MILETA a.s.

Financial statements
31 March 2016

Released on: 30 September 2016
Language version – English

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Part A
Independent auditor’s report

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MILETA a.s.
Husova 734
508 01 Hořice

30 September 2016

English translation of the independent auditor's report and statutory financial statements for the year ended 31 March 2016

Dear Sirs,

We have audited the statutory financial statements of MILETA a.s. ("the Company"), which comprise the balance sheet as at 31 March 2016, the income statement, statement of changes in equity, cash flow statement for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the financial statements"), prepared in the Czech language.

In connection with our audit of the financial statements, our responsibility is also to read the other information that comprises the annual report of the Company for the year ended 31 March 2016 ("the annual report"), but does not include the financial statements nor our auditor's report therein. In doing so, we are required to consider whether the other information is not materially inconsistent with the financial statements or our knowledge about the Company obtained in the course of the audit of the financial statements, whether the annual report was prepared in compliance with legal requirements, and whether the other information does not appear to be otherwise materially misstated.

We have issued the auditor's report in the Czech language dated 30 September 2016 on the financial statements and annual report of the Company for the year ended 31 March 2016, which was translated into English and is appended for your information to this letter.

We draw to your attention that the enclosed financial statements have been translated for information purposes. The other information included in the annual report has not been translated even though it represents the other information that we are required to read in connection with our audit of the financial statements. The result of our reading is further specified in the Other information paragraph of the appended auditor's report.

As a result of the aforementioned, we accept no responsibility to you or any other party as to the completeness and sufficiency of the accompanying English language financial statements as at 31 March 2016 and no reliance should be placed on the auditor's report of the Company without consideration of the full set of information including also the other information disclosed in the annual report.

Should you require any further information, please do not hesitate to contact us.

Yours faithfully,

Václav Prýmek
Partner
PricewaterhouseCoopers Audit, s.r.o.

Appendices: Translation of the auditor's report
Translation of the financial statements for the year ended 31 March 2016

English translation

Independent auditor's report

to the shareholder of MILETA a.s.

We have audited the accompanying financial statements of MILETA a.s., identification number 455 34 403, with registered office at Husova 734, Hořice ("the Company"), which comprise the balance sheet as at 31 March 2016, the income statement, statement of changes in equity, cash flow statement for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the financial statements").

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal control as the 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 of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the 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 the Company as at 31 March 2016, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Other information

The other information comprises the information included in 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 assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is not materially inconsistent with the financial statements or our knowledge about the Company obtained in the course of the audit of the financial statements, whether the annual report was prepared in compliance with legal requirements, and whether the other information does not appear to be otherwise materially misstated.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
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If, based on the work we have performed, we conclude that the aforementioned requirements of the other information are not met, we are obliged to report that fact herein.

We have nothing to report in this regard.

30 September 2016

PricewaterhouseCoopers Audit, s.r.o.
represented by

Václav Prýmek
Partner

Hana Valešová
Statutory Auditor, Evidence No. 2004

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Part B
Financial statements

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Company name: MILETA a.s.
Identification number: 45534403
Legal form: joint stock company
Primary business: production and sales of textile products
Balance sheet date: 31 March 2016

BALANCE SHEET

(in thousand Czech crowns)

Reference			ASSETS	31/03/2016			31/03/2015
				Gross	Provision	Net	Net
a			b	1	2	3	4
			TOTAL ASSETS	**1 260 967**	**-463 696**	**797 271**	**718 588**
B.			**Fixed assets**	**637 266**	**-403 120**	**234 146**	**227 436**
B.	**I.**		**Intangible fixed assets**	**15 824**	**-15 114**	**710**	**615**
B.	I.	1.	Software	15 332	-15 114	218	114
		2.	Royalties	0	0	0	9
		3.	Intangible fixed assets in the course of construction	492	0	492	492
B.	**II.**		**Tangible fixed assets**	**621 442**	**-388 006**	**233 436**	**226 821**
B.	II.	1.	Land	4 082	0	4 082	4 082
		2.	Constructions	217 374	-107 362	110 012	30 964
		3.	Equipment	383 234	-280 543	102 691	107 175
		4.	Other tahgible fixed assets	118	-101	17	0
		5.	Tangible fixed assets in the course of construction	16 484	0	16 484	80 498
		6.	Advances paid for tangible fixed assets	150	0	150	4 102
C.			**Current assets**	**620 456**	**-60 576**	**559 880**	**489 684**
C.	**I.**		**Inventories**	**347 959**	**-14 220**	**333 739**	**278 662**
C.	I.	1.	Raw materials	44 290	-1 993	42 297	40 106
		2.	Work in progress and semi-finished products	54 808	-804	54 004	62 910
		3.	Finished goods	206 883	-11 304	195 579	144 653
		4.	Goods for resale	41 978	-119	41 859	30 441
		5.	Advances paid for inventory	0	0	0	552
C.	**II.**		**Long-term receivables**	**36**	**0**	**36**	**1 770**
C.	II.	1.	Long-term advances paid	36	0	36	16
		2.	Deferred tax assets	0	0	0	1 754
C.	**III.**		**Short-term receivables**	**261 742**	**-46 356**	**215 386**	**193 871**
C.	III.	1.	Trade receivables	250 526	-43 019	207 507	186 792
		2.	Taxes - receivables from the state	2 202	0	2 202	1 624
		3.	Short-term advances paid	2 266	0	2 266	2 068
		4.	Other receivables	6 748	-3 337	3 411	3 387
C.	**IV.**		**Financial assets**	**10 719**	**0**	**10 719**	**15 381**
C.	IV.	1.	Cash in hand	7 147	0	7 147	13 072
		2.	Cash at bank	3 572	0	3 572	1 758
		3.	Short-term investments	0	0	0	551
D.	**I.**		**Prepayments and accrued income**	**3 245**	**0**	**3 245**	**1 468**
D.	I.	1.	Prepaid expenses	3 245	0	3 245	1 468

Reference a			LIABILITIES AND EQUITY b	31/03/2016 5	31/03/2015 6
			TOTAL LIABILITIES AND EQUITY	**797 271**	**718 588**
A.			**Equity**	**374 073**	**349 707**
A.	**I.**		**Share capital**	**231 310**	**231 310**
A.	I.	1.	Share capital	231 310	231 310
A.	**II.**		**Capital contributions**	**1 835**	**1 835**
A.	II.	1.	Other capital contributions	1 835	1 835
A.	**III.**		**Reserve fund and other reserves**	**32 341**	**32 341**
A.	III.	1.	Reserve fund	31 913	31 913
		2.	Statutory and other reserves	428	428
A.	**IV.**		**Retained earnings / Accumulated losses**	**84 221**	**30 305**
A.	IV.	1.	Retained earnings	84 221	30 305
A.	**V.**		**Profit / (loss) for the current period (+/-)**	**24 366**	**53 916**
B.			**Liabilities**	**410 530**	**359 527**
B.	**I.**		**Provisions**	**6 750**	**16 629**
B.	I.	1.	Income tax provision	3 921	9 907
		2.	Other provisions	2 829	6 722
B.	**II.**		**Long-term liabilities**	**100 509**	**90 298**
B.	II.	1.	Liabilities - subsidiaries / controlling parties	100 000	90 298
		2.	Deferred tax liability	509	0
B.	**III.**		**Short-term liabilities**	**101 588**	**132 392**
B.	III.	1.	Trade payables	67 372	67 577
		2.	Liabilities - subsidiaries / controlling parties	12 439	27 249
		3.	Liabilities to employees	8 317	8 838
		4.	Liabilities for social security and health insurance	4 034	8 009
		5.	Taxes and state subsidies payable	478	2
		6.	Short-term advances received	1 350	12 433
		7.	Estimated payables	7 138	7 909
		8.	Other payables	460	375
B.	**IV.**		**Bank loans & overdrafts**	**201 683**	**120 208**
B.	IV.	1.	Long-term bank loans	78 875	48 707
		2.	Short-term bank loans and overdrafts	112 371	62 903
		3.	Other short-term borrowings	10 437	8 598
C.	**I.**		**Accruals and deferred income**	**12 668**	**9 354**
C.	I.	1.	Accrued expenses	0	875
		2.	Deferred income	12 668	8 479

Company name: MILETA a.s.
Identification number: 45534403
Legal form: joint stock company
Primary business: production and sales of textile products
Balance sheet date: 31 March 2016

INCOME STATEMENT

(in thousand Czech crowns)

Reference		DESCRIPTION	Accounting period	
			Reported 12 months ended 31/03/2016	**Previous 12 months ended 31/03/2015**
a.		**b.**	**1**	**2**
I.		Sales of goods	59 401	51 622
A.		Cost of goods sold	45 273	42 370
+		Gross profit	14 128	9 252
II.		Sales of production	594 786	649 625
II.	1.	Sales of own products and services	545 837	654 314
	2.	Change in inventories	48 298	-6 444
	3.	Own work capitalised	651	1 755
B.		Cost of sales	393 038	408 537
	1.	Raw materials and consumables used	300 604	313 608
	2.	Services	92 434	94 929
+		**Added value**	**215 876**	**250 340**
C.		Staff costs	142 775	147 141
C.	1.	Wages and salaries	101 904	105 715
	2.	Emoluments of board members	5 373	4 558
	3.	Social security and health insurance costs	34 599	35 798
	4.	Other social costs	899	1 070
D.		Taxes and charges	779	1 031
E.		Depreciation and amortisation expense	26 792	22 657
III.		Sale of fixed assets and raw materials	11 957	35 797
III.	1.	Sale of fixed assets	11 163	35 325
	2.	Sale of raw materials	794	472
F.		Net book value of fixed assets and raw materials sold	11 984	34 119
F.	1.	Net book value of fixed assets sold	11 552	33 960
	2.	Net book value of raw materials sold	432	159
G.		Changes in operating provisions and complex prepaid expenses	184	12 220
IV.		Other operating income	5 056	12 516
H.		Other operating expenses	9 713	7 051
*****		**Operating result**	**40 662**	**74 434**
L.		Loss on revaluation of securities and derivatives	0	18
X.		Interest income	5	2
N.		Interest expense	5 936	6 826
XI.		Other financial income	254	745
O.		Other financial expense	2 094	1 870
*****		**Financial result**	**-7 771**	**-7 967**
Q.		Tax on profit or loss on ordinary activities	8 525	13 411
	1.	- current	6 263	9 907
	2.	- deferred	2 262	3 504
******		**Profit or loss on ordinary activities after taxation**	**24 366**	**53 056**
XIII.		Extraordinary income	0	1 838
R.		Extraordinary expenses	0	978
*		Profit / (loss) on extraordinary items after taxation	0	860
*******		**Net profit / (loss) for the financial period**	**24 366**	**53 916**
********		**Net profit / (loss) before taxation**	**32 891**	**67 327**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve funds	Capital funds	Retained earnings	Profit/loss of accounting period	Total equity
As at 31 March 2014	**231,310**	**32,341**	**1,835**	**-30,516**	**60,821**	**295,791**
Profit/ (loss) distribution	0	0	0	60,821	-60,821	0
Net profit/(loss) for the current period	0	0	0	0	53,916	53,916
As at 31 March 2015	**231,310**	**32,341**	**1,835**	**30,305**	**53,916**	**349,707**
Profit/ (loss) distribution	0	0	0	53,916	-53,916	0
Net profit/(loss) for the current period	0	0	0	0	24,366	24,366
As at 31 March 2016	**231,310**	**32,341**	**1,835**	**84,221**	**24,366**	**374,073**

CASH FLOW

a			Description b	Accounting period 2015	Accounting period 2014
			Net profit on ordinary activities before tax	**32,891**	**66,467**
A.	1.		Adjustments for non-cash movements	30,533	39,364
A.	1.	1.	Depreciation of fixed assets	24,922	21,553
A.	1.	2.	Change in provisions	-709	12,352
A.	1.	3.	(Profit)/loss from disposal of fixed assets	389	-1,365
A.	1.	4.	Net interest expense/(income)	5,931	6,824
A	*****		**Net operating cash flow before taxation, changes in working capital and extraordinary items**	**63,424**	**105,831**
A.	2.		Working capital changes	-93,398	-39,843
A.	2.	1.	Change in receivables and prepayments and accrued income	-21,053	-38,480
A.	2.	2.	Change in short-term payables and accruals and deferred income	-13,582	-24,661
A.	2.	3.	Change in inventories	-58,763	23,298
A	******		**Net operating cash flow before taxation and extraordinary items**	**-29,974**	**65,988**
A.	3.		Interest paid	-3,866	-4,145
A.	4.		Interest received	5	2
A.	5.		Income tax on ordinary activities paid	-12,250	0
A.	6.		Cash movements relating to extraordinary profit/(loss)	0	860
A	*******		**Net operating cash flow**	**-46,085**	**62,705**
B.	1.		Acquisition of fixed assets	-44,353	-77,928
B.	2.		Proceeds from the sale of fixed assets	11,163	35,325
B.	3.		EU subsidies for investments	0	1,787
B	*******		**Net cash flow from investing activities**	**-33,190**	**-40,816**
C.	1.		Change in long- and short-term liabilities	64,590	-12,719
C	*******		**Net cashflow from financing activities**	**64,590**	**-12,719**
			Net increase / (decrease) in cash and cash equivalents	**-14,685**	**9,170**
			Cash and cash equivalents in the beginning of the period	**-1,300**	**-10,470**
			Cash and cash equivalents at the end of the period	**-15,985**	**-1,300**

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Part C
Translation and release footnotes

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Translation footnote

This set of the financial statements as a whole has been prepared in both, Czech and English language versions. Both versions were prepared with the same effort and level of attention to keep them of equal importance, quality, sense and substance.

