



Content

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PST CLC, a.s. in 2016

Revenues
in the amount of CZK
733
million

Profit
before tax of CZK
38
million

Certification
under the
OHSAS 18001:2007
standard

26 years since
the foundation
of the company



Stable
economic
results



Significant member
of the Japanese group
Mitsui-Soko for 4 years

Stabilisation and
expansion of activities in
the subsidiary **in Hungary**



Opening of
a new logistic
centre **in Ostrava**

Expansion in the
area of **container**
transportation



Intensification
of collaboration
with **Philip Morris**



New collection
line from
Shanghai



Introduction by the Chairman of the Board of Directors

Dear Business Partners

2016 was my first year as the Executive Director and Chairman of the Company's Board of Directors; an evaluation of 2016 is therefore an evaluation of my own work as well. For this reason, it is a double pleasure for me to say that the year was successful. The company is healthy, which manifests itself, among other things, in a steady growth. It is a signal for you, our business partners, that we are a good and reliable partner for you.

At the beginning of 2016, we worked intensively on our strategy for the next five years and adopted the following **three main principles**:

P Principle of ethical behaviour and compliance with all legal regulations;

S Services provided effectively, always based on a thorough knowledge of the client's needs;

T Team work of qualified and loyal employees that strive for a content client as the core element of our business and success.

In 2016, we embarked on a journey of investments into the future and development especially in the following fields:

CLIENTS

Based on a deep knowledge of the needs of our clients, we proposed opportunities of further collaboration and services with an added value. In respect of the **warehousing services**, we opened a new logistic centre in Ostrava and started to provide the cross-docking service in the logistic centres in Úžice and Modřice. In terms of **forwarding services**, we started to control the entire logistic flow of products between Asia and Europe for Sony; furthermore, we also provide a truck transportation of containers on the so-called last mile to the final recipient in the Czech Republic for Cosco company. In terms of **customs services**, we started to offer electronic customs clearance in ports.

In 2016, we commenced the implementation of new information and communication technologies in our services so as to connect our systems with the systems of our clients, providing them with a quick overview of the state of their orders. We are at the beginning of a long journey, but the first step has already been made and we seek to adopt more innovations in the future.

EMPLOYEES

We have implemented a motivating and fair system of employee remuneration which does not make any differences in the amount of salary for the same position at different workplaces in Bohemia and Moravia. We would like to focus on the working environment of our employees. Many investments realised in 2016 and planned for 2017 are aimed at modernisation and technological improvement of workplaces, especially in logistic centres. As an example, let me mention the TAPA project executed in Kutná Hora or the construction of the central warehouse in Úžice.

In conclusion, let me thank you, dear business partners, for your loyalty and trust in PST CLC. We look forward to our future cooperation as well as to new opportunities which will enable us to deliver progressive logistic solutions.

In Ostrava on 20 March 2017



A handwritten signature in blue ink, reading "Vít Votroubek".

Vít Votroubek
Chairman of the Board of Directors of PST CLC, a.s.

Information about the company

1. Board of directors and the supervisory board as of 31 December 2016

Board of Directors

Vít Votroubek, *Chairman*

Miroslav Bradna, *Vice-Chairman*

Jiří Bradna, *Member*

Hajime Ogawa, *Member*

Yoshiaki Miyajima, *Member*

Masaji Hosoda, *Member*

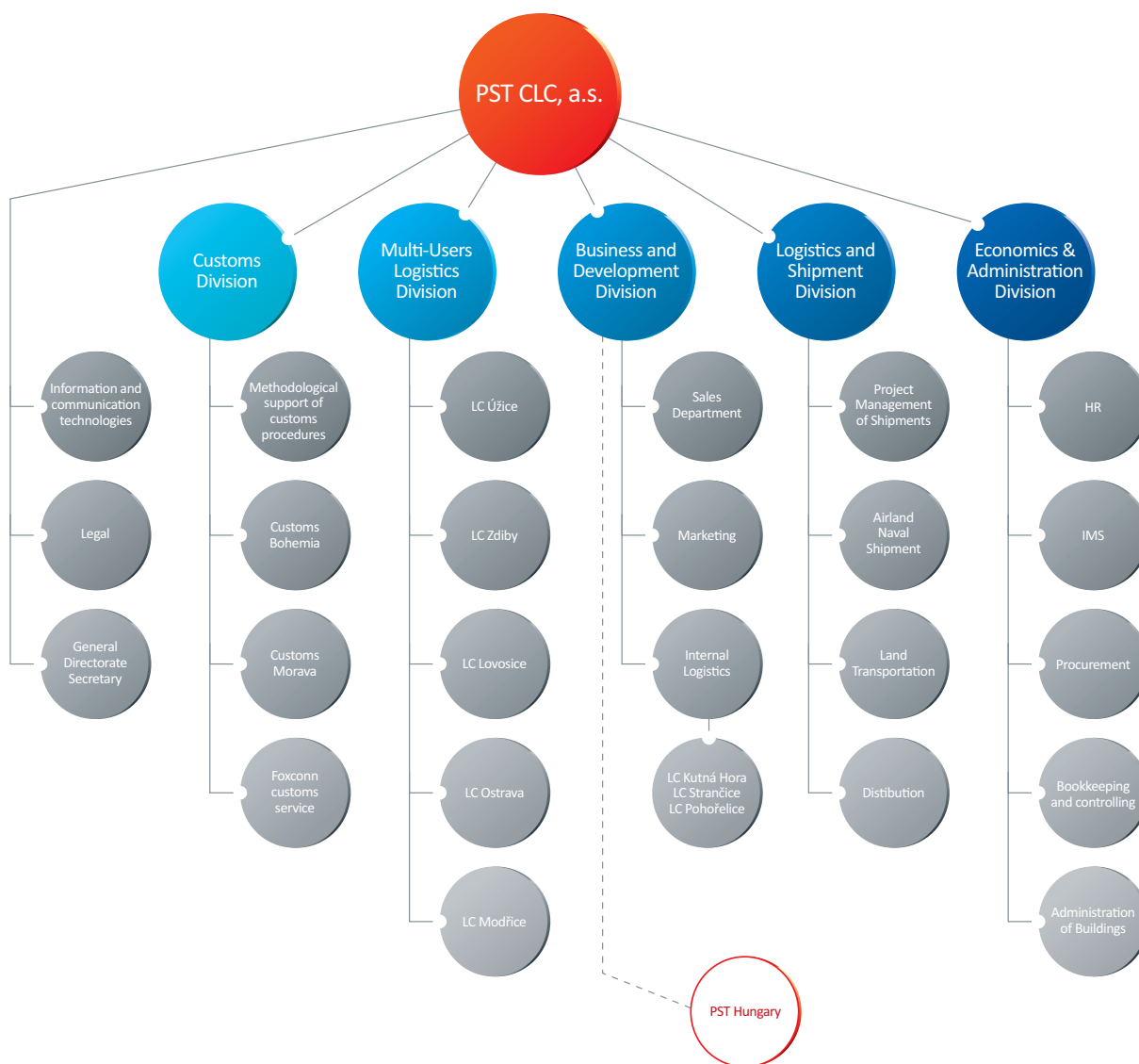
Supervisory Board

Kazuhiko Tanaka, *Chairman*

Vojtěch Brouček, *Member*

Pavína Otýpková, *Member*

2. Organisational structure



3. Integrated Management and Certification System

PST CLC, a.s. gradually obtained certification from Lloyd's Register LRQA for quality (in 2000), environment (2010) and OHSAS (2012). Re-certification of the system is carried out once every 3 years in all logistic centres and on a selected sample of customs services and forwarding workplaces. The last re-certification was performed in 2015. Furthermore, external supervisory audits of selected workplaces are performed twice a year in a way that all workplaces are subject to an external audit during the three-year period.

In 2016, two external audits took place. The first audit was performed at the workplace of Celní služby Mělník, LC Úžice and LC Lovosice. As usual, the first audit of the year predominantly focused on system elements. The second audit was carried out at the workplace of Spedice Ostrava, LC Hrabová (integration of a new workplace into the system), LC Modřice and Celní služby Brno.

The goal of the audits was to re-assess compliance of the implemented control system with audit criteria set by the ISO 9001:2008, ISO 14 001:2004 and OHSAS 18 001:2007 standards as well as with the certification encompassing the "Provision of customs, forwarding and logistic services and services with an added value".

This goal was fulfilled, stating that the implemented integrated management system:

- Meets all requirements defined by standards and the extent of certification;
- Is functional and guarantees the fulfilment of the clients' requirements, compliance with applicable legislation and other requirements for environmental protection and health and safety at work; and
- Facilitates attaining the Company's goals.

Very positive evaluation was given to:

- The setting of the Company's long-term strategy;
- Further expansion of services provided to clients;
- The level of those services;
- Continuous improvements; and
- The responsible approach of the company to the health of its employees and to the environment.



The audits did not find any discrepancies and PST CLC, a.s. continues to be authorised to use the ISO 9001:2008, ISO 14 001:2008 and OHSAS 18 001:2007 certificates within the above-specified extent.

Recommendation for 2017:

- Completing preparations for the energy management certification in line with ISO 50001 under the Act No. 103/2015 Sb.; and
- Implementing requirements of the amended standard ISO 9001:2015 into the existing systems of management (the re-certification of the integrated management system in 2018 must be carried out under the amended standard).

PST CLC, a.s. is a member of the professional associations as follows:



Association of
Forwarding and Logistics
of the Czech Republic



Czech Chamber
of Commerce



Port of Hamburg Marketing

Port of Hamburg

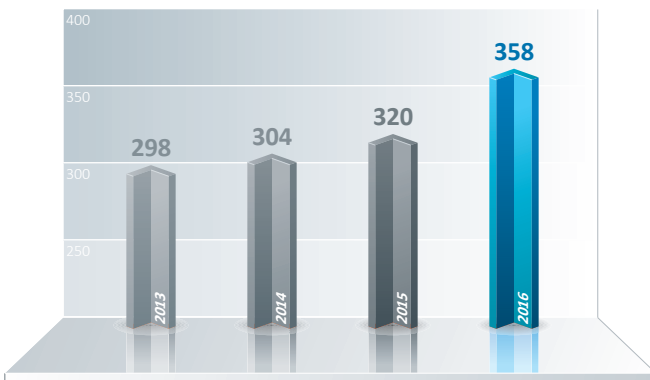
4. Human resources

Personnel development responded to the expansion of business activities, mainly in the segment of logistics and transport, which resulted in increasing the number of employees compared to previous periods.

