

2015



Annual Report 2015



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AN INTRODUCTORY WORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear shareholders,
Dear business partners,
Dear employees,

It is my last commentary to the annual report after many years of my work in the office of the Chairman of the Board of Directors in the joint stock company Sklopísek Střeleč. It is my pleasure to state that 2015 ended again one step ahead of the previous year.

Thanks to a gradual economic recovery, our customers partially return to buying sands of higher quality. Another important factor represents increased sales to AGC Flat Glass Czech Teplice and to manufacturing sectors that use technical sands.

The company successfully accomplished its subsidized Human Resources Operational Program and presented its final report. The company management and the whole team of employees continued in joint searching for the methods of cost reduction and labour productivity increase. The company made another steps in its approach to occupational safety. The company management progressively adjusted its prevention rules and standards to those that are usual in Western Europe. The fact that the company shows zero rate of job-related injuries during the year proves that we are going the right way.

As I already mentioned above, it is my last contribution to the annual reports of Sklopísek Střeleč. At this occasion I would like to thank to all shareholders for their continuous support in all areas due to which the company achieves excellent results for a long period.

I also thank to all our customers for their orders and I believe that they recognize the quality of our sand to be a contribution to quality of their own products in the future.

It is my honour to thank to all employees and the current and previous company management for their positive approach to work that we can meet at every step. I am convinced that the way started will lead to a permanent accomplishing the company's motto "quality in every grain".

Thank you all for your good and long-lasting cooperation.

A handwritten signature in blue ink, which appears to be "Přerost".

Jaroslav Přerost, Chairman of the Board of Directors

COMPANY'S PROFILE

The oldest written source of extraction in Střeleč dates back to 1893, in which blocks of sandstone were extracted there for stone-cutting industry. There, they extracted blocks of kaolinic sandstone that was used for socles, facing of buildings, facades of buildings, pavements, stairs, abrasive rings for machines, for glass grinding plants, monuments etc. The sandstone was used at the construction of the Ministry of Trade in Prague, the hospitals in Jilemnice and Jičín and the church in the suburbs of Hradec Králové. Extraction of sand in our current deposit of glass and foundry sands was launched before the 1st World War.

The exceptional qualities of the sands for wide industrial production were discovered by Ing. Dr. Bohuslav Stočes before the 2nd World War, who fully realized their value. Thus, in 1939 the company "První česká úpravna sklářského písku ve Střelči" (First Czech plant for preparation of glass sand in Střeleč) was established.

Sklopísek Střeleč, a.s. is currently a significant company in the Czech and Central European area. In the area of production capacities and volume of sold silica sands it belongs among the leading suppliers in the Central Europe. It is a reliable supplier and respectable partner supplying sands of high-quality suitable for wide purposes.

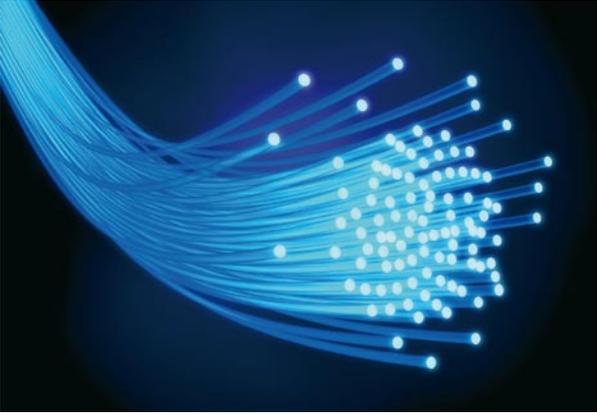
The company's premises are situated 10 km in the north-west direction from the town of Jičín. Its production plant has been built in the area of the municipality of Újezd pod Troskami in the village of Hrdoňovice and is equipped with state-of-the-art technologies. Modernisation of the technologies and suitable sources of raw materials allows the company to produce silica sands with low content of iron oxide, which is necessary for production of extremely pure glass. They are high-quality glass sands with the content of Fe₂O₃ that does not exceed 100 ppm.

Its mining area of 1.7 km² is located in the territory of the village of Střeleč. The mining area is the largest in the Czech Republic with the best quality place for mining of high-quality sands.

The sands produced by the company are the basic raw material for production of crystal glass, glass packagings, plate glass and glass fibre. They are suitable for wide use in foundry industry. Their chemical purity and favourable graininess are also valued in other industrial areas, particularly in electrical and building industries.