To entertain any language inconsistency issues, use or understanding matters the Company declares the following:

In case of any inconsistences, disputes or uncertainties as to the interpretation of information, views, opinions or outcomes, the Czech language version of the financial statements and all adjoining documents shall be read as the prevailing one for all the purposes and all users, including whatsoever legal issues, and without any limitations.

Release footnote

Due to the excessive requirements of third parties for MILETA reporting package and subsequent presentation of results it was decided by the Board of Directors that MILETA should perform two step release. MILETA released its Unaudited provisional financial statements on 18 May 2016. In the time period between release of aforementioned Unaudited provisional financial statements and this set of full, audited financial statements, no further third party results presentation requirements were entertained, other than ALOK INDUSTRIES consolidation package and reporting submissions to the financing bank Raiffeisenbank.

On 31 March 2017 these financial statements will be published as an integral part of the Annual report in the Commercial register.

Otakar Petráček
Chairman of the Board of Directors
Hořice v Podkrkonoší, 30 September 2016

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Part D
Notes to the financial statements

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Notes to the financial statements

MILETA a.s.

31 March 2016

Accounting period 1 April 2015 – 31 March 2016

Hořice, 30 September 2016

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Content

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Glossary of Terms

ALOK INDUSTRIES	Group of companies controlled by the Company Alok Industries Limited
ALOK INDUSTRIES INTERNATIONAL LTD.	The company with its official seat in British Virgin Islands, Pasea Estate, Road Town, Tortola, a company was duly established on February 11, 1993 and is existing under the laws of British Virgin Islands, registered on February 11, 1993 under the BVI company number 1382028.
Alok Infrastructure Private Limited	The company with its registered office at Peninsula Towers, Peninsula Corporate Park, GK Marg, Lower Parel, Mumbai – 400 013 India was duly established on September 1, 2006 and is existing under the laws of Republic of India, registered on September 1, 2006 under India Corporate Identity Number U45201MH2006PLC164267.
Alok Industries Limited	The company with its registered office at Peninsula Towers, Peninsula Corporate Park, GK Marg, Lower Parel, Mumbai – 400 013 India. Alok Industries Limited is the listed company at the National Stock Exchange of India, Mumbai (www.nseindia.com) under NSE ticker ALOKTEXT, resp. Bloomberg ticker ALOK: IN. Refer to www.alokind.com.
Auditor	PricewaterhouseCoopers Audit, s.r.o. with its registered office at Hvězdova 1734/2c, CZ-140 00, Praha 4, Czech Republic, a company duly established on 26 August 1991 and existing under the laws of the Czech Republic, registered in the Commercial Registrar as kept by the Municipal Court of Justice of City of Prague, Section C, Folio No. 3637, having corporate ID 407 65 521.
CAL (Client Access License)	License with the right to use server capacity on client´s side.
ČNB – Česká Národní Banka	The Czech National Bank - the central bank of the Czech Republic and the supervisor of the Czech financial market. Refer to www.cnb.cz.
EULA (End User License Agreement)	License for end user of the software defining the rights of the user.
IRS	Interest rate Swap
Lease Plan	LeasePlan Česká Republika, s.r.o. with its registered office at Bucharova 1423, CZ-158 00, Praha 13, Czech Republic, a company duly established on 7 June 1995 and existing under the laws of the Czech Republic, registered in the Commercial Registrar as kept by the Municipal Court of Justice of City of Prague, Section C, Folio No. 37940, having corporate ID 636 71 069. Refer to www.leaseplan.cz.
MILETA or the Company	MILETA a.s. with its registered office at Husova 734, CZ-508 01, Hořice, Czech Republic, a company duly established on 1 May 1992 and existing under the laws of the Czech Republic, registered in the Commercial Registrar as kept by the Regional court of justice in Hradec Králové, Section B, Folio 597, having corporate ID 455 34 403. Refer to www.mileta.cz.
MOQ	Minimum order quantity
NBV – Net Book Value	Net book value is the value of an asset according to its balance sheet account balance. The net book value is based on the original cost of the asset less any depreciation, amortization or impairment costs made against the asset
OEM (Original Equipment Manufacturer)	The software license where the end user´s license is acquired as the equipment to hardware or other software products.
Raiffeisenbank	Raiffeisenbank, a.s. with its registered office at Hvězdova 1716/2b, CZ-140 78, Praha 4, Czech Republic, a company duly established on 25 June 1993 and existing under the laws of the Czech Republic, registered in the Commercial Registrar as kept by the Municipal Court of Justice of City of Prague, Section B, Folio No. 2051, having corporate ID 492 40 901. Refer to www.rb.cz.

Raiffeisen - Leasing	Raiffeisen – Leasing, s.r.o. with its registered office at Hvězdova 1716/2b, CZ-140 78, Praha 4, Czech Republic, a company duly established on 22 June 1994 and existing under the laws of the Czech Republic, registered in the Commercial Registrar as kept by the Municipal Court of Justice of City of Prague, Section C, Folio No. 29553, having corporate ID 614 67 863. Refer to www.rl.cz
SAS	Software as service
SOL	Ship owners liability
TCO	Total cost of ownership – total costs associated with holding and operation of an asset, irrespective of its form of acquisition.
Year 2015 ("2015")	The accounting period, i.e. the period from 1 April 2015 to 31 March 2016.
Year 2014 ("2014")	The comparative period, i.e. the period from 1 April 2014 to 31 March 2015.

Introduction

MILETA is a manufacturing company of woven fabrics made of fine yarn, cotton and mixture, for the garment making industry. The Company is fully vertically integrated operation of fine cotton fabrics production, from dyeing to the final fabrics finishing, taking place before dispatching to customers.

MILETA is a member of ALOK INDUSTRIES group and takes also part in distribution of the other group members' products nevertheless this business line is rather minor compared to the own products sales.

The financial statements have been prepared in accordance with the accounting rules of the Czech Republic, especially with the Act on Accounting (563/1991, Coll.), the Czech Accounting Standards and the Decree on Accounting 500/ 2002 Coll. and their later amendments effective during the accounting period and applicable for reporting in for both, accounting and comparative periods.

The financial statements were prepared on 30 September 2016. The financial statements have been prepared under assumption of indefinite existence of the Company.

The post balance sheet events (after the date of 31 March 2016) are described in part "Other significant information on the Company affairs".

The assets valuation takes into consideration the significant fluctuation of purchase prices of cotton yarn on global markets, despite of this fact there was no material impact over the Company's performance. The financial statements have been prepared with respect to the fact of uninterrupted and unlimited continuation in the business; under the going concern principle.

This introduction to the annual financial statements does not constitute any substitution of either Annual Report or Report on Relations (Related party transactions report). Both documents have been prepared and approved separately, in line with enforceable legislation of the Czech Republic.

Otakar Petráček
Chairman of the Board of Directors
Hořice v Podkrkonoší, 30 September 2016

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General information

Company Name:	MILETA a.s. („the Company“)
Registered office:	Husova 734, 508 01 Hořice, Czech Republic
Legal form:	joint-stock company
Commercial Register:	Regional court of justice in Hradec Králové, Section B, Folio No. 597
Date of registration:	1 May 1992
Identification number:	455 34 403
Primary business:	Yarn dyeing and chemical processing of fabrics Accommodation services Production, sale and services not included in the appendix 1 to 3 of the Trade Law
Board of directors:	
Chairman:	Otakar Petráček
Vice-chairman:	Gopinath R. Kamath
Supervisory Board:	
Chairman:	Jan Šelder
Sole shareholder:	ALOK INDUSTRIES INTERNATIONAL LTD, Pasea Estate, Road Town, Tortola, British Virgin Islands, Registration number: 1382028
Share capital:	CZK 231,309,792 (CZK 231,310 ths.) of it paid up – 100%
Shares form and depository	Company shares are de-materialised, recorded in the Central register of securities ran by the Central Securities Depository (www.cdcp.cz).
Changes in the Commercial register	No changes to the Commercial register entry were made and recorded in the accounting period. No unregistered entry changes exist as of the date of preparation of these accounts.
Change in the group structure	No changes in the ALOK INDUSTRIES group having effect over Company’s legal and tax position occured over the Accounting period or between the Balance Sheet date and date of preparation of these accounts. No change in the ultimate beneficial owner happened till the date of preparation these accounts.
VAT registration	The Company is registered for VAT in the Czech Republic only.
Other significant registrations outside the Czech Republic	The Company fulfilled all registration requirements related to the employment law in Italy.

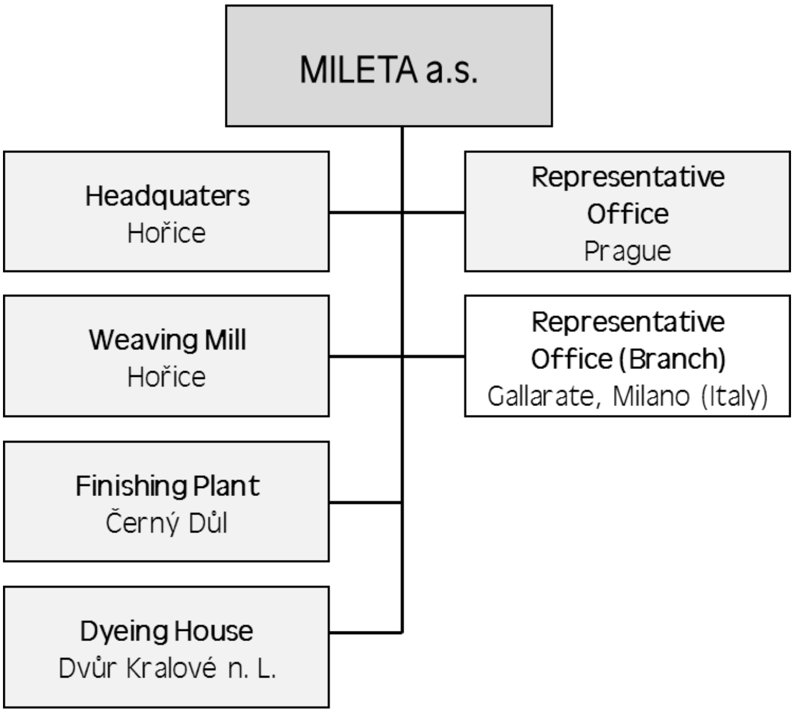
Organizational chart of the Company and number of employees

Company organisational affairs

Organisational chart of the Company

The organisation chart of the Company during the whole accounting period was as follows:

Table 1 – Organizational chart of the Company



Branch in Italy

The Branch of MILETA a.s. was registered in Italy on 12 June 2008. The Branch acts as a representative office and provides marketing and market analyses for the Company. Full time equivalent and real number of employees in the whole accounting period in accordance with the Italian labour code was two (2).

The Branch represents the Company and negotiates overhead supplies contracts on its behalf. The Branch is not taking part in the direct business activities (e.g. order processing, billing and logistics). Therefore it does not have any revenues of such kind and is fully funded by the Company.

The Branch's accounting is outsourced to an Italian professional services firm, including payroll processing, reporting, statutory contribution and registration duties, payroll tax duties withholding towards the Italian state authorities and other respective institutions in connection with the social security and health insurance.

Average number of employees and staff costs

Number of employees was driven mainly by the reduction of staff in the logistics department due to the optimization of packaging processes.