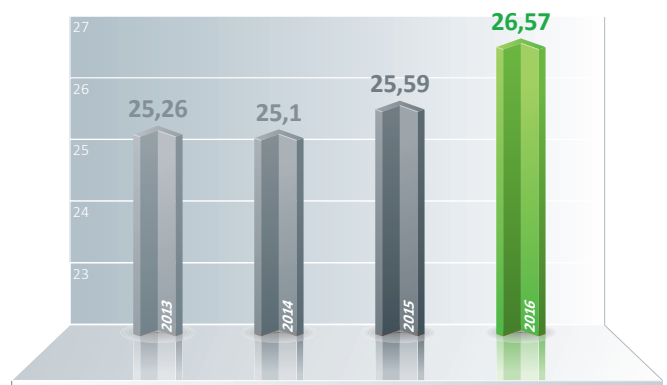
The average recalculated headcount increased by 38 workers year-on-year to a total of 358 employees. As of 31 December 2016, the Company had 385 employees, which is a year-on-year increase of 40 workers.

The average monthly salary in 2016 was CZK 26,570.

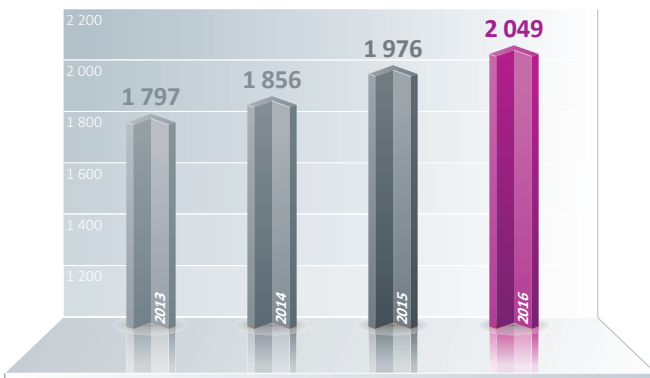
Recalculated headcount



Average earnings in CZK thousand

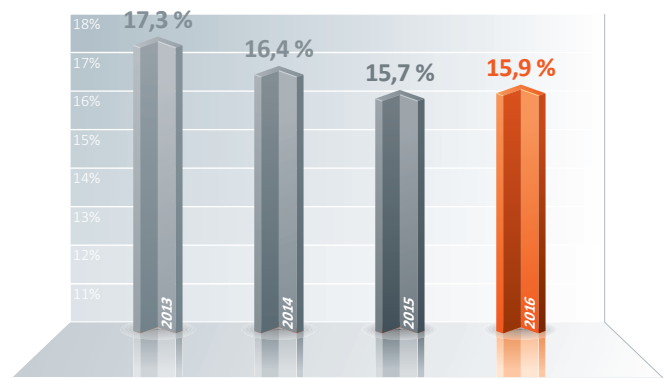


Productivity from revenues in CZK thousand
Revenues per one employee



Salary costs in %

Ratio of personnel costs to revenues



5. Education – PST CLC, a Company that is Learning

The success of the Company builds on content and educated employees. Investments in employee education result in the increased work performance of employees, providing the Company with an opportunity to utilise the employee's potential in full. The Company maintains equal access to education and learning for all employees, at both the basic and also higher levels of developing key and professional competences according to the needs of their work.

Expert and language education

PST CLC provides its clients with services requiring extensive knowledge, which is the reason why it is necessary to enhance the expertise of specialists in individual services on a regular basis. On 1 May 2016, the amended Customs Code of the EU came into effect; therefore, all employees engaged in customs services participated in a training regarding the amendments before the new Customs Code took effect. The same applies to experts providing various kinds of transportation. Their position requires a precise knowledge of all regulations that are connected to transportation; therefore, they enhance their expertise on a regular basis. Most of the services provided extend beyond the borders of the Czech Republic; therefore, the Company puts great emphasis on the English language skills of its employees and, at the same time, organises or financially contributes to language courses to employees with insufficient English skills.

Information and communication technologies

The strategy of PST CLC is to be considered a modern company of the 21st century among logistic companies; for this reason, we started in 2016 the consistent implementation of information and communication technologies into all kinds of services that we provide, with the aim of allowing the clients to connect with the information systems of PST CLC, so that they could view the state of their orders and their execution at any time. The achievement of this goal requires regular training employees and their participation in this process.

Deepening the competences of management, self-studying

In 2016, the Company's management predominantly focused on strengthening project management in a seminar aimed at strategy development and project management. We utilise the knowledge of our employees in their areas of expertise by organising seminars in which they can share their knowledge with other colleagues.

Job internships for students from vocational schools

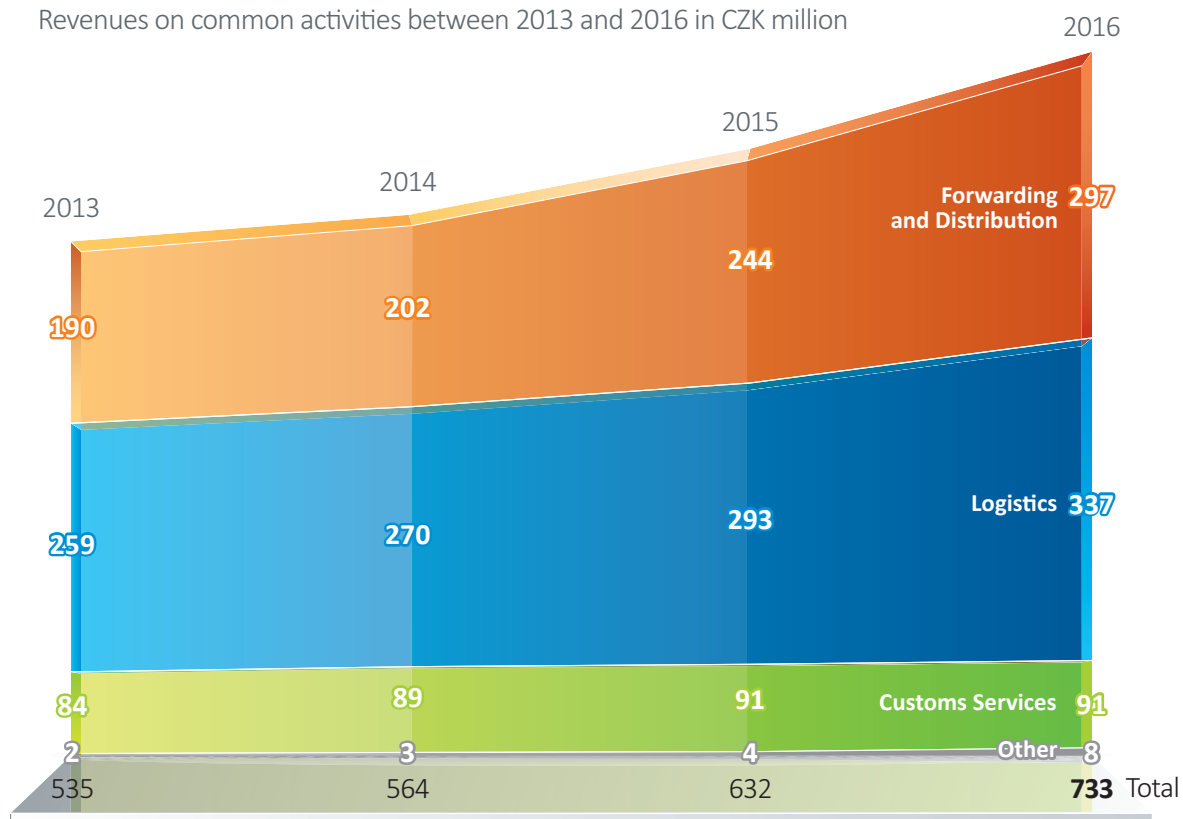
The Company offers job internships to students of secondary and higher vocational schools in the area of transportation and logistics. The collaboration is advantageous for both sides: students gain experience and PST finds new employees.

In 2016, investments of PST CLC in employee education increased by 13% year-on-year.



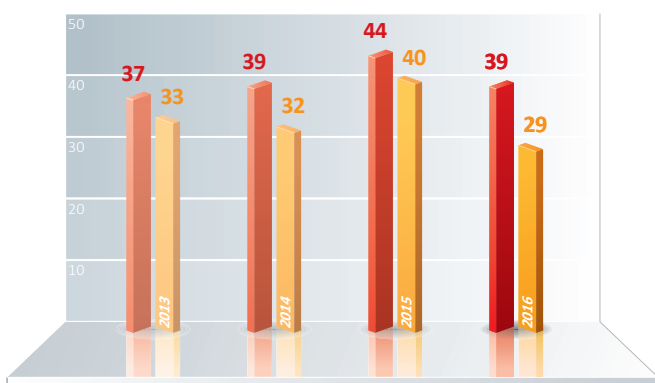
6. Selected economic indicators

Revenues on common activities between 2013 and 2016 in CZK million

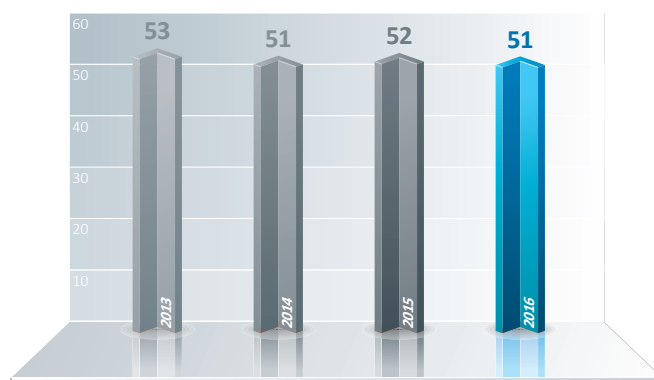


Profit (CZK million)

Operating Total



EBITDA (CZK million)



7. Expected development in the next years

2016 was another successful year for the Company. An increase in revenues is supported by reinforced cooperation with our existing clients; nevertheless, the Company also managed to add entirely new clients to its portfolio of business partners.