„The company gets ahead in all areas of industry thanks to its unique raw material base.“



Application of products

Automotive industry

Glass panels, mirrors, plastics - abrasion resistance increase, light bulbs, sparking plugs, brake lining, casting moulds - foundry industry, searchlights...

Information technologies and imagine techniques

Semiconductor industry, display screens, components of cements, processors (100% purity is necessary), optical fibres...

Housing development

Glass panels - windows, doors, showcases etc., modern constructional material for cladding of buildings, constructional concrete, insulation, mined sand (not washed) for wide use, optical fibres - building components, mortar mixtures, floor mixtures, chandeliers, lighting fixtures, light bulbs, mirrors, pictures, glassware, crystal glass, spreads on cardboards, artistic decorations, coatings, filtering sand for swimming pools, door glass for automatic washing machines, top dressing of lawns, filling sands (excavations, pavements, winter spreading), solar panels, glazing of wall tiles, floor tiles, roof tiles...

Personal use

Jewels, glass decorations, drinking glasses, jugs, teapots, bowls, astronomic telescopes for professionals and amateurs as well, sighting optics, optics of cameras and projectors, oven-ware glass, tooth-pastes, components for dental laboratories, glass figures, water glass - part of detergents.

Sports fields – amusement

Beach volleyball, football pitches, golf courses, optic equipment of hunting weapons, tennis courts, playgrounds, arenas for horses, safety glass in enclosures for animals in ZOOs, terrariums, aquariums...

Foundry operations – moulding compounds

Rail transport, military technologies, fittings, structural elements, control elements - wheels, levers, heavy and light industry...

Industry – others

Blasting material, paints, glass industrial pipes, laboratory glass, protective and noise reducing barriers along roads, components for production of artificial stone, glass packagings, plugs for bottles...

„We create part of your lives.“

EVENTS 2015

JANUARY

As usual, the company management has met with important suppliers to discuss the projects that have been implemented and plans for the future.

Since 1 January, Mr Bernard Respaut, a representative of the company Sibelco, has become a new Board member.

FEBRUARY

Like every year, a presentation day for the company's employees took place in February. The company presented its results for the past year, goals set for the another year, and new employees were introduced.

MARCH

An audit was carried out in the period from March 9 to 13 by the auditors of KPMG. The management of the company is fully coherent with the Czech accounting principles.

APRIL

A meeting of Asociace sklářského a keramického průmyslu ČR (an association of glass and ceramic industry), of which Sklopísek Střeleč, a.s. is a member, took place in the premises of the company on 9 April.

MAY

Mr Felix Moreno, has been appointed a new member of the Board on behalf of the company Sibelco on the Board meeting dated 5 May.

JUNE

The glass-makers from Nový Bor visited the company on 3 June. After they had visited the company's site, they appreciated an excellent working environment and technical equipment.

"Qualification development and competitiveness strengthening" project had been successfully accomplished after two years. 76 employees, of which 27 over 50 years of age, had been trained within that project.

AUGUST

A bypass road around the loading area in BTO was put into operation after its restoration. Also the railroad crossing at the plateau no. 8 had been put into operation. Thus, a new system of movement of lorries had been set in the company's area.

OCTOBER

Within their recertification audit, the auditors of the company BUREAU VERITAS CZECH REPUBLIC, spol. s r. o. confirmed that the company maintains its management system that complies with the requirements of ISO 9001, ISO 14001, and OHSAS 18001.

DECEMBER

In the pre-Christmas period the company management met with the mayors and vice mayors of surrounding urban areas to discuss their current and future cooperation. The company introduced its news and innovations that had been implemented in the previous year. The company very appreciates its good relations with surrounding municipalities.

After more than 22 years, Mr Jaroslav Přerost leaves the office of the Chairman of the Board of Directors as of 31 December. His successor shall be Mr Pavel Šedlbauer from AGC Flat Glass Czech Teplice.



MISSION, VISION, STRATEGY

Mission

Sklopísek Střeleč, a. s. produces and supplies high-quality silica sands according to the customers' requirements who manufacture them into products which satisfy the needs in all areas of our lives.

Vision

The vision of the company Sklopísek Střeleč, a. s. poses the long-term satisfaction of all customers and partners and exemplary approach to environmental protection and health of its employees.

Strategy

The strategy of the company Sklopísek Střeleč, a. s. covers open communication with public, long-term prosperity and stability, all of these thanks to the professional team of the company's experts and its innovative approach to new technologies.