Table 2 – Labour costs, average no. of employees

number of employees	2015	2014
Actual, year end	389	419
Full time equivalent	388	418
Out of which: management (CEO, heads of divisions, plant director	8	8
Total staff costs in CZK ths.:		
Wages and salaries	101,904	105,715
Out of which: management	7,255	8,579
Remuneration of members of statutory and supervisory bodies	5,373	4,558
Social security and health insurance costs	34,599	35,798
Out of which: management	2,478	2,773
Other social costs	899	1,070

Remuneration to the shareholders, members of the statutory and supervisory bodies and management

Shareholders

No dividend or similar remuneration was paid to Company's shareholders in the current or preceding period.
No non-ordinary course of business payments were paid to its shareholders in the current or preceding period.

All payments to its shareholders were made strictly in adherence to the loan contracts by and between the Company and its shareholder - ALOK INDUSTRIES INTERNATIONAL LTD. Intragroup loans are described in detail in the Section – Intercompany borrowings.
No goods or services were provided to the Company's shareholders on preferential terms.

Statutory and supervisory bodies

Board of directors and Supervisory board were active and acting during the current and preceding period.
The members of statutory and supervisory bodies were provided with certain services related to the completion of their duties.
Chairman and Vice Chairman of the Board of Directors are entitled to the personal cars for both, business and private, purposes. Car brand, make and costs are adhering to the Car Policy as stipulated in the internal rules of the Company.
Chairman and Vice-Chairman of the Board are also entitled to the certain financial benefits and benefits in kind, adhering to their board membership contracts.
All and any such benefits were properly taxed according to the Czech taxation framework.
No compensation other than connected with their duties and properly contracted was provided to the members of the statutory and supervisory bodies.
No loans, guarantees or similar benefits were provided to the members of the statutory and supervisory bodies in the current or preceding periods, neither in the financial terms nor in the form of benefits in kind.
The Company did not provide to the members of the statutory and supervisory bodies any services or goods on preferential terms.

Table 3 – Remuneration of the members of statutory and supervisory bodies

CZK ths	2015	2014
Members of statutory and supervisory bodies - accommodation and other services	402	402
Members of statutory and supervisory bodies - cars operating lease full service costs	1,133	1,190

Management

The Company's management for the purposes of this section excludes Board of directors and includes CFO, technical and production directors and other divisional – plant managers.
Neither compensation other than salary based nor extraordinary benefits were paid to the members of management in the current or preceding period. Performance bonuses up to the level of two (2) monthy salaries of the respective employee are not deemed to be extraordinary benefits. All and any payments

and benefits in kind to the management members were properly reported and taxed, adhering to the legislation requirements. Managers are entitled to the personal cars for both, business and private, purposes. Car brand, make and costs are adhering to the Car Policy as stipulated in the internal rules of the Company.

No loans, guarantees or similar benefits, neither in the financial terms nor in the form of benefits in kind were provided to the members of management in the current or preceding period.

The Company did not provide to the members of management any services or goods on preferential terms.

Auditor and audit fee

Statutory conditions compliance

The Company met the conditions set forth by the Act on Accounting No. 563/ 2001 Coll. and Act on Auditors No. 93/ 2009 Coll. as time to time amended for compulsory statutory audit in the current and preceding periods.

Audit fee

No other services were provided by the auditor within the accounting period.

No other services than statutory audit were provided by the statutory auditor to the Company in both, current and comparative periods.

Audit fees were not paid as of the Balance Sheet date and are properly accrued.

Table 4 – Audit fees and services provided by the auditor

CZK ths	2015	2014
Statutory audit fee	450	210

Part II. – Applied accounting policies and methodology

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Accounting policies, general accounting principles and valuation methods used

General

Compliance of financial statements with the respective accounting and financial reporting framework	The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in the Czech Republic - Act on Accounting No. 563/1991 Coll., ("Act on Accounting"), which is further defined by Decree No. 500/2002 Coll. and their later amendments. The balance sheet date, i.e. 31 March 2016, is the decisive date for application of the valid legal framework. Any changes in financial reporting methods that occurred before the date of the preparation of the financial statements as stipulated above are reflected only if they significantly affected the method of the presentation of the financial statements' content or the retrospective application of such changes were explicitly required by the law.
Functional currency	The Company uses the Czech crown (CZK) as its functional currency despite of the fact that pervasive number of the sales and purchases transactions are made in EUR or USD. The Company's accounting records and financial reporting are kept and presented in CZK. Due to a significant volume of foreign exchange transactions the Company monitors and evaluates permanently all risks associated with the open position in respect of foreign exchange rate fluctuation risk and has imposed natural hedging measures.
Accounting period	The Company uses financial year running from 1 April to 31 March and its adoption has properly been performed in 2008. The Company uses "2015" and "2014" year-titles in the notes to financial statements in order to simplify the presentation of financial information. The year 2015 hence refers to the accounting period from 1 April 2015 until 31 March 2016. The year 2014 hence refers to the preceding accounting period, i.e. from 1 April 2014 until 31 March 2015.
Accounting principles	The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic as of the balance sheet date. Accounting records and transactions are kept in CZK. The financial data presented in the financial statements and notes to financial statements have been rounded to thousands of Czech crowns (CZK ths.) unless it was explicitly stated otherwise. In certain cases rounding can cause difference of several thousands CZK in the balance sheet balancing. The financial statements have been prepared under the historical cost convention. No substantial revaluation has been made except for the regular, annual inventory revaluation. The financial statements have been prepared under the prudence concept, independence principle, matching concept and accrual accounting principles. In case of material transactions the substance rather than form is followed to ensure true and fair view concept is kept and legal requirements are followed. The Company was VAT registered and accounted for VAT during the entire accounting period.

Valuation techniques

Purchased inventories	In accordance with the Act 563/1991 Coll. and CAS-015 the Company follows the "A" method for valuation and accounting for the raw material and goods for resale. The purchased inventories are valued at the lower of cost and net realisable amount. Indirect acquisition costs are kept on a separate analytical account and pro-rata released to the profit and loss account. The first-in-first-out (FIFO) method is used for all disposals (i.e. requisition to production or sale). The indirect acquisition costs are pro-rated to the profit and loss account with each disposal.
Own production inventories and finished goods	In accordance with the Act 563/1991 Coll. and CAS-015 the Company follows the "A" method for valuation and accounting for the finished goods. Finished goods are valued at the production cost using the standard costing method. Given the long production cycle the production costs include direct production costs and manufacturing overheads. S,G&A (admin) overheads - administration, selling and distribution expenses - are not included in the valuation of finished goods.
Work in progress	Work in progress is valued at the lower of production costs and estimated net realisable amount. Transfers from Work-in-progress inventory to finished goods are posted based on warehouse inventory movements and monthly stocktaking of Work-in-progress. All work-in-progress goods disclosed in the balance sheet are valued on the basis of "the snapshot" concept at the Balance sheet date.
Valuation of securities and ownership interests	Ownership interests are recorded at cost less a provision for diminution in value. Short-term securities, bills of exchange and cheques are recorded at their nominal value.
Assets and liabilities accounted for at their fair value	The Company has no assets or liabilities that would require revaluation to their fair value.

Own products valuation - cost classification

General comment	For the purpose of valuation of finished goods the Company classifies costs related to the acquisition of material and costs included in the price of finished goods in their production costs.
Definition of indirect acquisition costs	• Indirect costs charged by the supplier • Freight • Third party inspection costs • Commissions paid for purchases • Customs duty and other related charges • Freight insurance
Definition of costs included in the price of own products	• Direct material A, B, C incl. scrap • Cost of external subcontractors (outsourced services costs) • Direct labour costs (i.e. direct wages + social security and health insurance contributions) • Production overheads

Fixed assets

Intangible fixed assets	All intangible assets with a useful life longer than one year and a unit cost of more than CZK 60 ths. excl. VAT (the functional unit) are treated as intangible fixed assets.

Purchased intangible assets are initially recorded at the acquisition cost, which includes the purchase price and all costs related to its acquisition. Costs related to the software acquisition include particularly costs incurred during and directly associated with the implementation of the software, the maintenance costs are excluded. Interest expenses from external sources of financing incurred in the accounting period of acquisition are not capitalised.

All OEM software is accounted for with respect to EULA (End User License Agreement) together with respective hardware and it is also either sold or disposed together with this hardware. OEM software has no separate long term asset cards but its evidence is kept in the asset card (under asset tag) of the respective hardware.

Additional clients' licenses to server-software (CAL) are capitalized and amortised on separate asset cards if the total price of purchased licenses relating to one server license exceeds CZK 60 ths. excl. VAT during the accounting period. The Company keeps the records of purchased software in order to correctly determine when an asset card should be created.

All software purchased under SAS concept is properly registered by the Company and accrued for the right accounting period.

All intangible assets with their useful life longer than one year and the unit cost of less than CZK 60 ths. (per functional unit) are expensed.

The amortisation charge of intangible assets is calculated on the basis of the acquisition cost and the expected economic useful life of the asset.

The Company starts amortisation of assets in the month following the month of capitalisation. If the asset is disposed before its net book value equals zero, the amortisation is ceased in the month of disposal.

Detailed information regarding the amortisation methods used are provided in part Depreciation of fixed assets of this Section.

Intangible fixed assets are amortised applying the straight-line method. The expected useful life of intangible fixed assets in years is as follows in the table 5 below.

A provision for the impairment is created when the carrying value of an asset is greater than its estimated recoverable amount.

The technical improvements (additions) to the intangible assets exceeding CZK 40 ths. per accounting period and asset card are capitalised and subsequently amortised, using the proper economic life extension determination technique.

Table 5 – Depreciation period - software

Expected useful life (in years)	**2015**	**2014**
Software	3-4	3-4

Tangible fixed assets

All tangible assets with a useful life longer than one year and a unit cost of more than CZK 40 ths. excl. VAT (the functional unit) are treated as tangible fixed assets.

All tangible assets with a useful life longer than one year and a unit cost of less than CZK 40 ths. (the functional unit) are expensed at acquisition.

The acquired tangible fixed assets are initially recorded at cost, which includes purchase price and all costs related to its acquisition (e.g. freight, assembly cost). The tangible fixed assets created internally are recorded at their cost. External debt interest costs incurred up to the asset acquisition process completion are not capitalised.

The Company uses stamping dies and screens in its production and control processes. Stamping dies and screens owned by the Company with a unit cost of more than CZK 40 ths. are capitalised as tangible assets and depreciated.

The depreciation of tangible assets is calculated based on the acquisition cost and expected economic useful life. The Company applies the straight-line method. The expected useful life of tangible fixed assets in years is as follows in the table below.

The Company generally applies similar depreciation rates as set out in the Income Tax Code No. 586/1992 Coll., as time to time amended, pro-rated to the monthly depreciation rates as described in the Section Depreciation of fixed assets In case the expected useful life determined by a technical manager significantly differs from depreciation rates set out in the Act No. 586/1992 Coll., the depreciation rate proposed by the technical manager is applied.

A provision for impairment is to be created where the carrying value of tangible asset is higher than its estimated market value.

Repairs and maintenance expenditures are expensed as incurred. The technical improvements of tangible fixed assets exceeding CZK 40 ths. per accounting period are capitalised, providing the fact that improvement either extends its economic useful life or improves its performance.

Table 6 – Depreciation period of tangible fixed assets

Expected useful life (in years)	2015	2014
Buildings, halls and constructions	20-40	20-40
Machinery and equipment	3-10	3-10
Vehicles	3-5	3-5
Fixtures and fittings	3	3
Stamping dies, screens	3-5	3-5

Low-value tangible and intangible assets

All tangible assets with a useful life longer than one year and unit cost between CZK 4 – 40 ths. are treated as low-value tangible assets.
All intangible assets with a useful life longer than one year and unit cost between CZK 4 – 60 ths. are treated as low-value intangible assets.

Low-value assets include mainly items that do not create a functional unit and are multilaterally useable to compose the set. In respect of low-value intangible assets the classification of assets is determined among others by EULA which specifies if respective asset does not constitute ultimate component of the other tangible asset.

Capitalisation of costs into fixed assets

The costs are capitalized into fixed assets solely based on technical and operating documentation. It ensures correct classification of fixed assets and properly followed reality in the accounting records.
Fixed assets are classified based on the evaluation of the respective technical manager.
For the purpose of tax and accounting depreciation and amortization of fixed assets the Company splits tangible and intangible fixed assets and low-value assets into classes in accordance with the Income Tax Act No. 586/1992 Coll.
If the depreciation or amortization rates are subsequently changed or the asset classification is latter amended by the law, the Company keeps the rates set and does neither retrospective nor beforehand changes to the accounting rates of depreciation charge to the respective assets.

Depreciation of fixed assets

The Company depreciates its fixed assets on a monthly basis, starting one (1) month after the capitalisation of the assets (put into use).
In case of delayed capitalisation of an asset the Company performs extraordinary depreciation charge. It adjusts the accounting records by the amount that equals to the difference between actual amount charged to the Income statement and amount that should have been charged.

