Yekaterinburg
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e-mail: altaural@altaural.ru
www.altaural.ru