„We know what we want.“

BUSINESS ACTIVITIES

Occupational health and safety (OHS)

Continuous working with employees and their awareness of OHS, consistent fulfilling and observing valid legislation and incessant assessment of the OHS hazards register allowed the company to work without any job-related injuries through the whole year.

The company approached to evaluation of OHS hazards by newly hired employees, who pointed out some near incidents that were subsequently eliminated.

Comprehensive audits of management organisation and occupational safety in site were carried out by the Municipal authorities of Královéhradecký and Pardubický region in January. Minor defects and imperfections were eliminated by the set deadline.

6 near accidents had been identified during annual OHS audits and they were removed by the technical department.

The Noise team had been created, the purpose of which is to identify noise and suggest and provide elimination of noise so that the hygienic limits comply with the standards and regulations, i.e. the day limit of 50dB and night limit of 40dB. The team also involves all employees in handling the issue of noise reduction and responsibilities in this area.



"We work so that we do not hurt ourselves or others."

Mining Activities

Mining works carried out in 2015 continued in selective mining of glass sand and foundry sand by the individual qualitative parameters. The process of stripping positions was focused on the north part of the deposit, in which stripping materials were mined in accordance with the valid plan of development, preparation and mining. Mining works continued under the level of ground water. The company still utilizes the permission for mounting the internal dump with overburden soil, by which it reduced backfilling mineral resources located under the level of the ground water in the sand pit.

Raw material basis

At mining of glass and foundry sands, the company paid attention to optimum utilisation of raw materials according to content of Fe₂O₃ and grain size range. Suitably selected type of raw materials for the given production is the basic factor in the efforts to increase the period of life and use of all glass and foundry sands in deposit. The exploratory activities in Střeleč deposit showed no new hazardous places. The current hazardous zones are monitored and marked with safety signs. The exploration of the dangerous area is very important in terms of safe operation.

Measuring of noise and seismology

Constant monitoring of seismic effects of blasting techniques does not show any exceeding of permissible hygienic regulations determined for the object monitored in accordance with CSN 730040. The company still keeps using the constant INSTANTEL MINIMATE + meter that allows transmission of the values measured over a mobile phone and thus it helps the managers to have a good and up-to-date information on the situation in the deposit. The measured values continued to achieve the limits set only from one tenth.

It was determined, thanks to the year-long measuring of noise values, that the noise level in the environment is not increasing. This way, one of the conditions of the mining activities permission is fulfilled.

Measuring of dustiness

Another precondition for permission of mining activities is fulfilled by regular washing and maintenance of the roads and parking areas in the premises of the plant and the sand pit. Continuous monitoring of dustiness carried out by an authorized agency shows no exceeding of determined limits.

Protection of surface and ground waters

A supplier's company ensures continuous monitoring of surface and underground water in close and wide surrounding of the deposit. The target is the ability to prognosticate the development of ground water in the structures supplying water to public.

The monitoring of 2015 again does not show decrease of water. To the contrary, the water level in the objects monitored are slightly increasing. The permission acquired for reduction of the level in the main pumping station in the sand pit to the dimension of 247.5 metres above sea level (up to the dimension 245.0 m. s. l. in the period December - March) was utilized for the extraction under the ground water level.

"We are considerate to our neighbours in our extraction works."

Technical Support

The technical support creates part of the company's everyday life and cares for its easy and trouble-free operation. The following projects were crucial for the company in 2015:

Reduction of dust from the dry preparation plant

The implementation of the "New filter for suction in the production technology" and "Central vacuum system" investment projects significantly helped to improve the working environment in the dry preparation plant. Incessant improvement of working environment and ensuring safety of employees is also the key objective of the company for future investment projects.

Restoration of in-house communications

In 2015 the company continued with the general restoration of the communications within the company's premises. Another phase included repairs of the road between the loading area for dried and ground sand and the external storage areas. For resolving a smooth loading the company constructed a siding railway crossing that allowed interconnection of all the roads within the company into a single one-way circuit. This interconnection both increases safety of the operations and provides a solution in case limitations of traffic or accident occur in other part of the circle.

Restoration of the central boiler house

The implementation of the "Central boiler house restoration" investment project was focused both on simple reproduction of an obsolete facility and building a facility that would allow making the heating process more effective and save significant quantity of energy in an automatic mode, which was the key objective. The central boiler house serves as a source of heat for the office building, kitchen, and laboratory, part of MTS (material and technical supply unit), machinery shop and electrical maintenance shop.