Depreciation term adjustment

The depreciation period may be (adjusted) reduced on the basis of the recommendation made by the respective technical manager. In case the actual expected useful life is significantly shorter compared to the expected useful life of such an asset according to the Act No. 586/1992 Coll. as time to time amended, the expected useful life as per the Income tax code is used and applied by pro-rating of annual depreciation rates.

Low-value fixed assets

Low-value tangible and intangible fixed assets are amortised over two (2) consecutive accounting periods.

Depreciation of sets of assets

The sets of assets are depreciated using a depreciation rate corresponding to the main element of respective set of assets. The sets of assets include mainly a larger set of individual assets that are used as a complex and based on their simultaneous utilization and location it is rational to consider such assets as a structural unit.
The set of assets comprising low-value assets are depreciated over a period of up to four (4) years. The CFO determines the depreciation rate based on proposal of respective technical manager.

Depreciation suspension

The Company does not allow for the suspension in accounting depreciation of its assets.

Other substantial accounting policies

Cash and cash equivalents	The cash items (cash in hand and cash at banks including bank overdrafts) are stated at their nominal value as at the date of the transaction or the last year end translation. The cash items denominated in foreign currencies have been properly translated, using the exchange rate table published by the Czech National Bank as at the balance sheet date. Cheques are treated and translated as cash, analyzed as presented and unpresented cheques. All checks in the evidence are in their face value and are neither void nor rejected by the bank.
Cash flow statement	The Company uses indirect method in its statutory Cash Flow reporting.
Equity	The share capital of the Company represents the share capital registered in the Commercial Register as at the balance sheet date. The legal reserve fund was created up to the amount of 10 % of the share capital. In accordance with the new Civil Code and adjoining statutes this concept was abandoned, but legal reserve fund already created may be used to offset accumulated losses only.
Bank loans and other borrowings	Short-term and long-term loans and borrowings are recorded at their nominal value. The current portion of long-term loans and borrowings payable within one year after the balance sheet date are classified as short-term loans and borrowings. The interest is expensed in the Income statement under the accrual principle irrespective of the payment due date. In case of expected breach of covenants resulting into the risk of immediate repayment of the loan the loan is classified fully as short term.
Revenues and expenses	Revenues and expenses are recognized under the accrual principle i.e. matched in the accounting period in which they were earned and incurred. Under the prudence principle the Company creates provisions and recognizes the impairments of assets in order to cover all potential risks, losses and decrease in values of assets recorded as known at the date of preparation of the financial statements.
Foreign currency translation	Transactions denominated in a foreign currency are translated and recorded at the exchange rate as published by the Czech National Bank (CNB) ruling as at the transaction date except for the cash in hand. Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.
Corporate income tax - current	The income tax expense reported in the Income statement for the accounting period comprised corporate income tax expense and deferred tax expense/credit. The current period corporate income tax charge has been calculated based on the profit before tax for the accounting period adjusted for permanent and temporary differences using the valid tax rate.
Corporate income tax - deferred	The deferred tax is to be recognised on all temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base. The deferred tax is calculated at the corporate income tax rate that is expected to be applied in the period when the tax liability is expected to be settled or the asset realised. Deferred tax asset is recognised only if it is probable that sufficient future taxable profits will be available against which the asset can be utilised.
Pension plans	The Company does not contribute to any defined contribution pension plans of its employees operated by independent pension funds. The Company regularly contributes to the mandatory state pension fund. The related cost is expensed in the respective accounting period.

Hedging interest rate risk and foreign currency risk and hedge accounting	The Company does not substantially hedge against either the interest rate risk or foreign currency risk. The interest rate risk and foreign currency risk were taken into consideration when calculating the standard cost of products and creating cash flow and payment instruments strategies. No hedge accounting entries were performed.
Leasing	The costs of assets held under both finance and operating leases were not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease contract. If the leased asset is purchased at the end of the lease period, the asset is capitalised at its purchase price or its replacement cost in case the purchase price is zero or close to zero. Initial lease payments (down payments), if any, are evenly allocated over the lease term.
Assets impairment policies – general comment	The Company creates provisions for impairment of inventory of raw materials, finished goods, work in progress, goods for resale, fixed assets and receivables in line with the prudence principle to record these assets in their fair value.
Provisions for inventory of raw materials, finished goods and goods for resale	The provision is created at 50 % of the inventory unit carrying value for: • Slow moving inventory, items that are more than one (1) year without movement • Scrap for sale
Provisions for work in progress	The provision is created at 50 % of the dyed yarn stock value as at 31 March that is more than one (1) year with no movement, based on the results of stock-take held.
Provisions for fixed assets	The provision for impairment is established based on the results of the physical inspection and the expected remaining useful life of individual fixed assets.
Bad debt provisions	The Company creates tax-deductible provisions (in accordance with Act No. 593/1992 Coll., Tax Reserves Act) and non-tax-deductible bad debt provisions (in accordance with the Czech Accounting Standard No. 005). A provision for doubtful amounts is created on the basis of individual evaluation and credit scoring of the respective customer. Bad debt provisions to receivables created in the period ended 31.12.2013 with a nominal value not exceeding CZK 200 ths. are provided for based on their ageing analysis – for receivables past due of: • > 12 month 100% provision is created by increasing the tax allowable provision • 6-12 month 30% provision is created by increasing the tax allowable provision • 3-6 month 20% provision is created by increasing the tax allowable provision Bad debt provisions to receivables created in the period after 1.1.2014 are provided for based on their ageing analysis – for receivables past due of: • > 18 month 100% provision • > 12 month 50% provision Any further provisions above this level are merit based, subject to the individual assessment of collectability/ risk assessment made by CFO.
Bad debt provision for customers in bankruptcy and similar proceedings	The bad debt provision is created in the total nominal value (100%) of the respected receivables. The bankruptcy proceedings and customers with higher risk are closely monitored. The Company focuses on minimizing bad debt risk exposure by matching its receivables with payables of the same counterparty before turning to the bankruptcy court. The provision can be of lower level in case of restructure procedure in place.

Revaluation of inventories	
Revaluation difference	In case the purchase costs of raw material would rose significantly it might be necessary to adjust the valuation of finished goods (FG) to reflect their real value.
Revaluation difference release	The resulting revaluation difference is released to the Income statement based on the turnover period of these inventories: $$\text{Turnover period of FG in months} = \frac{\text{FG inventory level before revaluation}}{\text{average monthly revenues}}$$ $$\text{The revaluation difference deferred} = \frac{\text{revaluation difference}}{\text{turnover period of FG in months}} * \text{no. of months}$$
Year-on-Year changes in the reporting pattern as reflected in the financial statements, valuation policies changes and preceding year financial statements restatement	There were no substantial year-on-year changes in the valuation, depreciation and accounting policies in the year ended 31 March 2016 compared to the preceding accounting period. The Company made an early adoption restatement to its financial statements to ensure it will have fully compliant financial statements and accompanying notes as at 31 March 2017, see the Part VII.
Subsequent events	The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date. Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

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Part III. – Additional information on the Balance Sheet

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Tangible fixed assets – general comment

Tangible fixed assets are recorded at cost. No revaluation to the market value of tangible fixed assets was made in the current or preceding accounting periods.
The Company believes that the carrying value of the tangible fixed assets is not overstated, no impairment provision was created. Fixed assets physical inspection was performed as at 31 December 2015.
No provision is recorded for the cost of repairs of the fixed assets. The maintenance of fixed assets meets the Company's daily operating requirements and is sufficient in respect of the current conditions of tangible fixed assets. There was no provision created to the tangible fixed assets as for their excessive wear and tear.

Tangible fixed assets – movable assets

The Company's tangible movable fixed assets in the current and preceding accounting period can be analyzed as follows in the Table 7 - Overview of movable fixed assets, below.

All assets kept and used by the Gallarate Branch are leased under operating lease conditions, no tangible fixed assets to be accounted for and disclosed exist.

Table 7 – Overview of movable fixed assets (CZK ths)

Group	2015 Cost	Acc'd dep'n	NBV	2014 Cost	Acc'd dep'n	NBV
Machinery and equipment	361,071	258,577	102,494	348,523	241,635	106,888
Vehicles	47	29	18	47	23	24
Low-value tangible fixed assets	22,116	21,937	179	19,705	19,442	263
Total	**383,234**	**280,543**	**102,691**	**368,275**	**261,100**	**107,175**

Tangible fixed assets – immovable assets

The Company's immovable fixed assets in the current and preceding accounting period can be analyzed as follows in the Table 8 - Overview of immovable fixed assets, CZK ths.

None of the Company's immovable tangible fixed assets were entitled to be enrolled into either 'brownfields' revitalization program or programs for remediation of old environmental damage in the current and preceding accounting period.
The tangible immovable assets are either leased (e.g. as apartments, family houses, hostel), or held for sale. As at the balance sheet date there were 2 properties classified as held for sale - 'former headquarters office building' and the family house in Černý Důl.

Carrying value of the assets held for sale is at a level when the Company is not exposed to risk of potential loss from the sale of these fixed assets.

Table 8 – Overview of immovable fixed assets (CZK ths)

Group	2015 Cost	Acc'd dep'n	NBV	2014 Cost	Acc'd dep'n	NBV
Buildings, halls and constructions	217,374	107,362	110,012	132,313	101,349	30,964
Land	4,082	0	4,082	4,082	0	4,082
Other tangible fixed assets	118	101	17	0	0	0
Total	**221,456**	**107,362**	**114,094**	**136,395**	**101,349**	**35,046**

Tangible movable fixed assets under the lease or rent - Finance (capital) leases

The Company uses capital (finance) leases for the financing of production assets acquisition (looms sets, warpers, sizing machine). There is no downpayment clause in any of the leasing contracts. All lease contracts are concluded for 5 years.

All and any leased assets are not leased for the period longer than their economic useful life.

In case of the complex set of assets leased the performance bond for the cross performance guarantee has been issued by the Company as assets combination was performed under direct and exclusive Company's requirements.

Lease costs are charged on pay as you go basis to the Income statement, the Company is responsible for the damage and liability insurance.

Table 9a – Capital leases

To date	Leased Item	Amounts paid and payable from existing contracts [EUR]	Paid [EUR]	Amounts payable from the existing: Within 1 year [EUR]	More than 1 year [EUR]
31.3.2016	Jacquard looms	1,357,847	433,789	271,569	652,489
31.3.2016	Dobby looms	618,622	261,002	123,724	233,896
31.3.2016	Warp preparation - sizing machine	388,157	142,324	77,631	168,202
31.3.2016	Warp preparation - other	95,410	31,803	19,082	44,525
31.3.2016	Other leased asset	21,766	7,934	4,256	9,576

Tangible movable fixed assets under the lease or rent - Operating leases

The only tangible movable fixed assets under company control with no current or future contracted ownership were personal cars and light utility van; where operating lease contract is in force. Leases are concluded for a definite period of time and mileage with aim to minimize TCO of each particular car. TCO is calculated on the basis of full service lease.

Lease terms are between 3 and 5 years, determined by the expected annual mileage and expected future market value of each particular vehicle. Leases are performed in the Czech Republic and Italy by the same leasing company.

Lease cost as stipulated below include full costs, including highway vignette, full insurance and petrol costs prepayment. Final settlement will be performed at the end of the lease.

Table 9b – Operating leases (EUR)

To date	Number of cars	Amounts paid and payable from existing contracts	Paid	Amounts payable from the existing contracts: Within 1 year	More than 1 year
31.3.2016	18	11,644	7,721	2,583	1,340
31.3.2015	18	12,826	6,658	3,013	3,154

Tangible immovable fixed assets under the lease or rent

The Company did not use finance lease of any of its tangible immovable assets in the current or comparative accounting period to acquire the assets (capital leases).

The Company used leased office premises in Černý Most - Prague and in Milano – Gallarate, Italy and apartments for members of the statutory body. The Company did not use any other tangible immovable assets.

Table 10 – Rent of immovables (CZK ths)

	2015	2014
Čemý Most	174	185
Gallarate	288	283
Appartment for member of statutory body	372	376
Total	**834**	**844**

State subsidies and EU grants

The company received support in the form of the grant from the European Regional Development Fund in the preceding period.
The project concerned the implementation of a new heat and steam source in the company premises in Dvůr Králové. The received amount of the subsidy was CZK 1,787 ths.

Tangible assets not presented in the balance sheet

Except for tangible fixed assets held under the finance lease and low-value assets with unit cost less than CZK 4 ths. the Company did not have any tangible fixed assets not reflected on the balance sheet. There were no ownership rights or any similar rights or benefits in the current and preceding accounting period.