We continuously develop our activities, which gives us the opportunity to offer comprehensive logistic services and attractive pro-client solutions.

In 2017, we will start to build a new central warehouse in Úžice. The goal is to establish a modern logistic centre with adequate technological facilities and a sufficient room to promote the PST brand on the market.

Furthermore, the opening of a new logistic centre in Ostrava in mid-2016 was a significant step for stabilisation and development in the region of Northern Moravia.

Our subsidiary in Hungary strengthened its collaboration with Zoltek and further expansion is expected in relation to a new Hungarian project – internal logistics for Nissin Foods. The project is to be commenced at the beginning of 2Q 2017.

An interesting collaboration has also been underway with the new fellow subsidiary, Prime Cargo A/S, which has been a part of the European section of the group since May 2015. Within the entire Mitsui-Soko group, a progress is apparent especially in the field of air and sea transportation, which saw a substantial year-on-year increase and this trend is anticipated to continue in the future.

However, the Company's development is as important as maintaining high quality and comprehensive services provided to our existing clients. Customer care is one of our greatest priorities for 2017.

To successfully overcome all challenges, it is necessary to have a good-quality portfolio of employees at all levels. Therefore, we will continue to invest in improving their professional expertise and language skills.

8. Activities in research and development

With respect to the subject of business of the Company, which is the provision of logistics, forwarding and customs services, the Company is not engaged in any research and development activities.

9. Activities in environmental protection

In 2016, the company adhered to all laws, regulations and standards concerning environmental protection.

10. Information on a branch or a part of a business abroad

The operation of the organisational branch in Poland was terminated based on a decision of the sole owner acting in the capacity of the general meeting of the company. The liquidation process was completed on 29 February 2016.

11. Post-balance sheet events

No events occurred subsequent to the balance sheet date that would have a significant impact on the Company.

Financial part



Financial Statements for the Year Ended 31 December 2016

Name of the Company: PST CLC, a.s.

Registered Office: Nádražní 969/112, 702 00 Ostrava - Moravská Ostrava

Legal Status: Joint Stock Company

Corporate ID: 253 97 249

Components of the Financial Statements:

Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 20 March 2017.

Statutory body of the reporting entity	Signature
<p data-bbox="320 1263 667 1319">Vít Votroubek Chairman of the Board of Directors</p> <p data-bbox="325 1435 662 1491">Jiří Bradna Member of the Board of Directors</p>	 

Balance Sheet Full Version

As of 31. 12. 2016 (in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249

Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

		31. 12. 2016			31. 12. 2015
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	470 391	101 439	368 952	357 774
B.	Fixed assets	129 262	66 539	62 723	45 891
B.I.	Intangible fixed assets	8 782	8 135	647	999
B.I.2.	Valuable rights	8 636	8 135	501	999
B.I.2.1.	Software	8 636	8 135	501	999
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	146		146	
B.I.5.2.	Intangible fixed assets under construction	146		146	
B.II.	Tangible fixed assets	108 017	58 404	49 613	34 216
B.II.1.	Land and structures	3 299	2 308	991	1 615
B.II.1.2.	Structures	3 299	2 308	991	1 615
B.II.2.	Tangible movable assets and sets of tangible movable assets	90 179	52 321	37 858	21 880
B.II.3.	Valuation difference on acquired assets	13 590	3 775	9 815	10 721
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	949		949	
B.II.5.1.	Prepayments for tangible fixed assets	949		949	
B.III.	Non-current financial assets	12 463		12 463	10 676
B.III.1.	Equity investments - controlled or controlling entity	10 380		10 380	10 380
B.III.6.	Loans and borrowings - other	2 083		2 083	296
C.	Current assets	328 580	34 900	293 680	299 281
C.I.	Inventories	1 437		1 437	223
C.I.1.	Material	89		89	113
C.I.3.	Products and goods	1 348		1 348	110
C.I.3.2.	Goods	1 348		1 348	110
C.II.	Receivables	217 701	34 900	182 801	172 019
C.II.2.	Short-term receivables	217 701	34 900	182 801	172 019
C.II.2.1.	Trade receivables	156 653	3 853	152 800	147 970
C.II.2.4.	Receivables - other	61 048	31 047	30 001	24 049
C.II.2.4.3.	State - tax receivables	3 349		3 349	4 655
C.II.2.4.4.	Short-term prepayments made	9 553		9 553	8 135
C.II.2.4.5.	Estimated receivables	2 289		2 289	4 150
C.II.2.4.6.	Sundry receivables	45 857	31 047	14 810	7 109
C.IV.	Cash	109 442		109 442	127 039
C.IV.1.	Cash on hand	299		299	444
C.IV.2.	Cash at bank	109 143		109 143	126 595
D.	Other assets	12 549		12 549	12 602
D.1.	Deferred expenses	11 379		11 379	11 501
D.3.	Accrued income	1 170		1 170	1 101

Balance Sheet Full Version

As of 31. 12. 2016 (in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

		31. 12. 2016	31. 12. 2015
	TOTAL LIABILITIES & EQUITY	368 952	357 774
A.	Equity	259 007	263 062
A.I.	Share capital	80 010	80 010
A.I.1.	Share capital	80 010	80 010
A.II.	Share premium and capital funds	42 735	42 735
A.II.1.	Share premium	42 690	42 690
A.II.2.	Capital funds	45	45
A.II.2.1.	Other capital funds	45	45
A.IV.	Retained earnings (+/-)	107 317	100 208
A.IV.1.	Accumulated profits brought forward	107 317	100 208
A.V.	Profit or loss for the current period (+/-)	28 945	40 109
B.+C.	Liabilities	101 932	87 303
B.	Reserves	1 293	1 293
B.IV.	Other reserves	1 293	1 293
C.	Payables	100 639	86 010
C.I.	Long-term payables	924	963
C.I.8.	Deferred tax liability	924	963
C.II.	Short-term payables	99 715	85 047
C.II.3.	Short-term prepayments received	3 561	4 624
C.II.4.	Trade payables	73 176	61 827
C.II.8.	Other payables	22 978	18 596
C.II.8.3.	Payables to employees	7 834	6 864
C.II.8.4.	Social security and health insurance payables	4 618	4 019
C.II.8.5.	State - tax payables and subsidies	1 157	985
C.II.8.6.	Estimated payables	5 476	3 688
C.II.8.7.	Sundry payables	3 893	3 040
D.	Other liabilities	8 013	7 409
D.1.	Accrued expenses	7 630	7 409
D.2.	Deferred income	383	

Profit and Loss Account structured by the nature of expense method

Year ended 31. 12. 2016 (in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

		31. 12. 2016	31. 12. 2015
I.	Sales of products and services	733 227	632 220
II.	Sales of goods	596	353
A.	Purchased consumables and services	517 773	437 416
A.1.	Costs of goods sold	443	351
A.2.	Consumed material and energy	16 518	13 034
A.3.	Services	500 812	424 031
D.	Staff costs	161 613	139 532
D.1.	Payroll costs	116 722	100 808
D.2.	Social security and health insurance costs and other charges	44 891	38 724
D.2.1.	Social security and health insurance costs	39 471	33 911
D.2.2.	Other charges	5 420	4 813
E.	Adjustments to values in operating activities	13 268	10 571
E.1.	Adjustments to values of intangible and tangible fixed assets	13 783	10 674
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	13 783	10 674
E.3.	Adjustments to values of receivables	-515	-103
III.	Other operating income	218 472	208 901
III.1.	Sales of fixed assets	1 189	887
III.3.	Sundry operating income	217 283	208 014
F.	Other operating expenses	220 260	210 218
F.1.	Net book value of sold fixed assets	459	336
F.3.	Taxes and charges	231	219
F.5.	Sundry operating expenses	219 570	209 663
*	Operating profit or loss (+/-)	39 381	43 737
VI.	Interest income and similar income	53	183
VI.2.	Other interest income and similar income	53	183
VII.	Other financial income	6 779	10 470
K.	Other financial expenses	8 634	13 084
*	Financial profit or loss (+/-)	-1 802	-2 431
**	Profit or loss before tax (+/-)	37 579	41 306
L.	Income tax	8 634	1 197
L.1.	Due income tax	8 673	2 065
L.2.	Deferred income tax (+/-)	-39	-868
**	Profit or loss net of tax (+/-)	28 945	40 109
***	Profit or loss for the current period (+/-)	28 945	40 109
*	Net turnover for the current period	959 127	852 127

Statement of Changes in Equity

Year ended 31. 12. 2016
(in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2014	80 010	42 735	12 831	71 778		31 601	238 955
Distribution of profit or loss				31 601		-31 601	
Change in share capital			-12 831	12 831			
Profit shares paid				-16 002			-16 002
Profit or loss for the current period						40 109	40 109
Balance at 31 December 2015	80 010	42 735		100 208		40 109	263 062
Distribution of profit or loss				40 109		-40 109	
Profit shares paid				-33 000			-33 000
Profit or loss for the current period						28 945	28 945
Balance at 31 December 2016	80 010	42 735		107 317		28 945	259 007

Cash Flow Statement

Year ended 31. 12. 2016
(in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

		31. 12. 2016	31. 12. 2015
P.	Opening balance of cash and cash equivalents	127 039	71 529
Z.	Profit or loss before tax	37 579	41 306
A.1.	Adjustments for non-cash transactions	13 203	10 189
A.1.1.	Depreciation of fixed assets	13 783	10 674
A.1.2.	Change in provisions and reserves	-515	-103
A.1.3.	Profit/(loss) on the sale of fixed assets	-730	-551
A.1.5.	Interest expense and interest income	-53	-183
A.1.6.	Adjustments for other non-cash transactions	718	352
A.*	Net operating cash flow before changes in working capital	50 782	51 495
A.2.	Change in working capital	1 443	37 888
A.2.1.	Change in operating receivables and other assets	-12 615	22 103
A.2.2.	Change in operating payables and other liabilities	15 272	15 767
A.2.3.	Change in inventories	-1 214	18
A.**	Net cash flow from operations before tax	52 225	89 383
A.4.	Interest received	53	183
A.5.	Income tax paid from ordinary operations	-8 777	-3 267
A.***	Net operating cash flows	43 501	86 299
B.1.	Fixed assets expenditures	-29 287	-15 674
B.2.	Proceeds from fixed assets sold	1 189	887
B.***	Net investment cash flows	-28 098	-14 787
C.2.	Impact of changes in equity	-33 000	-16 002
C.2.6.	Profit shares paid	-33 000	-16 002
C.***	Net financial cash flows	-33 000	-16 002
F.	Net increase or decrease in cash and cash equivalents	-17 597	55 510
R.	Closing balance of cash and cash equivalents	109 442	127 039

Notes to the Financial Statements for the Year Ended 31 December 2016

Name of the Company: **PST CLC, a.s.**
Registered Office: **Nádražní 969/112, 702 00 Ostrava - Moravská Ostrava**
Legal Status: **Joint Stock Company**
Corporate ID: **253 97 249**

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1. GENERAL INFORMATION

1.1. Incorporation and Description of the Business

The recording entity PST CLC, a.s. was formed on 26 February 1998 and was incorporated following its registration in the Register of Companies held by the Regional Court in Ostrava, File B, Insert 1895, on 30 June 1998.