The investments in production help the company to stay in the lead in its branch. At the same time, we put great emphasis on optimisation of all processes and searching financial reserves. Numerous tenders and inquiry processes create an inseparable part of these processes. The priority is to preserve an adequate technical and technological quality of our facilities.



"We are incessantly trying to find a balance between our progress and cost reduction."



Production Productivity

Sklopísek Střeleč, a. s. ranks among the most important suppliers in Central Europe in the sphere of production capacity and volumes of silica sand sold. Incessant modernisation allows producing silica sands with low content of iron oxide that create the basic element for production of extremely clear glass.

Last year, increasingly more than in the previous year, searching the options for internal cost reduction have brought great results. Emphases were put mainly on optimisation of production processes, synchronisation of production times and elimination of idle times. The resulting asset was optimisation of production cost and increased productivity per head.

However, the company invests its financial resources not only in the projects that bring a desired profit and labour productivity, but also improvement of the working environment. It particularly includes an expensive investment in dedusting of the dry preparation plant technology. The company management closely cooperates with all employees in implementation of their proposals for removal of all, even small, sources of dust and noise.

Based on the Sales Department's request, we continued in taking formerly non-standard requests of our existing and new customers for different or very specific quality of our common products into account in our production processes in wet and dry treatment plants. For this purpose we were successfully increasing the flexibility of individual production lines, which in absolute majority of cases resulted in our ability to provide the customers with the products according their requirements.

The company does not perform any research or development on the plant level applicable in accordance with the tax advantages set by the Income Tax Act. It performs research and development in the scope of work of all involved employees focused on constant reduction of cost, increase of performance and optimisation of processes.

"We increase flexibility of our production to be able to accommodate our customers' wishes."

Business Policy

A significant business message is that the business plan for 2015 was met. 700 thousand tonnes of sand sold proved the company's great potential. Thanks to its business policy focused on the customers' needs and thanks to the high quality of products offered and development of new products the company achieved higher sales than in the previous year. A contribution to successful fulfilment of the plan was also the overall economic development in the country and a stable exchange rate.

Another positive factor of the year included new foreign acquisitions, mainly in the German and Polish market, in which the company managed to gain new customers in the area of glass-making and chemical industry. The structure of customers includes branches that require using of silica sands with extremely low content of iron and other oxides. Thanks to innovative approaches and works concentrated on customers projects the company succeeded to implement new products in the production that were created based on the customers' requirements.

A significant assessment factor of the company's market position is the fact that it is perceived as a reliable and respectable partner that is able to react flexibly to the customers' needs. Readiness to supply required quantities and quality continues to be our highest priority.



"Customers' satisfaction is our priority."



Awareness of Responsibility

The company pursues sustainable development. The goal of this policy is minimisation of environmental impacts, cooperation with the municipalities in the region and accent put on occupational health and safety.

Thanks to financial supports we implement our long-term vision of interconnection of the company with the life in the region. The company supports cultural and sports life in the company's neighbourhoods and an inseparable part of this support is the aid provided to disabled children and non-profit organisations.

In addition to concrete objectives of the company's responsibility the company supported significantly the meeting at the occasion of founding CHKO (a landscape park) in Turnov, Social services of Jičín, fire departments, neighbouring schools, and the Sports club of Sklopísek Střeleč, a.s. in the last year.

The company's responsibility also integrally includes cost connected with reclamation of a landscape, water monitoring, noise and dustiness. The company has a responsible approach to employees' health protection. The protection includes creation of a team that is responsible for significant reduction of dustiness in the sites under the limits set by state authorities.

"We are incessantly searching for the opportunities for improvement of our environment and we are also involved in the life in our region."

COMPANY'S MANAGEMENT

Situation as of 31st December 2015:



Petr Hübner
Managing Director



Jiří Veselka
Financial
Manager



Zdeněk Müller
Technical
Manager



Zdeněk Novotný
Sales
Manager



Pavel Novák
Production
Manager



Lukáš Horák
Mining
Manager

Board of Directors

Chairman: Jaroslav Přerost
Member: Otto Lorenz Hieber
Member: Bernard Respaut
Member: Pavel Šedlbauer
Member: Birger Solberg
(to March 31, 2015)
Felix Moreno
(from May 5, 2015)

Advisory Board

Chairman: Jiří Mašek
Member: Ladislav Vostárek
Member: Miloš Daňo

Sklopísek Střeleč, a .s. has no organisational unit abroad.

There were no events as of the date of preparation of the annual report that could significantly affect the financial statements dated December 31, 2015.