Low-value assets (with unit price between CZK 4 – 40 ths.) were posted to the respective analytical accounts and depreciated in line with depreciation policies. This approach was consistent for both periods, the current and preceding accounting period.

Tangible fixed assets with a unit cost of less than CZK 4 ths. were either expensed or treated as inventory (MTZ) and expensed upon consumption. This approach was consistent in both periods, the current and preceding accounting period.

Intangible fixed assets – general

The intangible fixed assets are recorded at cost. No revaluation to the market value of intangible fixed assets was made in the current or preceding accounting period.
The Company believes that the carrying value of the tangible fixed assets is not overstated and therefore no impairment provision was created.

Intangible fixed assets - definition

Software accounting policies as described in Intangible fixed assets, were strictly adhered to. The Company follows OEM principles (inseparability of hardware and software), EULA and SAS contracts. All OEM software is accounted for as a part of the respective hardware.
Royalties relate to the rights of use in respect of use of adjoining plots. The rights received free of charge are valued at cost associated with their market value.
The Company's intangible fixed assets in the accounting period were as follows:

Table 11 – Intangible fixed assets (CZK ths)

Group	2015 Cost	Acc'd dep'n	NBV	2014 Cost	Acc'd dep'n	NBV
Software	14,251	14,033	218	14,079	13,965	114
Software low-value intangible assets	1,081	1,081	0	1,051	1,051	0
Royalties	0	0	0	108	99	9
Total	**15,332**	**15,114**	**218**	**15,238**	**15,115**	**123**

Intangible fixed assets leased

The Company did not use any leased intangible assets in the current or preceding accounting period.

Intangible assets not reflected on the balance sheet

The Company does not use any intangible assets that are not reflected on the balance sheet except for combined trademarks "MILETA HOŘICE a.s.", registered in ÚPV, OHIM and WIPO under identification numbers 211 648, 211 649.
These intangible assets are neither valued nor presented on the balance sheet due to the fact that they were acquired by the own activity.

This situation remained unchanged in the current and preceding accounting period.

Further, the Company uses trademarks ERBA, ERBA BLU, ERBA ELITE and ERBA COMPACT owned by its parent company. As the trademarks are owned by ALOK INDUSTRIES INTERNATIONAL LTD. they are not presented in the balance sheet of the Company.

Additions and disposals of fixed assets – balances

The Company re-invests proceeds from the sale of fixed assets into the renewal of equipment to secure its future operations.

Table 12 – Overview of tangible and intangible fixed assets (CZK ths)

Group	2015				2014			
	Year end balance		Opening balance		Year end balance		Opening balance	
	Cost	NBV	Cost	NBV	Cost	NBV	Cost	NBV
Total intangible fixed assets	**15,332**	**218**	**15,238**	**123**	**15,238**	**123**	**15,195**	**209**
Buildings, halls and constructions	217,374	110,012	132,313	30,964	132,313	30,964	130,056	31,694
Land	4,082	4,082	4,082	4,082	4,082	4,082	4,137	4,137
Other tangible fixed assets	118	17	0	0	0	0	0	0
Total immovables	**221,574**	**114,111**	**136,395**	**35,046**	**136,395**	**35,046**	**134,193**	**35,831**
Machinery, plant and equipment	361,071	102,494	348,523	106,888	348,523	106,888	332,697	102,678
Vehicles	47	18	47	24	47	24	47	29
Low-value tangible fixed assets	20,784	0	18,277	0	18,277	0	17,488	0
Low-value tangible fixed assets - depreciated	1,332	179	1,428	263	1,428	263	1,428	373
Total movable assets	**383,234**	**102,691**	**368,275**	**107,175**	**368,275**	**107,175**	**351,660**	**103,080**
Total	**620,140**	**217,020**	**519,908**	**142,344**	**519,908**	**142,344**	**501,048**	**139,120**

Note

Table 12 as shown above does not account for change in assets under construction balance for both, tangible and intangible asset classes separatelly. Advance payments for assets under construction have not been reported separatelly as well.

Additions and disposals of fixed assets – analysis of additions and disposals in net book value

Several disposals were made in the accounting period. These assets were disposed off as to their wear and tear and business non-core assets status.

All disposals of fixed assets were made by sales at a price equal to or higher than their net book value. The Company did not recognize any losses arising from the sale of fixed assets, save the immaterial sales of assets, where it was impractical to keep the assets as to their wear and tear and level of maintenance costs.

Table 13 – Additions and disposals of fixed assets (CZK ths)

Group	2015			2014		
	Additions (purchase, own production)	Adj'ments (dep'n, provisions)	Disposals (disposal, liquidation, sale)	Additions (purchase, own production)	Adj'ments (dep'n, provisions)	Disposals (disposal, liquidation, sale)
Software	173	69	0	34	120	0
Low-value intangible fixed assets	29	29	0	9	9	0
Royalties	0	0	9	0	0	0
Total intangible fixed assets	**202**	**98**	**9**	**43**	**129**	**0**
Buildings, halls and constructions	85,062	6,014	0	2,528	3,227	31
Land	0	0	0	0	0	55
Other tangible fixed assets	118	101	0	0	0	0
Total immovables	**85,180**	**6,115**	**0**	**2,528**	**3,227**	**86**
Machinery and equipment	14,355	16,943	1,806	22,285	18,073	0
Vehicles	0	6	0	0	6	0
Low-value tangible fixed assets	3,253	2,507	746	789	789	0
Low-value tangible fixed assets-depreciated	12	0	96	0	111	0
Total movable fixed assets	**17,620**	**19,456**	**2,648**	**23,074**	**18,979**	**0**
Total	**103,002**	**25,669**	**2,657**	**25,645**	**22,335**	**86**

Note

Table 13 as shown above does not account for change in assets under construction balance for both, tangible and intangible asset classes. Advance payments for assets under construction have not been reported as well.

Disposals of royalties account for the easements which were reported as intangible assets in the preceding accounting period. The easements are reported as tangible fixed assets in the accounting period due to the change of accounting standards.

Analysis of sales of immovable assets

The company did not have any substantial sales of immovable assets during financial year 2015. All sales relate to the non-core assets sales only.

Table 14 – Analysis of sales of immovable assets – 2014 and 2015 (CZK ths)

Assets sold	2015	2014
Land	4	621
Buildings including building plot	0	1,894

Analysis of sales of movable assets

Assets replacements

During the current accounting period the Company sold unused movable fixed assets and replaced them by the new ones.

Sale and lease back transactions

New technology acquired via complex, sale and lease back scheme with Raiffeisen Leasing is adjusted from the movables sales. Sale & lease back is described in the paragraph Leased assets - sale and leaseback of this Section.

Table 15 – Analysis of sales of movable assets

Assets sold	2015	2014
Personal cars	0	0
Other movable assets	11	2

Fixed assets under construction

Production hall reconstruction

Production hall and warehouse were put into the testing operation in August 2014. Due to the fact that the practical completion certificate was issued in June 2015 the whole reconstruction was held as fixed assets under construction as at 31 March 2015. The office space has been completed and put into operation in January 2016.

Sewage water treatment plant in Černý Důl

Reconstructed sewage water treatment plant was put into the testing operation in October 2015. Due to the fact that the permanent operation certificate shall be issued not before November 2016 the whole reconstruction works are still held as fixed assets under construction.

Other items are of regular rather standard assets replacement projects nature.

Table 16 – Analysis of fixed assets under construction (CZK ths)

Fixed assets under construction	2015	2014
Production hall	68	56,588
Sewage water treatment plant - Černý Důl	15,985	612
Plant and Equipment	556	23,423
Other	368	368

Assets under construction longer than one year

Several asset replacement projects last substantially longer than one year. These projects are prepared and capitalised, the Company makes regular tests on impairment of such capitalised expenses.

Table 17 – Analysis of fixed assets in the course of construction longer than 1 year – 2015

Project no.	Description	plant no.	Amount [CZK ths]	Reason for FAICC status
7010/13	Sewage water treatement plant	9	15,982	trial run
	Sundry		744	

Company's assets with significantly

Except for the assets held for sale and the valuation for the purposes of security interest charge no expert valuation of the company's asset was made in the current or preceding accounting period.

higher market value compared to the net book value	
Pledges and other similar rights to Company´s assets	
Property rights restrictions	All property rights restrictions relate to the security interest over company property in relation to the bank financing.

Table 18 – Pledges and other rights to Company`s assets

Lender	Date of pledge	Registrar	Identification
Raiffeisen bank	2.3.2015	Cadastral office Hradec Kralove region, office Jičín	r.n. V-1581/2015-604
Raiffeisen bank	25.2.2013	Cadastral office Hradec Kralove region, office Jičín	r.n. V-648/2013-604

Related party pledges	Neither in the preceding periods nor in the accounting period was no pledge made to a related party.
Fixed assets under encumbrances and easements	The Company owns the following assets under encumbrances and easements in the current accounting period:

Table 19a – Encumbrances and easements

Year	Right of use	Land identification	Area	Identification
2015	Right to enter	226, 292, 1417/18, 1845	Dolní Branná	Z-260035/1999-610
	Right to establish distribution system	107/3	Podhůří - Harta	V-3070/2012-610
	Rigt to enter	1572/2, 1797/1	Dvůr Králové nad Labem	V-5639/2011-610
	Right to consume groundwater	5800, 1797/1	Dvůr Králové nad Labem	V-5639/2011-610
2014	Right to enter	226, 292, 1417/18, 1845	Dolní Branná	Z-260035/1999-610
	Right to establish distribution system	874/8, 107/3	Podhůří - Harta	V-3070/2012-610
	Right to placement and operation of building	924/3, 924/5	Podhůří - Harta	V-9103/2014-610
	Rigt to enter	1572/2, 1797/1	Dvůr Králové nad Labem	V-5639/2011-610
	Right to consume groundwater	5800, 1797/1	Dvůr Králové nad Labem	V-5639/2011-610

Leased assets – sale and leaseback	
General comment	Several leased assets are acquired via operating lease (cars) or capital lease. Other assets - mainly core business assets – are leased via capital (finance) lease.

Sale and leaseback

Due to the fact that Mileta leases specific technologies, usually supplied as "multi-vendor deals", technically Mileta sells the assets under construction to the leasing company and lease them back. Assets under construction movements analysis was adjusted for such leased assets in both, accounting and comparative periods.

Table 19b – Sale and leaseback

Leased Item	2015 [EUR]	2014 [EUR]
Jacquard looms	1,357,847	921,282
Dobby looms	618,622	618,622
Warp preparation - sizing machine	388,157	388,157
Warp preparation - other	95,410	95,410
Other leased assets	21,766	21,766

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Categories of inventories

According to the nature of Company's business, the categories of inventories in the accounting period were as follows:

(a) Raw Material
(b) Work-in-progress
(c) Semi-finished goods
(d) Finished goods
(e) Goods for resale

The semi-finished goods may be used as semi-finished goods or may be sold to the customer as finished goods depending on conditions of individual orders. The valuation of these products is identical either if classified as semi-finished products or finished goods.
The net amount of Company's inventories was CZK 333,739 ths. as at 31 March 2016.

In the accounting period no substantial impact on the inventory valuation arising from the cotton prices can be noted despite of the fact of the substantial price fluctuation of cotton yarn over the accounting period. This position is the outcome of the long lasting cooperation with suppliers.

Table 20 – Structure of inventories (CZK ths)

	2015			2014		
	Gross	**Provision**	**Net**	**Gross**	**Provision**	**Net**
Yarn	27,102	1,196	25,906	30,749	1,067	29,682
Other material	17,188	797	16,391	11,137	713	10,424
Total material	44,290	1,993	42,297	41,886	1,780	40,106
Work-in-progress	54,808	804	54,004	63,268	358	62,910
Finished goods	206,883	11,304	195,579	153,045	8,392	144,653
Goods for resale	41,978	119	41,859	30,443	2	30,441
Prepayments for inventory	0	0	0	552	0	552
Total	**347,959**	**14,220**	**333,739**	**289,194**	**10,532**	**278,662**

Provisions to inventories

General provision to inventories is created to reflect effect of saleability of slow moving inventory based on the analysis of turnover as described in the Part II.
Further, a provision is created for obsolete inventories, damaged inventories or for other inventories with limited demand.
Structure of provisions for inventories is shown in Table 20 – Structure of inventories.