The principal activities of the Company include logistics, shipment and customs services.

Registered office

PST CLC, a.s.
Nádražní 969/112 702 00 Ostrava, Moravská Ostrava
Czech Republic
Corporate ID 253 97 249

Shareholders of the Company

The sole shareholder of the Company as of 31 December 2016 is Mitsui-Soko (Europe) s.r.o., holding the shares with a nominal value of CZK 80,010,000 which is the 100% investment in the share capital of the issuer.

Mitsui-Soko (Europe) s.r.o. with its registered office at Pražská 180, 250 66 Zdiby prepares consolidated financial statements for the closest group of reporting entities. These financial statements are available at the registered office of Mitsui-Soko (Europe).

1.2. Year-on-Year Changes and Amendments to the Register of Companies

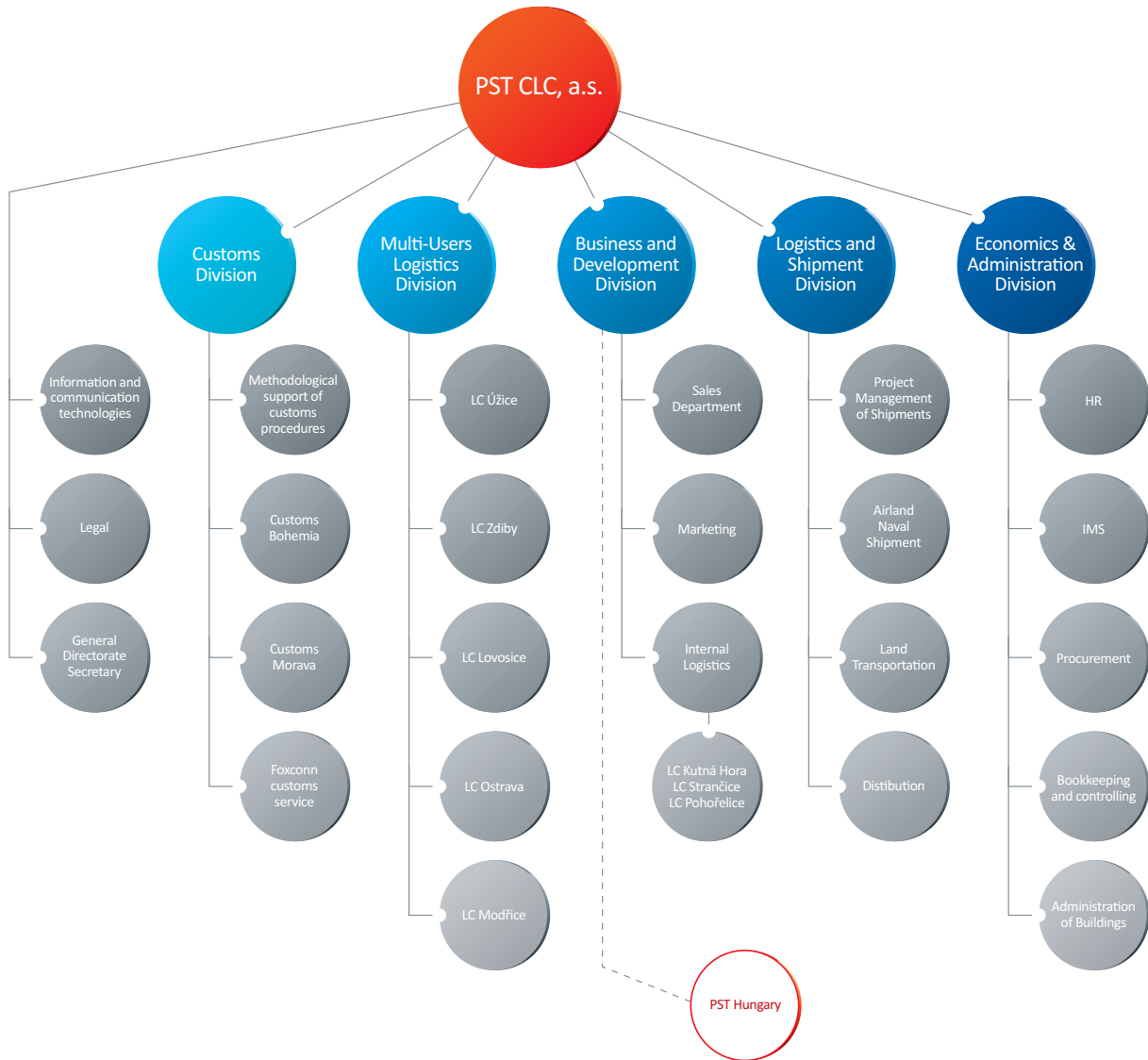
During the year ended 31 December 2016, changes were made in the Company's bodies as detailed in the following table and text.

Registration	Original information	New information	Membership originated on
Member of the Board of Directors	Kenji Takatoh	Yoshiaki Miyajima	1 July 2016
Member of the Board of Directors	Jesper Magnus Hoilund	Masaji Hosoda	1 July 2016
Chairman of the Supervisory Board	Isao Aramaki	Kazuhiko Tanaka	1 July 2016

1.3. Organisational Structure

The Company is structured into the divisions Logistics, Shipment and Customs Services by the nature of provided services. These divisions provide technical and business functions necessary for own operations and activities in the scope of business activities and entrusted competences.

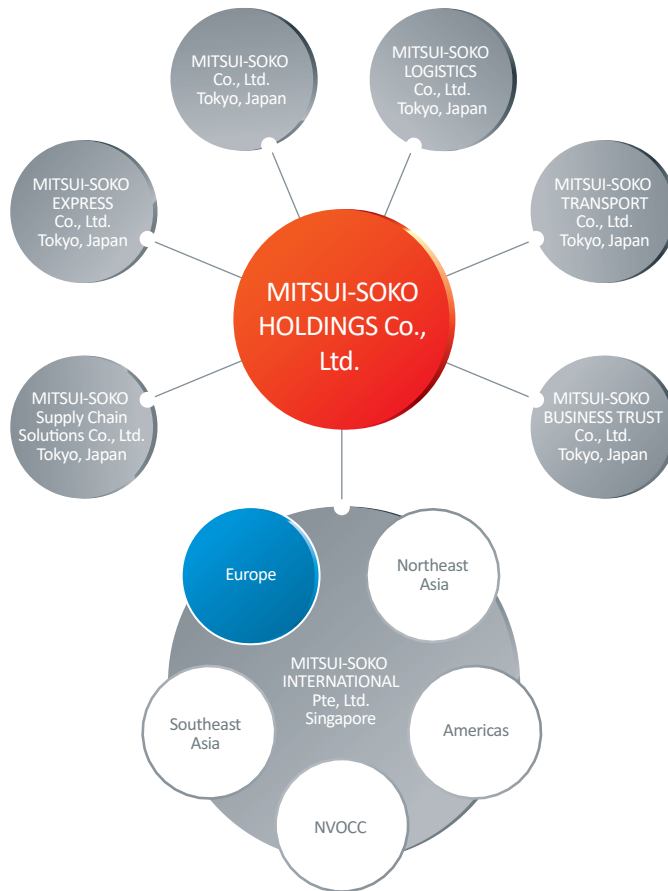
The administration division focuses on strategic management, administration of finance, bookkeeping, provision of legal services and human resources.



1.4. Group Identification

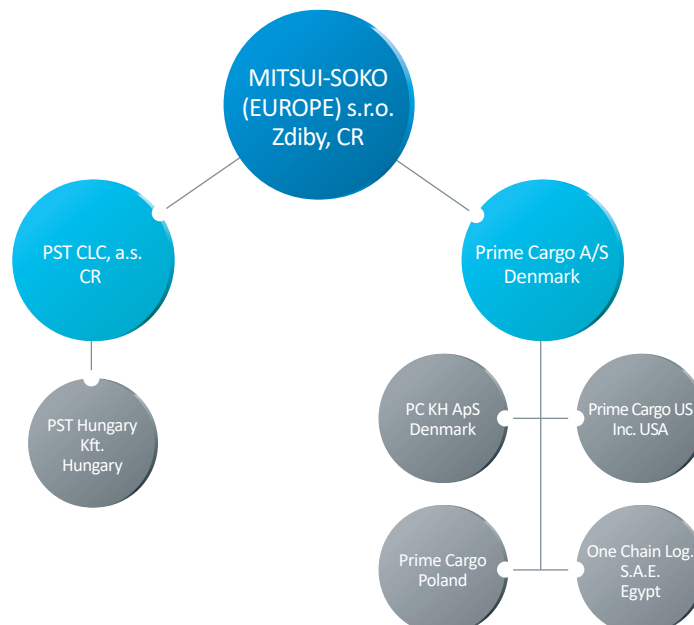
In the Group, the holding structure system is set with the ultimate parent, Mitsui-Soko Holdings.

The Company is part of the group of European companies managed by Mitsui-Soko International, refer to the below scheme.



In 2016, the following changes took place in the European part of the Group. Prime Cargo A/S and Steamline A/S merged, while, at the same time, Prime Cargo A/S formed a new subsidiary Prime Cargo USA Inc. which it owns in full. The acquisition of Prime Cargo A/S was realised in May 2015. This entity was acquired as a 100% subsidiary of Mitsui-Soko (Europe) s.r.o. The Hungarian company PST Hungary Kft. was formed as a 100% subsidiary of PST CLC, a.s., in September 2015.

