

**KPMG**

**Apator S.A.**

Opinion and Report of the Independent Statutory Auditor  
for the financial year ended December 31, 2016

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.  
Limited Liability Company Limited Partnership  
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## **OPINION OF THE INDEPENDENT STATUTORY AUDITOR**

*For the General Shareholders Meeting of Apator S.A.*

### **Opinion on the separate interim financial statement**

We have audited the attached separate financial statement of the Apator SA, with the headquarters in Toruń, ul. Gdańska 4A, premises C4 (“Company”), which comprises of the separate statement of financial position prepared as of December 31, 2016 and the separate income statement and other income, separate statement of changes in equity and the separate statement of cash flow for the financial year ending on that day and the additional information that includes the description of essential principles of accounting and other clarifying information.

### ***Responsibility of the Management Board and the Supervisory Board for separate financial statement***

The Management Board of the Company is responsible for the preparation of financial statement based on the accounting books that give fair and clear picture pursuant to the requirements of International Financial Reporting Standards that were adopted by the European Union and other applicable law regulations. The Management Board is also responsible for internal control which it deems as necessary to enable the preparation of the financial statements free of irregularities caused by fraud or error.

Pursuant to the Accounting Act of September 29, 1994 (Dz. U. 2016, item 1047 as amended) (“Accounting Act”) the Management Board and the Members of the Supervisory Board of the Company are obliged to ensure the separate financial statement to be complied with the requirements set forth in the act.

### ***Responsibility of the Statutory Auditor***

Our task is to express the opinion on separate financial statement based on the audit conducted. The audit of the financial statement was conducted pursuant to provisions of the chapter 7 of the Accounting Act and National Financial Reporting Standards in the wording of International Auditing Standards adopted by the Resolution of the National Council of Statutory Auditors dated 10<sup>th</sup> February 2015. The standards require to comply with ethical requirements and to plan and perform the audit in such a manner to obtain the reasonable assurance about whether that the financial statement is free of material irregularities.

The audit is that to perform procedures to obtain audit evidence about amounts and information disclosed in the financial statement. The procedures selected depend on our judgment, including the assessment of the risk of material irregularities of the financial statement whether due to fraud or error. Making the assessment of risk, we take into account the internal control related to the preparation of the financial statement that gives fair and clear picture in order to design audit procedures suitable to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. The audit also includes evaluating appropriateness of accounting principles used and the reasonableness of accounting estimates made by Management Board of the Company and the evaluation of the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate that provide the basis for our opinion.

### ***OPINION***

In our opinion the separate financial statement of Apator SA attached:

- gives fair and clear picture of the property and financial situation of the Company as at December 31, 2016 and financial results of its activity and the cash flow for the financial year ending on that day pursuant to International Financial Reporting Standards that were approved by European Union;
- is pursuant to the legal regulations and the provisions of Statutes of the Company having the impact on the form and content of financial statement in all significant aspects based on correctly kept accounting books

### *Supplementary explanations*

#### **Detailed explanations regarding other requirements of the law and regulations**

#### *Report on activity of the Company*

The Management Board of the Company is responsible for the report on activity of the Company. Our opinion of separate financial statement does not regard the report on activity.

Pursuant to the requirements of accounting act we state that the report on activity of the Company includes the information mentioned in art. 49 of accounting act and it is pursuant to the information included in separate financial statement in all material aspects. Furthermore, in view of our knowledge about the Company and its surrounding obtained during audit of separate financial statement we have not found any significant irregularities in the report on activity of the Company.

Pursuant to the requirements of Accounting Act and the resolution we find that the declaration of the application of corporate governance that is separate part of the report on activity of the Company includes information set forth in clause 91 para 5 point 4 lit. a, b, g, j and k of the resolution. Moreover, we find that the information set forth in clause 91 para 5 point 4 lit. c, d, e, f, h and of the resolution included in the declaration of the application of corporate governance in all material aspects:

- it has been prepared pursuant to appropriate regulations; and
- it has been in compliance with the information included in separate financial statement

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. ,  
Register No. 3546  
ul. Inflancka 4A  
00-189 Warszawa  
Wojciech Drzymała  
Key Statutory Auditor  
Register No. 90095  
Limited Partner, Proxy  
27<sup>th</sup> April 2017

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Apator SA

Report on audit of separate financial statement for the financial year ending on 31<sup>st</sup> December 2016

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Report on audit of separate financial statement for the financial year ending on 31<sup>st</sup> December 2016

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Report on audit of separate financial statement for the financial year ending on 31<sup>st</sup> December 2016

## **1. General part of the report**

### **1.1. Identification data regarding the Company**

#### **1.1.1. Name of the Company**

Apator S.A.