Revaluation of own products

The Company revalued finished goods inventory as at 1 January 2016 to its net realizable value derived from the price of cotton yarn on global markets. Total level of revaluation as of 1 January 2016 can be quantified as CZK 3,989 ths.
This transaction is recorded in the row no. A II.2. Change in inventory of finished goods and work in progress in the Income statement.
In the preceding period the Company revalued raw material inventories (purchased cotton yarn) by the total amount of CZK 2,427 ths. as at 1 January 2015.
The inventory revaluations were made in order to ensure the true and fair view of the financial statements and minimize the impact of the volatility of the commodity prices.

Inventory stock-count results

The Company performed the inventory stock-count as at 31 December 2015 pursuant to the legal framework. Surpluses and shortages from the inventory stock-count were posted based on the valid policy and reflected in the calculation of the current year tax base.

Table 21 – Inventory stock-count results (CZK ths)

Inventory stock-count results	Description	Difference
Raw Material	Shortage below the limit	-713
	Damage	0
Work-in-progress	Surplus	0
	Shortage below the limit	0
Finished goods	Surplus	5
	Damage	-23
	Shortage below the limit	0
Merchandise	Damage	-25
	Shortage	0
Total result of inventory stock-count:		**-756**

Trade receivables – general comment	Due to the nature of the industry, the Company is not able to have its receivables secured by collateral or by any other pledge equivalent. The Company's receivables are not covered by any credit insurance policy covering the credit risk due to the revenues structure. The Company is continuously scoring the credit of its customers. Taking into consideration the current situation on European markets, the Company focuses on mitigation of credit risks by the implementation of internal controls at the moment of sale and application of methodology KYC (Know Your Client) within the sales team. Short-term receivables include short-term advance payments to suppliers, but are net off any receivables in factoring.

Table 22a – Trade receivables (CZK ths)

	2015	2014
Trade receivables – total	250,526	229,306
Out of which: overdue receivables	145,086	99,080
Out of which: overdue receivables – more than 180 days	83,517	46,951

Factoring

The Company uses factoring of receivables. All receivables recorded in balance sheet are genuine trade receivables of the Company.
As at 31 March 2016 there is only one (1) valid contract signed by the Company relating to factoring services.
No suspended receivables in factoring were reported by the factor.

Table 22b – Factored receivables and advance payments received from factoring (CZK ths)

	2015	2014
Total amount of receivables in factoring	13,048	10,748
Related advance payments received	10,437	8,598

Short-term intercompany receivables

The intercompany receivables arise exclusively from the business transactions between the related parties. All intercompany receivables were settled before the balance sheet date. Neither as at 31 March 2016 nor as at 31 March 2015 the Company did not have any intercompany receivables.

Tax receivables

Tax receivables relate to the net position of the VAT claim for March 2016 net of Personal Income tax advances paid on behalf of employees. The net receivable was CZK 2,201 ths as of 31 March 2016 and CZK 1,624 ths as of 31 March 2015.

Receivables pledged as collateral

Neither as at 31 March 2016 nor as at 31 March 2015 the Company did not have any receivables pledged as collateral. The Company does not use its receivables as a pledge for operational or other financing purposes.

Long-term receivables

The Company had the long-term advances in amount of CZK 36 ths as at 31 March 2016 (CZK 16 ths in the preceding period).

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Financial assets, prepayments and accrued income

Cash and cash equivalents – general comment

Cash and cash equivalents include petty cash, cash in banks including bank overdraft and cash equivalents. The balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date.

Table 24a – Analysis of cash and cash equivalents as reported in the Cash Flow Statement (CZK ths)

Cash and cash equivalents	2015	2014
Cash on hand	3,276	9,404
Cash derivatives	27	15
Bank accounts	3,572	1,757
Cash in Transit (non-cashed cheques)	3,844	4,205
Total financial assets as at 31/03/2016	**10,719**	**15,381**
Bank overdraft	-26,704	-16,681
Cash and cash equivalents as at 31/03/2016	**-15,985**	**-1,300**

Cash in bank and petty cash

The Company had bank accounts with seven (7) financial institutions in order to minimize transaction fees and at the same time maximize the flexibility of payment options, which are expected by customers and if lost could result in the deterioration of the customer's payment history or even the loss of customers. Bank accounts balances as reported in the Balance Sheet do not include overdrafts, reported in the short term loans.

Table 24b – Analysis of short-term financial assets as reported on the Balance Sheet (CZK ths)

Analysis of financial asets	2015	2014
Cash on hand	3,276	9,404
Cash derivatives	27	15
Bank accounts	3,572	1,757
Cash in Transit (non-cashed cheques)	3,844	4,205
Total financial assets as at 31/03/2016	**10,719**	**15,381**

Translation balances denominated in foreign currencies

The Company translated petty cash balances and cash in bank accounts denominated in foreign currencies as at the balance sheet date 31 March 2016. The resulting expense of CZK 20 ths was reflected as the decrease of the year-end balance due to the foreign currency translation.

Received checks and bills of exchange

As at 31 March 2016 the Company presented but not encashed cheques in the total value of CZK 4,012 ths - of it unpresented cheques of CZK 2,951 ths. These instruments were accounted for as cash received.

Long-term financial assets

The Company does not have any financial investment in the current period, nor did have any in preceding period. The Company did not make any financial investment in the current or preceding period which impact should have been disclosed.

Prepaid expenses – general comment

Prepaid expenses represent ordinary operating expenses, which form an integral part of the Company's accounts in the current accounting period. Nevertheless due to time and factual coherence they represent expenses of future accounting periods.

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Share capital

Based on the decision of the Extraordinary General Meeting held on 4 April 2011 the minority shareholdings were bought out under The Commercial Act 1990, § 183m, and its later amendments. Consequently ALOK INDUSTRIES INTERNATIONAL LTD became the Company's sole shareholder. No changes since then have incurred.

Table 25 – Analysis of share capital

Structure of share capital	As at 31 March 2016			As at 31 March 2015		
	Share capital	No. of shares	Share (%)	Share capital	No. of shares	Share (%)
ALOK INDUSTRIES INTERNATIONAL LTD. *(shares with nominal value of CZK 196, fully paid)*	231,310	1,180,152	100	231,310	1,180,152	100

Changes in equity

The profit reported in the current accounting period is expected to be accummulated to improve the Company equity position.

Table 26 – Statement of changes in shareholders' equity (CZK ths)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Reserve funds	Capital funds	Retained earnings	Profit/loss of accounting period	Total equity
As at 31 March 2014	**231,310**	**32,341**	**1,835**	**-30,516**	**60,821**	**295,791**
Profit/ (loss) distribution	0	0	0	60,821	-60,821	0
Net profit/(loss) for the current period	0	0	0	0	53,916	53,916
As at 31 March 2015	**231,310**	**32,341**	**1,835**	**30,305**	**53,916**	**349,707**
Profit/ (loss) distribution	0	0	0	53,916	-53,916	0
Net profit/(loss) for the current period	0	0	0	0	24,366	24,366
As at 31 March 2016	**231,310**	**32,341**	**1,835**	**84,221**	**24,366**	**374,073**

Profit distribution

The profit of prior fiscal year (preceding accounting period) was distributed as follows:

Table 27 – Distribution of profit from preceding accounting period (CZK ths)

Distribution of profit from previous years	
Profit earned to be distributed	53,916
Retained earnings as at 01/04/2015	30,305
Retained earnings Total	84,221

Reserves

The Company recorded a provision for untaken holiday in total amount CZK 1,756 ths in 2015. In the preceeding accounting period provision reached CZK 1,871 ths.

In 2015 the provision for unpaid salaries created in accordance to the Italian law in Gallarate branch in total amount CZK 916 ths (in 2014 CZK 799 ths).

Table 28 – Creation of reserves (CZK ths)

Provision	2015	2014
Untaken holiday	1,756	1,871
Not paid salaries	916	799
Other	157	4,052
Total	**2,829**	**6,722**

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Loans and other borrowings

Bank loans – general comment

Raiffeisenbank provided the Company with the credit facility up to EUR 10 million based on the credit facility agreement signed in February 2015. The facility is structured in overlapping baskets and maximum capacity of all baskets (facility mix enabling maximum capacity) was set to the amount stipulated below.

Capital expenditures loans

CAPEX 2

Another capital expenditures loan of EUR 1.923 ths. has been acquired in December 2013. Purpose of this loan was conversion of quasi-equity shareholders' subordinated and unsecured loan to third party debt with more favorable debt service profile (duration, interest rate).
As of 31 March 2016 drawn EUR 1,703 ths.

CAPEX 3

Loan for financing Hořice plant production and administration hall completion, annexes and adjoining capital expenditures. The amount drawn as of 31 March 2016 is EUR 1,122 ths.

CAPEX 4

Loan for financing of the severage water treatment plant reconstruction in Černý Důl. The amount drawn as of 31 March 2016 is EUR 504 ths.

Operating capital loans

Factoring

Loan facility of EUR 700 ths. for factoring operations. As of 31 March 2016 drawn EUR 386 ths.

Multi purpose OpEx loan

Multi purpose facility of EUR 5,300 ths for financing L/C imports, bank guarantees and overdraft.

Risk management

The Company strictly adheres to all and any mandatory duties and strictly refrains from any actions which could be considered as "events of default".
Furthermore the Company monitors the interest rate risk and considers the implementation of IRS.

Table 29 – Bank loans (CZK ths)

	2015	2014
Long-term part	78,875	48,707
Short-term part	112,371	62,903
out of which: overdraft	*25,614*	*16,681*
Factoring	10,437	8,598
Total loan unpaid	**201,683**	**120,208**

Interest expense

In the accounting period the Company paid CZK 5,936 ths as interest costs, in the comparative period then paid CZK 6,826 ths.

Accrued interest

Accrued unpaid interest has been properly disclosed on row B.III.7 of the balance sheet in the amount of CZK 987 ths, in 2014 CZK 1,000 ths.

Intercompany borrowings

Unsecured ALOK INDUSTRIES INTERNATIONAL LTD. loan was amended with prior consent of Raiffeisenbank and loan amount was decreased by EUR 2,7 mil. Consequently the subordinated part was decreased to CZK 100.000 ths only.
As at 31 March 2016 the structure of loan from ALOK INDUSTRIES INTERNATIONAL LTD. was as follows in the Table 30.

The total amount of installments which are due in more than five years from the balance sheet date (31 March 2016): CZK 8,220 ths.

Table 30 – Intercompany borrowings in the foreign currency

Borrowings	Drawing date	Unpaid as at 31 March 2016	Unpaid as at 31 March 2015	Currency
ALOK Consolidated	1.1.2013	4,000,000	4,020,000	EUR

Table 31 – Intercompany borrowings (CZK ths)

	2015	2014
Long-term part	100,000	90,298
Short-term part	12,439	27,249
Total loans unpaid	**112,439**	**117,547**

Interest

The Company does not have any unpaid interest from the parent company loans under default. The unpaid interest as at 31 March 2016 will be offset against intercompany receivables.

Table 32 – Unpaid interests from intercompany borrowings (CZK ths)

	2015	2014
Unpaid interests arising from intercompany borrowings	4,219	6,877

Payables other than from financing, anticipated payables, contingencies

General information

During the accounting period the Company settled its liabilities towards the state authorities, Social security office (ČSSZ), and health insurance companies, as well as paid salaries to its employees.

Trade payables

The Company constantly reduces the amount of overdue liabilities including ALOK INDUSTRIES.
The overdue non-disputable payables did not exceed two (2) months as at the balance sheet date.
The intercompany trade payables represent purchases of raw material – cotton yarn and goods for merchandise – mainly home and hotel program. The payables are only with ALOK INDUSTRIES LTD.
There are no liabilities secured by the assets of the Company as collateral or any other similar pledge apart from above mentioned collaterals to loans and borrowings.

Table 33 – Aging of short-term payables (CZK ths)

Aged payables	Trade payables	Other payables	Total
Not due	38,003	34,216	72,219
- out of which: intercompany payables	2,792	12,439	15,231
Overdue	29,369	0	29,369
- out of which: intercompany payables	5,429	0	5,429
Total as at 31 March 2016	**67,372**	**34,216**	**101,588**
Not due	36,955	64,815	101,770
- out of which: intercompany payables	4,204	27,249	31,453
Overdue	30,622	0	30,622
- out of which: intercompany payables	7,057	0	7,057
Total as at 31 March 2015	**67,577**	**64,815**	**132,392**

Other payables

Other payables consist mainly of prepayments received, liabilities to controlling or controlled entity, liabilities to the social security office – CSSZ, health insurance companies, unpaid wages and salaries, anticipated payables and interest arising from letters of credit.

Liabilities to the state, ČSSZ and health insurance companies – see Table 34 below.