For a full structure of the European part refer to the below scheme.



1.5. Board of Directors and the Supervisory Board as of the Balance Sheet Date

	Position	Name
Board of Directors	Chairman	Vít Votroubek
	Vice-Chairman	Miroslav Bradna
	Member	Jiří Bradna
	Member	Yoshiaki Miyajima
	Member	Hajime Ogawa
	Member	Masaji Hosoda
Supervisory Board	Chairman	Kazuhiko Tanaka
	Member	Vojtěch Brouček
	Member	Pavčina Otýpková

2. ACCOUNTING PRINCIPLES AND POLICIES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and the Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis (unless stated otherwise), the accruals principle, the prudence concept, and the going concern assumption.

The Company's financial statements have been prepared as of the balance sheet date, ie 31 December 2016 for the 2016 calendar year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Tangible and Intangible Fixed Assets

Fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand in respect of tangible assets, and CZK 60 thousand in respect of other intangible assets, on an individual basis.

Purchased tangible and intangible fixed assets are stated at cost less accumulated depreciation and provisions, if any.

When assessing the use and depreciation of tangible and intangible fixed assets, it was determined that the Company will use a single procedure for the depreciation. The depreciation period determined by the act and operational use in the organisation are equal, the depreciation is provided on a straight line basis in accordance with Section 30 and 31 of Act No. 586/1992 Coll. on Income Taxes. The depreciation plan of fixed assets for accounting purposes is identical to the methods used in the calculation of depreciation for tax purposes.

Assets are depreciated for accounting purposes using the depreciation rate according to the Income Taxes Act, the depreciation for accounting purposes is recognised starting with the month of the putting of the assets into use.

The only exception is the depreciation of technical improvements on buildings that are not owned by the Company. The depreciation for accounting purposes relates to the length of the contract pertaining to the leased asset.

Pursuant to the inventory count, the Company considers provisions against tangible fixed assets to the extent that the carrying value temporarily does not match the actual balance.

3.2. Low Value Tangible and Intangible Assets

The Company determined that low value tangible assets with the cost ranging from CZK 10 thousand to CZK 40 thousand and useful life exceeding one year, are depreciated over 12 months on a straight line basis following their being put into use. Low value assets with the cost lower than CZK 10 thousand are recognised in consumption.

Low value intangible assets with the cost ranging from CZK 10 thousand to CZK 60 thousand and useful life exceeding one year, are depreciated over 12 months on a straight line basis following their being put into use. Low value assets with the cost lower than CZK 10 thousand are recognised in consumption.

Tangible and intangible fixed assets are carried at cost.

3.3. Financial Assets

Financial assets with maturity or intent to hold exceeding one year are reported as non-current; financial assets with maturity or intent to hold up to one year are considered current.

Valuation of Financial Assets upon Acquisition

Upon acquisition, investments, securities and derivatives are stated at cost including the share premium and indirect acquisition costs.

Valuation of Financial Assets at the Balance Sheet Date

The equity investment is stated at cost net of provisions.

The Company reports the long-term part of the provided loan in 'Loans and borrowings – other', the short-term part is presented in 'Other receivables'.

As of the balance sheet date, the provided loan was measured at the amount of the outstanding portion of the principal.

3.4. Inventory

The Company recognises only the inventory of office equipment and pallets in logistics terminals. This inventory is carried at cost.

The Company recognises no provisions against inventory given their nature and volume.

3.5. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions.

The Company recognises provisions against receivables from debtors in the bankruptcy and settlement proceedings or insolvency proceedings and against non-statute barred receivables in the amount determined by Provisioning Act No. 593/1992 Coll. The provision exceeding the creation defined by the Act is recognised up to 100% in receivables from companies in which an extraordinary situation impacting the payment risk occurred, depending on the amount of the risk and known circumstances of each case. In other cases, provisions are recognised in the amount of 100% for receivables where more than six months passed after the end of the agreed maturity period.

3.6. Payables

Payables are stated at their nominal value.

3.7. Foreign Currency Translation

The Company translates foreign currencies using the daily exchange rate of the Czech National Bank. During the year, the Company recognises only realised foreign exchange rate gains and losses.

Assets and liabilities denominated in foreign currencies as of the balance sheet date are translated using the official exchange rate of the Czech National Bank. Unrealised foreign exchange rate gains and losses are recognised in profit or loss.

3.8. Finance Leases

Finance lease payments are recorded to expenses. The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period. Upon the termination of the lease and use of the possibility of purchase, the leased asset is included in the assets of the Company at purchase price.

3.9. Current Tax Payable

Management of the Company has recognised a tax payable and a tax charge based on its tax calculation which follows from its understanding of the interpretation of Czech tax legislation valid at the financial statements date and believes that the amount of tax is correct in compliance with the effective Czech tax regulations. Since various interpretations of tax laws and regulations by third parties, including state administrative bodies, exist, the income tax payable reported in the Company's financial statements may change based on the ultimate opinion of the tax authorities.

3.10. Deferred Tax

Deferred tax is accounted for using the balance sheet liability method. The deferred tax is recognised in the profit and loss account. Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.11. Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3.12. Revenue Recognition

Revenues from the provision of logistics, shipment and customs services are recognised at the moment of the transaction resulting from concluded contracts, in the period to which they relate on an accrual basis and are recognised in the amount of the consideration received or receivable and represent amounts receivable for goods and services provided in the normal course of business, net of discounts, and value added tax.

3.13. Use of Estimates

The presentation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcome in the future may differ from these estimates.

3.14. Year-on-Year Changes in Accounting Policies

In 2016, the Company did not make any changes in accounting policies.

3.15. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

	(CZK '000)	
	31 Dec 2016	31 Dec 2015
Cash on hand and cash in transit	222	282
Cash at bank	109 143	126 595
Cash equivalents included in current financial assets	77	162
Total cash and cash equivalents	109 442	127 039

As of 31 December 2016, the availability of the cash balance on the blocking bank account of CZK 231 thousand (2015: CZK 2,000 thousand) was restricted. This cash is blocked in line with the contractual terms for banking guarantees.

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

3.16. Year-on-Year Changes in the Classification and Designation of Balance Sheet and Profit and Loss Account Items and their Substance

In preparing the financial statements, the Company proceeded in line with Czech Accounting Standard No. 024 – Comparable Period for the Reporting Period Starting in 2016.

4. ADDITIONAL INFORMATION

4.1. Intangible Fixed Assets (Intangible FA)

Cost

	(CZK '000)				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Software	8 520	116	0	0	8 636
Intangible FA under construction	0	146	0	0	146
Other	0	0	0	0	0
Total in 2016	8 520	262	0	0	8 782
Total in 2015	8 001	519	0	0	8 520

Provisions and Accumulated Depreciation

	(CZK '000)						
	Opening balance	Additions	Disposals	Transfers	Closing balance	Provisions	Net book value
Software	7 521	614	0	0	8 135	0	501
Intangible FA under construction	0	0	0	0	0	0	146
Other	0	0	0	0	0	0	0
Total in 2016	7 521	614	0	0	8 135	0	647
Total in 2015	6 802	719	0	0	7 521	0	999

In 2016 and 2015, the Company disposed of no intangible assets for which it would have recorded the net book value at the moment of the disposal.

4.2. Tangible Fixed Assets (Tangible FA)

Cost

(CZK '000)

	Opening balance	Additions	Disposals	Transfers	Closing balance
Buildings	3 299	0	0	0	3 299
Tangible movable assets and their sets	68 334	28 077	6 232	0	90 179
Valuation difference on acquired assets	13 590	0	0	0	13 590
Prepayments for tangible FA	0	949	0	0	949
Total in 2016	85 223	29 026	6 232	0	108 017
Total in 2015	83 687	4 880	3 344	0	85 223

Provisions and Accumulated Depreciation

(CZK '000)

	Opening balance	Additions	Disposals	Transfers	Closing balance	Provisions	Net book value
Buildings	1 684	624	0	0	2 308	0	991
Tangible movable assets and their sets	46 454	12 099	6 232	0	52 321	0	37 858
Valuation difference on acquired assets	2 869	906	0	0	3 775	0	9 815
Prepayments for tangible FA	0	0	0	0	0	0	949
Total in 2016	51 007	13 629	6 232	0	58 404	0	49 613
Total in 2015	44 062	10 289	3 344	0	51 007	0	34 216

The most significant additions in 2016 included the equipment of the warehouse – shelving systems (CZK 6,478 thousand), storage systems (CZK 3,515 thousand) and cars (CZK 9,439 thousand).

In 2016, the Company sold assets with the net book value of CZK 459 thousand (2015: CZK 336 thousand). The total selling price was CZK 1,189 thousand (2015: CZK 887 thousand).

In addition to the disposal of sold assets, the Company additionally disposed of the fully depreciated assets in 2016.

Valuation difference on acquired assets:

Given an investment of a business part of Mitsui-Soko (Europe) s.r.o. as of 1 November 2012, the Company records a positive valuation difference on acquired assets. As of the investment date, the valuation difference including the deferred tax liability amounted to CZK 13,590 thousand. The total depreciation period is determined to be 180 months, the balance as of 31 December 2016 is CZK 9,815 thousand (2015: CZK 10,721 thousand).

Finance lease with a subsequent purchase of the leased asset:

The Company does not carry any lease contracts in its records.

4.3. Non-Current Financial Assets

Equity investments in controlled entities as of 31 December 2016:

(CZK '000)

Company	Share	Registered office	Cost	Company's equity*	Company's profit or loss	Carrying amount
PST Hungary Kft.	100 %	2536 Nyergesújfalu, Kossuth L út 84., Mađarsko	10 380	10 521	1 027	10 380
Total			10 380	10 521	1 027	10 380

The subsidiary, PST Hungary Kft. with its registered office at 2536 Nyergesújfalu, Kossuth L út 84., Hungary, Corporate ID 01-09-270158 was formed in 2015.

Other non-current financial assets:

As of 31 December 2016, the Company records non-current financial assets of CZK 2,083 thousand (2015: CZK 296 thousand). These include a long-term portion of the provided loan to O.K.KONSTRUKCE - REALITY, spol. s r.o. for the construction of LC Kuntá Hora where the Company provides logistics services for its key client. During 2016, a new loan contract for CZK 5,000 thou-

sand was signed. The total loan as of 31 December 2016 amounts to CZK 3,750 thousand, the short-term portion of the loan in the amount of CZK 1,667 thousand is reported in other short-term receivables.