Table 34 – Other payables (CZK ths)

Payables to state authorities	Social security	Health insurance	Tax payables
Not due	2,856	1,178	478
Total as at 31 March 2016	**2,856**	**1,178**	**478**
Not due	5,636	2,373	2
Total as at 31 March 2015	**5,636**	**2,373**	**2**

Short term advances received

The Company has short-term advances received as at 31 March 2016 of CZK 1,350 ths which consist advances received from customers.

Anticipated payables

The anticipated payables as at 31 March 2016 include mainly unbilled supplies of energy and overhead expenditures in amount of CZK 6,150 ths and the accrued interest in amount of CZK 987 ths.

Deferred revenue

The Company accounted for deferred revenue of CZK 12,668 ths (CZK 8,479 ths in the comparative period, from it: CZK 5,319 ths arising from the transfer of risks and rewards) relating to exports where sales recognition, driven by the INCOTERMS 2010 conditions, cannot be made.
The Company decided to make this reclassification of sales due to the fact of materiality in regard to this position.
Total amount of deferred revenue (CZK 8 479 ths) as at 31 March 2015 includes another deferred revenue of CZK 3,160 ths which has been recognized in relation to the income from the insurance claim.

Commitments and contingencies	Total value of commitments unrecorded in the Balance sheet amounts to CZK 110,261 ths and will be fulfilled across the contracted payment terms or instalment schedules over the next 5 years.
Contingencies from litigations	The Company did not have any liabilities or contingent liabilities arising from active or passive law suits. None of the passive litigations was conducted against the Company's assets.
Contingencies from the state authorities examinations and administrative proceedings	The Company did not have any administrative proceedings underway as at the balance sheet date and the date of preparation of the financial statements, which could potentially result in a liability which was not recognized in the balance sheet.
Financial derivatives, accounting for financial derivatives instruments	Even though the Company has an open position towards the currency volatility risk, no financial derivatives or any other derivative products were used. The Company's policy regarding the risks is disclosed in part Risk management and risk factors.

Part IV. – Additional information on the Profit & loss statement

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Revenues from sales of products and services

The revenue from sales of own products and services can be geographically analysed as follows:

Table 35 – Revenues from sales of products and services (CZK ths)

	2015		2014	
	Domestic	Export	Domestic	Export
Revenues from sales of goods for resale	35,103	24,298	23,500	28,122
Revenues from sales of finished goods	24,536	486,444	35,310	582,580
Revenues from job processing	27,457	2,939	25,510	5,955
Revenues from sales of services	2,192	2,269	2,651	2,308
Total	**89,288**	**515,950**	**86,971**	**618,965**

Employees analysis and structure of personal expenses

Company's management includes directors and other senior staff members directly reporting to the Board of directors.

The Company neither employ nor provide any employees through the personal agencies in the current or preceding accounting period. The Company does not provide its employees to the third party upon temporary staff loan.

Table 36 – Analysis of employees

No. of employees	2015	2014
Weighted average no. of managers	8	8
Weighted average no. of employees - other than managers	395	410
Total	**403**	**418**

Table 37 – Personal expense overview (CZK ths)

Structure of personal expenses	Management	Others	Total
Labour costs	7,255	94,649	101,904
Social and health insurance	2,478	32,121	34,599
Other social costs	64	835	899
Total year 2015	**9,797**	**127,605**	**137,402**
Labour costs	8,579	97,136	105,715
Social and health insurance	2,773	33,025	35,798
Other social costs	83	987	1,070
Total year 2014	**11,435**	**131,148**	**142,583**

Remuneration and benefits of Board of directors and Supervisory board

Over the whole current and preceding accounting periods the Company had functional Board of directors and the Supervisory board. The members of the Board of directors and the Supervisory board were entitled to remuneration and benefits adhering to the decision of General Meeting and respective contracts of mandate.

During previous accounting period Company introduced full compliance to the new legislation adjoining the Civil Code. Directors have only their contract of mandate, employment contracts of directors were abandoned due to the legal uncertainty. No loans, borrowings, guarantees or non-monetary remuneration were provided to the statutory body in the current or preceding accounting period.

Table 38 – Analysis of the personal costs of the Board of directors and the Supervisory board (CZK ths)

Personal expenses analysis	Board of directors	Supervisory board	Total
Wages and salaries	5,277	96	5,373
Social and health insurance	1,303	33	1,336
Other social costs	0	0	0
Total year 2015	**6,580**	**129**	**6,709**
Wages and salaries	4,438	120	4,558
Social and health insurance	884	41	925
Other social costs	0	0	0
Total year 2014	**5,322**	**161**	**5,483**

Foreign exchange gains and losses

There are significant exchange rate differences arising from the fact that the Company is obliged to use the Czech crowns as a functional currency, while the purchases of raw material are denominated mainly in EUR and most of revenues are invoiced in EUR.
Foreign exchange gains and losses were net off in both, accounting and comparative periods.
The Company manages the foreign currency risk by natural hedges as stated in part Risk management and risk factors.

Table 39 – Foreign exchange gains and losses (CZK ths)

	2015	2014
Foreign exchange gains	9,197	9,386
Foreign exchange losses	-8,943	-8,641
Net amount	**254**	**745**

Extraordinary costs and income

In the preceding accounting period The Company had extraordinary costs and income associated with the insurance cover received as the result of the conflagration in 2012.

The related income in the amount of CZK 3,160 ths is reported as other operating income in 2015.

Interest expense

The Company recognises interest expense on the accrual principle basis. As at 31 March 2016 the interest expense relating to year 2015 was included in costs of 2014 irrespective of actual cash outflow.

EU subsidies

The Company did not draw any subsidies in 2015.

Corporate Income tax

Income tax and all income tax prepayments have been paid adhering to the tax return duly filed on 31 December 2015.

Table 40 – Tax income (CZK ths)

	2015
Profit before tax	32,891
Accounting depreciation	24,923
Tax depreciation - maximum allowable	-35,293
Excess of accounting depreciation over tax deprecition charge	22,521
Non tax effective costs	12,788
Tax base	35,309
Use of tax losses carried forward	0
Tax deductible donations	-667
Adjusted tax base	**34,642**

Deferred tax

The Company recorded deferred tax liability of CZK 509 ths as at 31 March 2016.

Table 41 – Deferred tax (CZK ths)

	2015	Tax rate
Difference between accounting and tax net book value of fixed assets	-46,879	19%
Unpaid penalty interest	6	0%
Provisions	42,283	19%
Reserves	1,913	19%
Total deferred tax base	**-2,677**	**19%**
Deferred tax asset / (-) liability	**-509**	

Part V. – Additional information about the Company

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Related party transactions

All material transactions with related parties in the current and preceding period were concluded under the standard market conditions.

The Company's related parties for the purpose of the preparation of the financial statements are considered to be all members of the group ALOK INDUSTRIES, with whom the Company traded or had an outstanding balance during the accounting period.

- ALOK Industries Limited
- ALOK INDUSTRIES INTERNATIONAL LIMITED

Table 42 – Related party transactions – receivables and payables (CZK ths)

Receivables and payables from/to related parties	31 March 2016	31 March 2015
Receivables		
Trade receivables	0	0
Other receivables	0	0
Total receivables	**0**	**0**
Payables		
Trade payables	8,221	11,261
Borrowings	108,220	110,671
Unpaid interest from borrowings	5,206	7,880
Total payables	**121,647**	**129,812**

Table 43 – Related party transactions – revenues and costs (CZK ths)

Intercompany revenues and costs	31 March 2016	31 March 2015
Revenues		
Revenues from sales of goods and services	671	170
Total revenues	**671**	**170**
Costs		
Purchases of material and goods	27,602	36,504
Interest costs from borrowings	5,506	8,324
Total costs	**33,108**	**44,828**

Transactions not recorded on the Balance sheet and / or Profit & loss statement

There were no material transactions not recorded on the balance sheet, that would have either material impact on the assessment of the financial position of the Company or their omission would lead to misrepresentation, misstatement or incompleteness of the accounting records or the balance sheet presented.

All transactions made by the Company during the accounting period are depicted and disclosed in the Balance sheet and/or Profit & loss statement. No other material transactions were made that would have to be disclosed.

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Subsequent events – general comment	On 11 April 2016 100% shareholder of the Company concluded the Share Purchase Agreement for 100% of Company's shares with Fine Cotton Mills BV. As of the date of issue of this set of financial statements the shares were not transferred.

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Liquidity

The Company manages its liquidity position by the pairing of its ‘in’ and ‘out’ flows with two major objectives; to lower the volume of overdue liabilities and ensure the smooth and uninterrupted running of the Company’s operations.

In order to improve its liquidity position the Company decided to cease trading with certain customers with a lower payment discipline mainly from the South Europe. This enabled the Company to improve its approach and credit scoring procedures towards suppliers and consequently to negotiate with them better contract terms.

The Company is fully aware of its current liquidity position which is closely monitored and managed properly to improve its cash position and cash reserves.

The Company implemented segmentation of its customers to ensure not only the right level of service, but effectively improve its level of payment terms defaults by its customers. This policy has two major components; the company imposed factoring for the larger accounts with average or below payment discipline.

The Company runs comprehensive treasury function including detailed cash flow forecasting in order to maximise utilisation of its resources.

The Company is further improving the collectability of receivables and considers to reinforce its bad debt insurance policy. Furthermore the Company acquired overdraft of EUR 1 million from Raiffeisenbank to equal out cash flow fluctuations.

The liquidity risk is considered as rather low with positive outlook towards low.

Interest risk

The Company does not hedge against the interest rate risk (e.g. through long term interest fixation or interest rate swaps). The hedging would represent a significant burden in comparison to possible and probable increase in interest rates. The Company closely monitors the market to buy proper IRS or similar derivative.

Bank loan contracts are EUR denominated and risk of substantial EURIBOR growth can be seen as rather improbable in short to medium term.

The interest rate risk is considered as medium to low and is mitigated by continuous monitoring of financial markets with strategy to fix interest rate in case of adverse development or reasonably predicted adverse development to change the risk evaluation.

Debt financing/ capital lease risk

The Company uses comprehensive Debt service planning risk policy. Such a policy helps to the Company to determine and understand its liquidity risk associated with the debt financing. This risk is evaluated as low to remote.

Exchange rate risk

The exchange rate risk is the most significant for the Company due to its open foreign currency position, resulting from the fact that most of total revenues are billed in EUR, the purchases of raw material are made in EUR and wages and salaries and the majority of services is paid in CZK. The Company is continuously calculating its exposure.

The Company concluded so called “natural hedge“ in the year 2013 by contracting purchases of utilities and raw materials in EUR. The Company also implemented so called “waterfall system“ for payment processing with minimum conversions and identification of avoidable loss making foreign exchange transactions due to conversion costs. In case od short term shortage in one or the other currency the Company performs foreign exchange swaps to save the conversion costs.

The foreign exchange risk is considered as rather low to low and is under control fully. The Company monitors this risk and modifies its treasury, pricing and trading policies if needed.

Risk of price fluctuations of raw material on commodity markets	The Company purchases raw material well in advance in EUR, mainly from India, Pakistan, China, Turkey and Egypt. Price of cotton yarn is derived from the worldwide prices of cotton as a commodity. The Company considers to change the proportion of mix long term contract in Asia vs spot purchase contracts in Europe and also diversified its purchasing mix on the geographic side. The Company considered and explored the opportunity to enter into synthetic (structured) commodity forwards. In 2013 the Company decided not to do so as for the relative price stability and since then, being repeatedly evaluated, this option has not been found to be relevant. This option is reviewed on regular basis every six months, but no derivative was decided to be imputed yet. This risk is considered as medium to low as for forward transactions envisaged in case of necessity. Due to the regular turbulences on the commodity markets the Company can be from time to time temporarily unable to address the risk and evaluate it. The Company explored possible mitigation steps through internal processes and opened the synthetic forwards option scheme as the future possible outcome.
Utilities price fluctuations on the energy exchanges	Utilities form substantial EUR denominated expenditure. The Company imputed the policy of long term cooperation with one stable partner, having under control its pricing and purchases. The Company uses trading on the EEX over the supplier's trading and settlement application with business model market price plus. The Company has an access to the future contracts up to 3 years. The utilities price risk is considered as rather low to low and is under control fully. The Company monitors this risk and modifies its purchasing policy if needed.
Environmental risk	The Company follows all the procedures and legislation changes. Company reconstructed the sewerage plant in Černý Důl and is fully compliant with the latest environmental legislation. Its risk for the operations interruption or high penalties is rather remote, but Company is well aware of the risk existence and monitores it with immediate measures taken on the ongoing basis.
Legislation changes risks	No new environmental, customs or business regulation substantially hitting the business of the Company can be identified. This risk can nevertheless be rated as low as it is substantially dependant on the EU and parliament Bills and is closely watched.
Market risk	The Company invested in to capital expenditures to increase its production capacity in 2014-2015. As the Company is not a single product and single market oriented, the risk is evaluated as low, save the fact of the deep global crisis. In such a case the risk perception grows to the moderate level. Probability of such adverse development can be rated as low for 2016 – 2018.