In addition, the balance of the previous loan provided to KOMEL Kutná Hora is reported in the short-term portion of the loan of CZK 296 thousand (2015: CZK 593 thousand).

4.4. Inventory

As of 31 December 2016, the inventory in the gross amount of CZK 1,437 thousand (2015: CZK 223 thousand) includes only the inventory of office supplies of CZK 89 thousand (2015: CZK 113 thousand) and the inventory of pallets of CZK 1,348 thousand (2015: CZK 110 thousand). The Company recognised no provision against this inventory.

4.5. Short-Term Receivables

Short-term trade receivables as of 31 December 2016 (gross) amount to CZK 156,653 thousand (2015: CZK 152,207 thousand), of which CZK 13,725 thousand (2015: CZK 13,125 thousand) includes receivables past their due dates.

The provision against these receivables as of 31 December 2016 amounted to CZK 3,853 thousand (2015: CZK 4,237 thousand).

Other receivables include receivables from customs debts and other receivables. As of 31 December 2016, their gross amount is CZK 45,857 thousand (2015: CZK 38,288 thousand), of which CZK 34,947 thousand (2015: CZK 34,027 thousand) includes receivables past their due dates. The provision against doubtful receivables as of 31 December 2016 amounts to CZK 31,047 thousand (2015: CZK 31,179 thousand). The largest share in the provisioning level relates to the outstanding receivable from the customs debt from 2006 of CZK 28,908 thousand. This receivable cannot be removed from the accounting records due to the pending bankruptcy proceedings.

4.6. Deferred Expenses

Deferred expenses primarily include a prepaid lease for LC Kutná Hora of CZK 1,338 thousand (2015: CZK 3,121 thousand).

In addition, deferred expenses as of 31 December 2016 include the lease of the warehouse for the first quarter of 2017 paid at the end of 2016 in the amount of CZK 7,690 thousand (2015: CZK 6,909 thousand).

4.7. Equity

The profit achieved in the year ended 31 December 2016 will partially be used to pay out dividends to the sole shareholder, with the remaining amount transferred to retained earnings brought forward.

4.8. Short-Term Payables

Short-term trade payables amount to CZK 73,176 thousand (2015: CZK 61,827 thousand), of which CZK 6,080 thousand (2015: CZK 2,680 thousand) includes payables past their due dates.

Other payables include payables arising from customs debt and other payables. These amount to CZK 3,893 thousand (2015: CZK 3,040 thousand), of which CZK 16 thousand are past their due dates (2015: CZK 0 thousand included payables past their due dates).

Short-term prepayments received include prepayments made in relation to the provision of customs services of CZK 3,561 thousand (2015: CZK 4,624 thousand).

4.9. Deferred Tax

The aggregate existing deferred tax liability can be analysed as follows:

	(CZK '000)	
	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Net book value of fixed assets	634	355
Valuation difference on acquired assets	- 1 865	-2 037
Social security and health insurance	61	51
Provision against receivables	0	422
Reserve for outstanding vacation days	246	246
Total deferred tax liability	- 924	-963

4.10. Income from Ordinary Activities

Provision of services in the years ended 31 December 2016 and 2015 was as follows:

	(CZK '000)	
	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Goods	596	353
Total sales of goods	596	353

Logistics	337 350	293 453
Shipping and distribution	296 762	243 644
Customs services	90 715	91 144
Other	8 400	3 979
Total sales of own products and services	733 227	632 220

4.11. Purchase of Services

Purchases of services in 2016 and 2015 were as follows:

	(CZK '000)	
	Year ended 31 Dec 2016	Year ended 31 Dec 2015
Repairs	3 988	4 007
Software services	4 720	4 650
Advisory services	2 799	3 206
Advertising and representation	4 461	3 138
Transportation and shipping	259 660	214 554
Rental	136 596	115 095
Customs services	5 016	4 543
Handling fees	31 484	32 629
Hiring-out of employees	19 504	18 036
Management Fee	2 279	2 404
FX licence fees	15 996	7 998
Other	14 309	13 771
Total	500 812	424 031

4.12. Employees, Management and Statutory Bodies

The following table summarises the total amount of staff costs and the number of the Company's employees and managers:

	(CZK '000)			
	2016		2015	
	Number	Staff costs	Number	Staff costs
Employees	351	151 838	314	130 271
Managers	7	9 775	6	9 261
Total	358	161 613	320	139 532

The number of employees is based on the average recalculated headcount.

As of 31 December 2016, the management of the Company includes the following positions: CEO, Advisor to the CEO, Customs Services Director, Multi-User Logistics Director, Business and Development Director, Shipment Director and Finance Director.

Members of the Board of Directors, Supervisory Board and members of statutory bodies received the following remuneration:

	(CZK '000)	
2016	Board of Directors	Supervisory Board
Bonuses	970	348

	(CZK '000)	
2015	Board of Directors	Supervisory Board
Bonuses	1 330	348

4.13. Other Operating Income and Expenses

Other operating income in 2016 amounts to CZK 217,283 thousand (2015: CZK 208,014 thousand), which principally includes income from customs debts of CZK 205,059 thousand (2015: CZK 178,882 thousand) and, in addition, NVO data of CZK 7,145 thousand (2015: CZK 24,347 thousand).

Other operating expenses in 2016 amount to CZK 219,570 thousand (2015: CZK 209,663 thousand), which principally include customs debt costs of CZK 205,059 thousand (2015: CZK 178,882 thousand) and, in addition, NVO data of CZK 7,145 thousand (2015: CZK 24,347 thousand).

4.14. Financial Income and Expenses

Financial income includes received interest of CZK 53 thousand (2015: CZK 183 thousand) and foreign exchange rate gains of CZK 6,779 thousand (2015: CZK 10,470 thousand).

Financial expenses include foreign exchange rate losses of CZK 7,056 thousand (2015: CZK 11,759 thousand) and other financial expenses (banking fees) of CZK 1,578 thousand (2015: CZK 1,325 thousand).

4.15. Related Party Transactions

The direct parent company is the sole shareholder of the Company, Mitsui-Soko (Europe) s.r.o., and the ultimate controlling entity as of 31 December 2016 is Mitsui-Soko Co., Ltd. based in Tokyo, Japan.

Another related party is PST-Invest, spol. s r.o. owned by the prior owner and the current Vice-Chairman of the Board of Directors, Miroslav Bradna.

Other related parties are entities in the Mitsui-Soko group with which the Company recorded business transactions.

Income generated from related party transactions for the year ended 31 December 2016 amounted to CZK 78,460 thousand (2015: CZK 49,834 thousand).

Purchases from related parties in the year ended 31 December 2016 amounted to CZK 23,719 thousand (2015: CZK 24,887 thousand).

Receivables from related parties in the year ended 31 December 2016 amounted to CZK 8,863 thousand (2015: CZK 12,970 thousand).

Payables to related parties as of 31 December 2016:

(CZK '000)

Entity	Relationship to the Company	Short-term trade	Total at 31 Dec 2016
Mitsui-Soko Co., Ltd.	Fellow subsidiary	91	91
Mitsui-Soko HOLDINGS	Controlling	10	10
Mitsui-Soko INT. JAP	Fellow subsidiary	3 927	3 927
Mitsui-Soko (Europe) s.r.o.	Parent	241	241
Mitsui-Soko (Singapore)	Fellow subsidiary	75	75
Mitsui-Soko (USA)	Fellow subsidiary	30	30
Mitsui-Soko (Malaysia)	Fellow subsidiary	84	84
Mitsui-Soko EXPRESS	Fellow subsidiary	30	30
Mitsui Soko International Pte Ltd.	Fellow subsidiary	199	199
Prime Cargo Limited Shanghai	Fellow subsidiary	76	76
PST-Invest, spol. s r.o.	Owned by the Vice-Chairman of the Board of Directors	-36	-36
Total		4 727	4 727

Payables to related parties as of 31 December 2015:

(CZK '000)

Entity	Relationship to the Company	Short-term trade	Total at 31 Dec 2015
Mitsui-Soko Co., Ltd.	Fellow subsidiary	1	1
Mitsui-Soko HOLDINGS	Controlling	36	36
Mitsui-Soko INT. JAP	Fellow subsidiary	5 610	5 610
Mitsui-Soko (Europe) s.r.o.	Parent	2 662	2 662
Mitsui-Soko (Singapore)	Fellow subsidiary	187	187
Mitsui-Soko (USA)	Fellow subsidiary	41	41
Mitsui-Soko EXPRESS	Fellow subsidiary	86	86
Mitex Logistic (Shanghai)	Fellow subsidiary	20	20
PST-Invest, spol. s r.o.	Owned by the Vice-Chairman of the Board of Directors	-59	-59
Total		8 584	8 584

4.16. Total Fee to the Statutory Auditor/Audit Company

The Company is part of the consolidation group of the parent company Mitsui-Soko (Europe) s.r.o. The information on the costs of the fee to the statutory auditor is provided in the consolidated financial statements.

4.17. Utilisation of Tax Loss

In 2015, the Company filed an additional corporate income tax return for 2014. In this tax return, the Company claimed the tax loss that it took over as part of the investment of part of the business of the parent company Mitsui-Soko (Europe) s.r.o. The amount of the tax refund was CZK 6,594 thousand and was accounted for as a decrease in the due income tax on ordinary activities for 2015.

4.18. Off Balance Sheet Commitments

As of 31 December 2016, the Company records off balance sheet commitments, specifically bank guarantees of CZK 88,615 thousand (2015: CZK 87,077 thousand). These bank guarantees are used to secure customs debts and payment obligations resulting from lease contracts. All payables that are secured by the guarantees were settled by the Company in a due and timely manner.

As of 31 December 2016, the Company was not involved in any legal dispute, the outcome of which would have a significant impact on the Company.

4.19. Post Balance Sheet Events

Subsequent to the balance sheet date, no significant events occurred.