Otakar Petráček
Chairman of the Board of Directors
Hořice v Podkrkonoší, 30 September 2016

Part VI. – Cash flow statement

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			CASH FLOW		
			Description	**Accounting period**	**Accounting period**
a			**b**	**2015**	**2014**
			Net profit on ordinary activities before tax	**32,891**	**66,467**
A.	1.		Adjustments for non-cash movements	30,533	39,364
A.	1.	1.	Depreciation of fixed assets	24,922	21,553
A.	1.	2.	Change in provisions	-709	12,352
A.	1.	3.	(Profit)/loss from disposal of fixed assets	389	-1,365
A.	1.	4.	Net interest expense/(income)	5,931	6,824
A	*****		**Net operating cash flow before taxation, changes in working capital and extraordinary items**	**63,424**	**105,831**
A.	2.		Working capital changes	-93,398	-39,843
A.	2.	1.	Change in receivables and prepayments and accrued income	-21,053	-38,480
A.	2.	2.	Change in short-term payables and accruals and deferred income	-13,582	-24,661
A.	2.	3.	Change in inventories	-58,763	23,298
A	******		**Net operating cash flow before taxation and extraordinary items**	**-29,974**	**65,988**
A.	3.		Interest paid	-3,866	-4,145
A.	4.		Interest received	5	2
A.	5.		Income tax on ordinary activities paid	-12,250	0
A.	6.		Cash movements relating to extraordinary profit/(loss)	0	860
A	*******		**Net operating cash flow**	**-46,085**	**62,705**
B.	1.		Acquisition of fixed assets	-44,353	-77,928
B.	2.		Proceeds from the sale of fixed assets	11,163	35,325
B.	3.		EU subsidies for investments	0	1,787
B	*******		**Net cash flow from investing activities**	**-33,190**	**-40,816**
C.	1.		Change in long- and short-term liabilities	64,590	-12,719
C	*******		**Net cashflow from financing activities**	**64,590**	**-12,719**
			Net increase / (decrease) in cash and cash equivalents	**-14,685**	**9,170**
			Cash and cash equivalents in the beginning of the period	**-1,300**	**-10,470**
			Cash and cash equivalents at the end of the period	**-15,985**	**-1,300**

Method used for cash-flow statement preparation

Cash	Cash in hand incl. stamps, vouchers (group of accounts No. 21) and cash in transit (account No. 261), cash in bank including bank overdrafts (group of accounts No. 22).
Cash equivalents	Short term investments – account No. 251 and 253. Cash and cash equivalents are disclosed in the Balance sheet.
Net operating cash flow	Net operating cashflow has been prepared using the indirect method, i.e. adjustments were made for the non-cash transactions, changes in the working capital and income and expenses form financing and investing activities.
Restriction of compensatio n	All cash flows are disclosed in non-compensated form. Trade receivables from operations are recognized by rows No. 039 and 048 of the Balance sheet.
Operating cash flow payables	Operating cashflow payables are on rows No. 102, 116 and 117 of the Balance sheet.
Related parties	A person with close relationship to the Company, associate, shareholder and partnership without legal personality is meant under the term „related party“. The related parties are listed in the Section Related party transaction.
Overdrafts reporting	Overdrafts are reported as a part of Cash and cash equivalents at the beginning and end of the accounting period in the cash-flow statement, whereas they are not reported as part of the financial assets but as part of short-term bank loans in the balance sheet. in the Cash flow statement they are set off against cash balances reported in the Balance sheet.

Table 44 - Reconciliation of cash flow statement to the Balance sheet

Total financial assets as at 31/03/2016	**10,719**	**15,381**
Bank overdraft	-26,704	-16,681
Cash and cash equivalents at the end of the period	**-15,985**	**-1,300**

Otakar Petráček
Chairman of the Board of Directors
Hořice v Podkrkonoší, 30 September 2016

Part VII. – Adoption of changes under new accounting legislation - Financial statements restatement

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Financial statements restatement

Purpose of the restatement	The Company decided to use its best effort in the compliance with the new accounting legislation as applicable within its accounts for the accounting period starting from 1 April 2016
Base for the restatement	Notice no. 250/2015 Coll as the amendment of the notice no. 500/2012 Coll. and act no. 221/2015 Coll which is amending the act no. 563/1991 Coll. Change accounting and reporting framework for corporations in the Czech Republic. Subsequently Czech Accounting Standards have been changed to reflect and adopt aforementioned legislation changes. Althought the Company is obliged to implement the above stated new regulation from 1 April 2016, the Board of directors decided to include the restatement of the Financial statements for the accounting period as one of the footnotest to the Financial statements. The restatement is not obligatory but enables to the Company and Financials to convey the data properly and with no bias caused by the substantial changes in the accounting procedures.
No supersession of the Financial statements for the accounting period	The Company decided to prepare this restatement of the financial statements under the new legislation parallel to the financial statements as stated in the part B ("Financial statements") of these Notes. The Company discloses the financial statements stated below as the comparative period financial statements for the preparation of financial statements for the period ending 31 March 2017 only.

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Company name: MILETA a.s.
Identification number: 45534403
Legal form: joint stock company
Primary business: production and sales of textile products
Balance sheet date: 31 March 2016

BALANCE SHEET

(in thousand Czech crowns)

Referenc a	ASSETS b	31.3.2016 Gross 1	Provision 2	Net 3
	TOTAL ASSETS	**1,260,967**	**-463,696**	**797,271**
B.	**Fixed assets**	**637,266**	**-403,120**	**234,146**
B.I.	**Intangible fixed assets**	**15,824**	**-15,114**	**710**
B.I.2.	Royalties	15,332	-15,114	218
B.I.2.1.	Software	15,332	-15,114	218
B.I.5.	Intangible fixed assets in the course of construction and advances paid for intangible fixed assets	492	0	492
B.I.5.2.	Intangible fixed assets in the course of construction	492	0	492
B.II.	**Tangible fixed assets**	**621,442**	**-388,006**	**233,436**
B.II.1.	Land and constructions	221,456	-107,362	114,094
B.II.1.1.	Land	4,082	0	4,082
B.II.1.2.	Constructions	217,374	-107,362	110,012
B.II.2.	Equipment	383,234	-280,543	102,691
B.II.4.	Other tangible fixed assets	118	-101	17
B.II.4.3.	Other tangible fixed assets	118	-101	17
B.II.5.	Tangible fixed assets in the course of construction and advances paid for tangible fixed assets	16,634	0	16,634
B.II.5.1.	Advances paid for tangible fixed assets	150	0	150
B.II.5.2.	Tangible fixed assets in the course of construction	16,484	0	16,484
C.	**Current assets**	**620,456**	**-60,576**	**559,880**
C.I.	**Inventories**	**347,959**	**-14,220**	**333,739**
C.I.1.	Raw materials	44,290	-1,993	42,297
C.I.2.	Work in progress and semi-finished products	54,808	-804	54,004
C.I.3.	Finished goods and goods for resale	248,861	-11,423	237,438
C.I.3.1.	Finished goods	206,883	-11,304	195,579
C.I.3.2.	Goods for resale	41,978	-119	41,859
C.II.	**Receivables**	**261,778**	**-46,356**	**215,422**
C.II.1.	Long-term receivables	36	0	36
C.II.1.5.	Other receivables	36	0	36
C.II.1.5.2.	Long-term advances paid	36	0	36
C.II.2.	Short-term receivables	261,742	-46,356	215,386
C.II.2.1.	Trade receivables	250,526	-43,019	207,507
C.II.2.4.	Other receivables	11,216	-3,337	7,879
C.II.2.4.3.	Taxes and state subsidies receivable	2,202	0	2,202
C.II.2.4.4.	Short-term advances paid	2,266	0	2,266
C.II.2.4.6.	Other receivables	6,748	-3,337	3,411
C.III.	**Financial assets**	**0**	**0**	**0**
C.IV.	**Funds**	**10,719**	**0**	**10,719**
C.IV.1.	Cash in hand	7,147	0	7,147
C.IV.2.	Cash at bank	3,572	0	3,572
D.	**Prepayments and accrued income**	**3,245**	**0**	**3,245**
D.1.	Prepaid expenses	3,245	0	3,245

Reference	LIABILITIES AND EQUITY	31.3.2016
a	b	5
	TOTAL LIABILITIES AND EQUITY	**797,271**
A.	**Equity**	374,073
A.I.	**Share capital**	231,310
A.I.1.	Share capital	231,310
A.II.	**Share premium and capital contributions**	1,835
A.II.2.	Capital contributions	1,835
A.II.2.1.	Other capital contributions	1,835
A.III.	**Reserve fund and other reserves**	32,341
A.III.1.	Others legal reserve funds	31,913
A.III.2.	Statutory and other reserves	428
A.IV.	**Retained earnings / Accumulated losses**	84,221
A.IV.1.	Retained earnings	84,221
A.V.	**Profit / (loss) for the current period (+/-)**	24,366
B+C	**Liabilities**	410,530
B.	**Provisions**	6,750
B.2.	**Income tax provision**	3,921
B.4.	**Other provisions**	2,829
C.	**Liabilities**	403,780
C.I.	**Long-term liabilities**	179,384
C.I.2.	Long-term liabilities to credit institutions / banks	78,875
C.I.6.	Liabilities - controlling entities / subsidiaries	100,000
C.I.8.	Deferred tax liability	509
C.II.	**Short-term liabilities**	224,396
C.II.2.	Short-term liabilities to credit institutions / banks	112,371
C.II.3.	Short-term advances received	1,350
C.II.4.	Trade payables	67,372
C.II.6.	Liabilities - controlling entities / subsidiaries	12,439
C.II.8.	Other liabilities	30,864
C.II.8.2.	Other short-term borrowings	10,437
C.II.8.3.	Liabilities to employees	8,317
C.II.8.4.	Liabilities for social security and health insurance	4,034
C.II.8.5.	Taxes and state subsidies payable	478
C.II.8.6.	Estimated payables	7,138
C.II.8.7.	Other liabilities	460
D.	**Accruals and deferred income**	12,668
D.2.	**Deferred income**	12,668

Company name: MILETA a.s.
Identification number: 45534403
Legal form: joint stock company
Primary business: production and sales of textile products
Balance sheet date: 31 March 2016

INCOME STATEMENT
(in thousand Czech crowns)

Reference	DESCRIPTION	Acc. Period Reported
a	b	1
I.	Sales of own products and services	545,837
II.	Sales of goods	59,401
A.	Cost of sales	438,311
	A.1. Cost of goods sold	45,273
	A.2. Raw materials and consumables	300,604
	A.3. Services	92,434
B.	Change in inventory of finished goods and work in progress	-48,298
C.	Own work capitalised	-651
D.	Staff costs	142,775
	D.1. Wages and salaries	107,277
	D.2. Social security and health insurance costs	35,498
	D.2.1. Social security and health insurance costs	34,599
	D.2.2. Others costs	899
E.	Value adjustments to operating activities	30,986
	E.1. Depreciation of fixed assets	26,792
	E.1.1. Depreciation of fixed assets - permanent	26,792
	E.2. Value adjustments of inventories	3,689
	E.3. Value adjustments of receivables	505
III.	Other operating income	17,013
	III.1. Sale of fixed assets	11,163
	III.2. Sale of raw materials	794
	III.3. Other operating income	5,056
F.	Other operating charges	18,466
	F.1. Net book value of fixed assets sold	11,552
	F.2. Net book value of raw materials sold	432
	F.3. Taxes and charges	779
	F.4. Operating provisions and complex prepaid expenses	-4,010
	F.5. Other operating charges	9,713
***Operating result**		**40,662**
VI.	Interest income and similar income	5
	VI.2. Other interest income and similar income	5
J.	Interest expense and similar expense	5,936
	J.1. Interest expense and similar expense - controlled entities / subsidiaries	3,950
	J.2. Other interest expense and similar expense	1,986
VII.	Other financial income	254
K.	Other financial expense	2,094
***Financial result**		**-7,771**
****Net profit / (loss) before taxation**		**32,891**
L.	Tax on profit or loss	8,525
	L.1. Tax on profit or loss - current	6,263
	L.2. Tax on profit or loss - deferred	2,262
****Profit or loss after taxation**		**24,366**
*****Net profit / (loss) for the financial period**		**24,366**
***Net turnover for the financial period =I.+II.+III.+IV.+V.+VI.+VII.**		**622,510**