Report on Relations between Related Entities for the Year Ended 31 December 2016

This report on relations between PST CLC, a.s., with its registered office at Nádražní 969/112, 702 00 Ostrava-Moravská Ostrava, Corporate ID 253 972 49, recorded in the Register of Companies held at the Regional Court in Ostrava, File B, Insert 1895 (hereinafter the “Company”), and controlling entities, between the Company and entities controlled by the same controlling entity, and between the Company and other related entities was prepared pursuant to Section 82 et seq. of Act no. 90/2012 Coll., on Business Corporations, as amended, for the 2016 reporting period (hereinafter the “preceding reporting period”).

I. Definition of Controlling and Controlled Entities and Structure of their Mutual Relations

A. Controlling entities

Mitsui-Soko (Europe) s.r.o., a limited liability company, with its registered office at Pražská 180, Zdiby, 250 66, Corporate ID 242 271 53

Relation: In the preceding reporting period, with regard to the Company, Mitsui-Soko (Europe) s.r.o. was a controlling person.

Mitsui-Soko Holdings Co., Ltd., with its registered office at Minato-ku, Tokyo, Nishi-Shimbashi 3-chome 20-1, Japan, Corporate ID 0104-01-046416

Relation: In the preceding reporting period, with regard to Mitsui-Soko (Europe) s.r.o., Mitsui-Soko Holdings Co., Ltd. was a controlling person.

Mitsui-Soko Holdings Co., Ltd. is the sole owner of Mitsui-Soko (Europe) s.r.o. and it is not controlled by another controlling entity.

B. Entities Controlled by the Controlled Entity

PST Hungary Kft., with its registered office at 2536 Nyergesújfalu, Kossuth L út 84., Hungary, Corporate ID: 01-09-270158

Relation: In the preceding reporting period, with regard to the Company, PST Hungary Kft. was a controlled person, since it is a 100% subsidiary of PST CLC, a.s.

C. Entities Controlled by the Same Controlling Entity

Set out below are companies of the Mitsui-Soko group with which PST CLC, a.s. performed business activities in 2016:

Mitsui Soko Co., Ltd	Tokyo, Japan
Mitsui Soko INT. JAP.	Tokyo, Japan
Mitsui Soko INT. PTE	Singapore
Mitsui-Soko EXPRESS	Tokyo, Japan
Mitsui-Soko Korea	Korea
Mitsui-Soko (Thailand)	Bangkok, Thailand
Mitsui-Soko (Taiwan)	Taiwan
Mitsui-Soko (USA) Inc.	Carson, USA
MITEX International	Koeloon, Hong Kong
MITEX Logistics (Shanghai)	Shanghai, China
Mitsui-Soko (Singapore)	Singapore
Prime Cargo Shanghai	Shanghai
Mitsui Soko (Malaysia)	Malaysia
Mitsui Soko Supply Chain Sol.	Tokyo, Japan
Mitsui Soko Supply Chain Sol.	Malaysia
N.V. MSE Europe	Belgium
Mitsui Soko Indonesia	Indonesia
Prime Cargo A/S	Denmark
Prime Cargo Shanghai Lim.	Shanghai
Prime Cargo (H.K.)	Hong Kong
Prime Cargo Poland	Poland
MSE Express America	USA

D. Other Related Entities

PST-Invest, spol. s r.o., a limited liability company, with its registered office at Nádražní 969/112, 702 00 Ostrava-Moravská Ostrava, Corporate ID 483 959 78

Relation: In the preceding reporting period, PST-Invest, spol. s r.o. was controlled by Miroslav Bradna, Vice-chairman of the Board of Directors of the Company.

II. The Role of PST CLC, a.s. and Means of Control

The Company acts in relations with the entities according to Chapter I of this Report on relations as a company, the main activity of which is the provision of services in freight forwarding, logistics and customs.

The Company is directly controlled by Mitsui-Soko (Europe) s.r.o.

In the preceding reporting period, Mitsui-Soko (Europe) s.r.o. exercised controlling influence in the Company as its sole shareholder acting in the capacity of the General Meeting of the Company and acting in the capacity of the Board of Directors of the Company.

III. Overview of Acts and Agreements

a) Overview of acts and mutual transactions between the Company and related parties:

Revenues from transactions with related parties in 2016

(in CZK '000)

Entity	Relation to the Company	Services	Other	Total as of 31 Dec 2016
Mitsui-Soko (Europe) s.r.o.	Parent company	1 789	790	2 579
Mitsui-Soko Co., Ltd.	Fellow subsidiary	9 135	0	9 135
Mitsui-Soko INT. JAP.	Fellow subsidiary	19 087	5 767	24 854
Mitsui-Soko EXPRESS	Fellow subsidiary	3 182	3	3 185
Mitsui-Soko Korea	Fellow subsidiary	76	0	76
Mitsui-Soko (Thailand)	Fellow subsidiary	415	12	427
Mitsui-Soko (Taiwan)	Fellow subsidiary	102	0	102
Mitsui-Soko (U.S.A)	Fellow subsidiary	51	0	51
MITEX International	Fellow subsidiary	139	0	139
Mitsui-Soko (Singapore)	Fellow subsidiary	173	0	173
MITEX Logistic (Shanghai)	Fellow subsidiary	108	96	204
Mitsui-Soko (Malaysia)	Fellow subsidiary	26	0	26
MS Supply Chain Solutions	Fellow subsidiary	8 699	269	8 968
MS Supply Chain Sol. (Malaysia)	Fellow subsidiary	77	0	77
N.V. MSE Europe S.A.	Fellow subsidiary	492	173	665
Mitsu-Soko Indonesia	Fellow subsidiary	83	0	83
Prime Cargo A/S	Fellow subsidiary	2 794	0	2 794
Prime Cargo Poland	Fellow subsidiary	96	0	96
Prime Cargo Shanghai	Fellow subsidiary	41	0	41
PST Hungary Kft.	Subsidiary	24 529	86	24 615
PST-Invest, spol. s.r.o.	Owned by the Vice-Chairman of the Board of Directors	170	0	170
Total		71 264	7 196	78 460

“Services” include business transactions between entities, primarily in the shipment segment (transportation). “Other” includes the commission for bookkeeping for the parent company Mitsui-Soko (Europe) s.r.o. and the rebilling of the NVO data.

Purchases from transactions with related entities in 2016

(in CZK '000)

Entity	Relation to the Company	Services	Other	Total as of 31 Dec 2016
Mitsui-Soko Co., Ltd.	Fellow subsidiary	784	0	784
Mitsui-Soko INT. JAP.	Fellow subsidiary	5 150	5 588	10 738
Mitsui-Soko HOLDINGS	Controlling entity	154	0	154
Mitsui-Soko (Europe) s.r.o.	Parent company	825	0	825
Mitex International	Fellow subsidiary	302	0	302
Mitsui-Soko (Singapore)	Fellow subsidiary	285	0	285
Mitsui-Soko (Thailand)	Fellow subsidiary	468	0	468
Mitsui-Soko (U.S.A)	Fellow subsidiary	403	0	403
Mitsui-Soko EXPRESS	Fellow subsidiary	482	752	1 234
Mitsui-Soko (Malaysia)	Fellow subsidiary	571	0	571
Mitex Logistic (Shanghai)	Fellow subsidiary	109	0	109
Mitsui-Soko Int. PTE	Fellow subsidiary	1 454	0	1 454
MS Supply Chain Solution	Fellow subsidiary	263	0	263
MSE Express America	Fellow subsidiary	39	0	39
Mitsui-Soko Indonesia	Fellow subsidiary	5	0	5
Prime Cargo A/S	Fellow subsidiary	23	0	23
Prime Cargo (H.K.)	Fellow subsidiary	173	0	173
Prome Cargo Poland	Fellow subsidiary	22	0	22
PST Hungary Kft.	Fellow subsidiary	74	0	74

Prime Cargo Shanghai	Fellow subsidiary	3 908	0	3 908
PST-Invest, spol. s r.o.	Owned by the Vice-Chairman of the Board of Directors	1 885	0	1 885
Total		17 379	6 340	23 719

“Services” include business transactions between entities, primarily in the shipment segment (transportation). In respect of PST Invest, “Services” includes lease of real estate. In respect of Mitsui-Soko (Europe), “Services” includes services relating to the Management Fee. The Company paid a dividend of CZK 33,000 thousand to the parent company Mitsui-Soko (Europe) s.r.o. in 2016.

b) Overview of agreements between the Company and related parties in the meaning of Section 82 (2) (e) of the Act on Business Corporations, effective in the previous reporting period:

1. Agreements between the Company and PST-Invest:
 - Agreement on rental of commercial premises;
 - Agreement on rental of commercial premises and parking area; and
 - Agency agreement on real estate administration.
2. Agreements between the Company and Mitsui-Soko (Europe):
 - Agreement on storage and other storage-related services;
 - Agreement on office rental;
 - Agreement on rental of vehicles;
 - Agency agreement on provision of personal and administrative services;
 - Commission agreement on indirect representation in customs proceedings; and
 - Agreement on provision of services in accounting.
3. Agreement on the provision of services (Management Fee) concluded between the Company, Mitsui-Soko (Europe) and Mitsui-Soko International PTE Singapore.
4. Agreements between the Company and other companies of the Mitsui-Soko group:
 - These business activities in the field of freight forwarding and logistics are controlled by the central office in Japan, and they are carried out based on single partial performances for each executed order.

c) No business relations were made between the Company and related parties other than entities listed in this Report in the previous accounting period.

IV. Assessment of Relations

In this Report on relations, all significant facts are listed, that in the sense of Section 82 of the Act on Business Corporations make part of a report on relations. In this report, relations between the Company and its controlling entities, entities controlled by the same controlling entity and other related entities are contained.

All of the aforementioned provided performances and considerations were carried out at arm’s length prices common to commercial relations with non-related parties and, therefore, the parties to the contracts did not incur any detriment.

The Company considers relations with the controlling parties and other related entities to be advantageous as they pose no risks to the Company apart from common market risks related to business activities in the respective field.

Membership in the Mitsui-Soko group brings the following advantages to the Company:

- The Company can use the customer base of the related entities and vice versa;
- Due to the membership in the business group, the Company has access to the up-to-date information on development in the market;
- The Company may use the interconnected network of branches for its business activities even outside the Czech Republic.

The disadvantage for the Company is its participation in expenses of the whole business group.

V. Conclusion

The Statutory Body of PST CLC, a.s. declares that the data included in this Report are correct and complete, and that during the elaboration of the Report pursuant to Section 82 et seq. of Act no. 90/2012 Coll., on Business Corporations, it proceeded fully in the extent of all the information and data which the Statutory Body had at its disposal or which they found out during the performance of their due managerial care.

It follows from the aforementioned part of the Report that PST CLC, a.s. did not incur any detriment from the relation between related parties within the Mitsui-Soko group or PST-Invest spol. s r.o., that performances and considerations were carried out at arm’s length prices common in commercial relations with non-related parties in the respective place and in the given time, no other legal acts were made in the interest of the entities controlled by the same controlling party or in the interest of the controlling party.

In Ostrava on 20 March 2017



Vít Votroubek
Chairman of the Board of Directors



Jiří Bradna
Member of the Board of Directors

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Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of PST CLC, a.s.

Having its registered office at: Nádražní 969/112, Moravská Ostrava, 702 00 Ostrava

Opinion

We have audited the accompanying financial statements of PST CLC, a.s. (hereinafter also the “Company”) prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2016, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PST CLC, a.s. as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor’s report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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 materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

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Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 20 March 2017

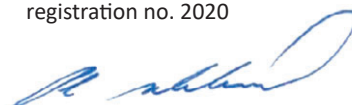
Audit firm:

Deloitte Audit s.r.o.
registration no. 079

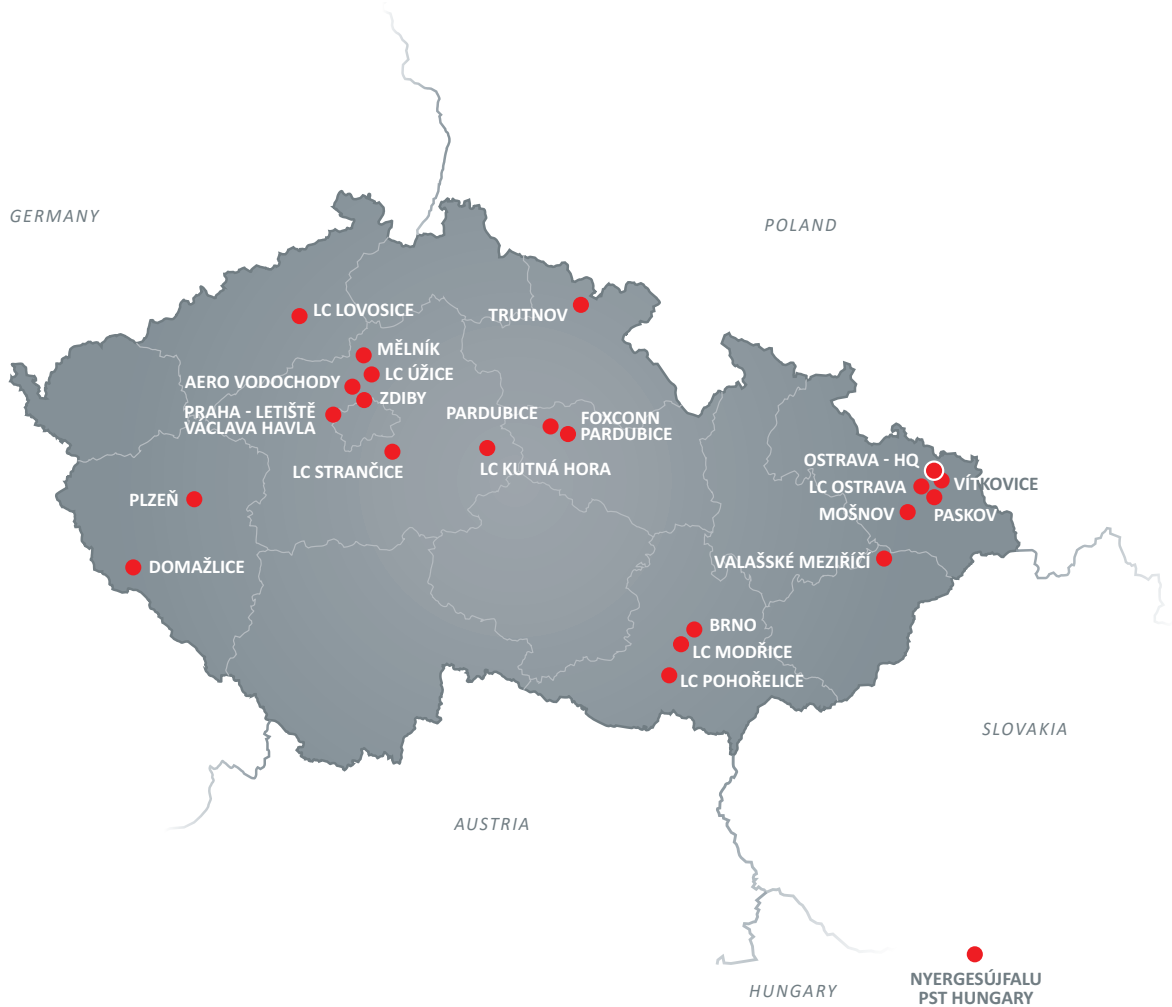


Statutory auditor:

Petr Michalík
registration no. 2020



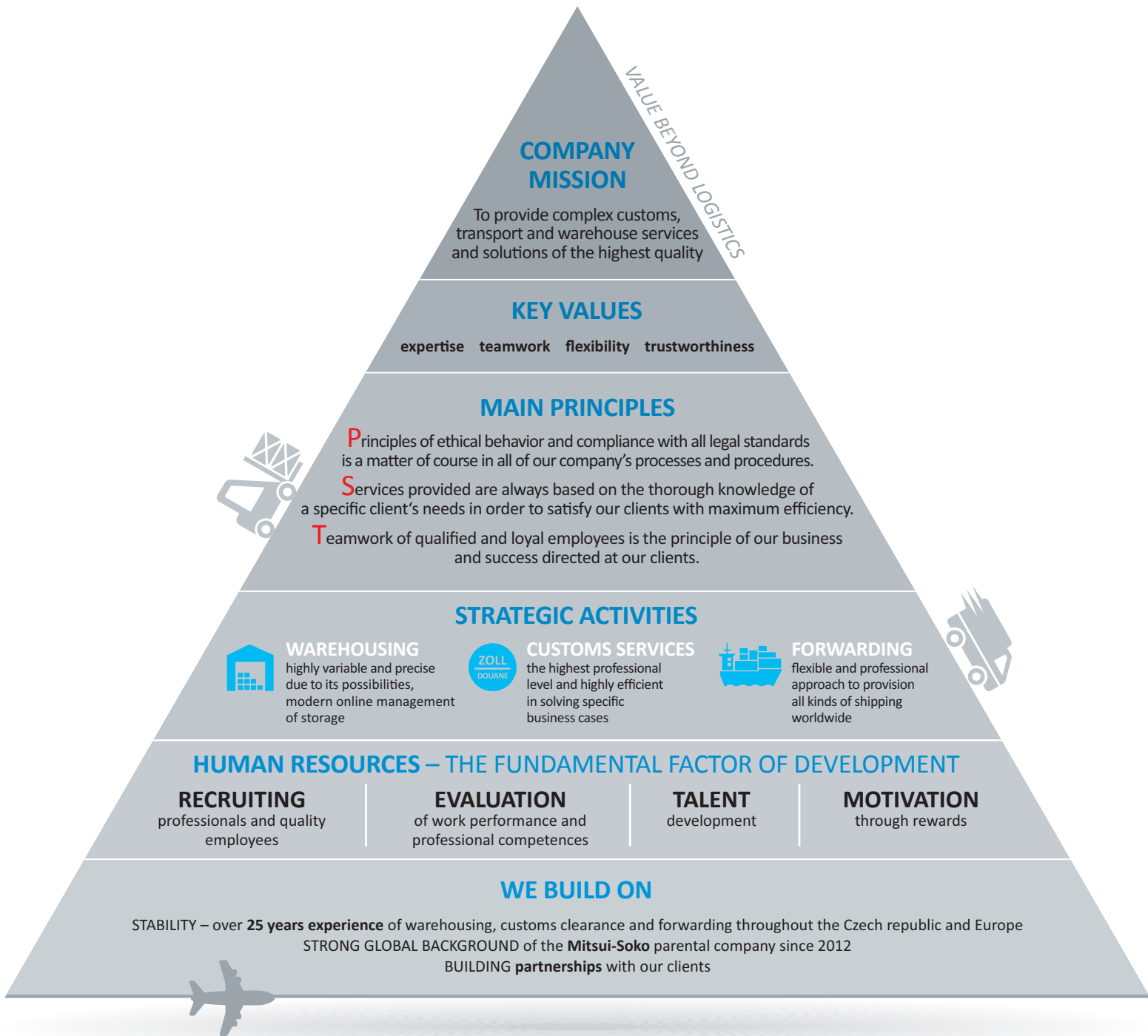
Headquarters and offices



- | | |
|---|--|
|  OSTRAVA - HQ |  BRNO |
|  ZDIBY |  DOMAŽLICE |
|  LC POHOŘELICE |  MĚLNÍK |
|  LC STRANČICE |  MOŠNOV |
|  LC KUTNÁ HORA |  PARDUBICE |
|  LC ÚŽICE |  PASKOV |
|  LC MODŘICE |  PLZEŇ |
|  LC OSTRAVA |  PRAHA - LETIŠTĚ VÁCLAVA HAVLA |
|  LC LOVOSICE |  TRUTNOV |
|  FOXCONN PARDUBICE |  VALAŠSKÉ MEZIŘÍČÍ |
|  AERO VODOCHODY |  VÍTKOVICE |
| |  NYERGESÚJFALU - PST HUNGARY |

 Warehousing
  Customs services
  Forwarding
  Internal Logistics

Company Strategy



Contacts

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HORMANN



SKLADOVÁNÍ CELNÍ SLUŽBY PŘEPRAVA
WAREHOUSING CUSTOMS SERVICES FORWARDING

PST CLC, a.s., a member of the Japanese group Mitsui-Soko, provides its partners with an interconnected chain of logistic services comprising sea, air and ground transportation of goods, customs clearance of goods within own network of public and non-public customs offices as well as warehousing and variable processing of goods in logistic centres across the Czech Republic.

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