#### **1.1.2. Headquarters**

ul. Gdańska 4A, premises C4

87-100 Toruń

#### **1.1.3. Registration of the Company in the Register of Entrepreneurs in the National Court Register**

Registering Court: District Court in Toruń, 7th Commercial Division of the National Court Register

Date: October 24, 2001

Register No.: KRS 0000056456

Share capital

as of the end of the period: PLN 3. 310. 702,80

#### **1.1.4. Management of the Entity**

The position of the Manager of the entity is held by the Management Board of the Company

The Management Board of the Company as of December 31, 2016 consisted of:

- Andrzej Szostak - President of the Management Board
- Piotr Nowak - Member of the Management Board
- Piotr Dobrowolski - Member of the Management Board

Pursuant to the resolution of the Supervisory Board dated 18<sup>th</sup> February 2016, Piotr Dobrowolski was nominated the Member of the Management Board effective 22<sup>nd</sup> February 2016.

Pursuant to the resolution of Supervisory Board dated 15<sup>th</sup> December 2016, Agnieszka Nosal was nominated the Member of the Management Board effective 1<sup>st</sup> January 2017

Piotr Dobrowolski resigned on 27<sup>th</sup> February 2017 from the Member of the Management Board

### **1.2. Identification data regarding the key statutory auditor and entity authorized to audit financial statements**

#### **1.2.1. Identification data regarding the key statutory auditor**

Name and surname: Wojciech Drzymała

Register No.: 90095

#### **1.2.2. Identification data regarding the authorized entity**

Company: KPMG Spółka z ograniczoną odpowiedzialnością Sp.k.

Headquarters: ul. Inflancka 4A, 00-189 Warszawa

Register No.: KRS 0000339379

Registering Court: District Court for the capital city of Warsaw in Warsaw

12th Commercial Division of the National Court Register, Tax  
Identification Number            527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the list of the entities authorized to audit the financial statement kept by the National Chamber of Statutory Auditors with the number 3546.

### **1.3 Information about the separate financial statement for the previous financial year**

The separate financial statement prepared for December 31, 2015 and for the financial year ending on that day was audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and it obtained unmodified opinion of the statutory auditor.

The separate financial statement was approved on June 13, 2016 by General Shareholders Meeting which stated that the profit for the previous financial year in the amount of PLN 58.351.468,76 was distributed as follows:

- payment of the dividend - PLN 33 107.028,00
- supplementary capital – PLN 25. 244.440,76

The separate financial statement was deposit at Registered Court on 16<sup>th</sup> June 2016.

### **1.4 Scope of activities and responsibilities**

The audited entity prepares separate financial statement pursuant to the International Financial Reporting Standards, which were approved by the European Union based on Resolution of the Extraordinary General Meeting of Shareholders of December 20, 2004.

The audit of separate financial statement was conducted pursuant to the agreement of January 7, 2014 concluded under Resolution of the Supervisory Board of December 12, 2013 referring to the nomination of the entity authorized to audit the financial statement.

The audit of the separate financial statement was carried out pursuant to the provisions of the chapter 7 of the Accounting Act of September 29, 1994 (Dz. U. of 2016, item 1047 as amended) (“Accounting Act”) and National Auditing Standards in wording of the International Auditing Standards adopted by the Resolution of National Council of Statutory Auditors dated 10<sup>th</sup> February 2015.

The audit of separate financial statement was conducted in the Company in the period since 21<sup>st</sup> November till 25<sup>th</sup> November 2016 and since 27<sup>th</sup> February till 3<sup>rd</sup> March 2017.

The Management Board of the Company is responsible for the preparation of separate financial statement based on accounting books correctly kept, that gives fair and clear picture pursuant to the International Financial Reporting Standards that had been approved by European Union and with other obligatory law regulations. The Management Board is also responsible for the report on activity.

Our task was, based on carried out audit, to express the opinion and to prepare the report on audit of the separate financial statement.

The Management Board of the Company on the date of issue of this report submitted the statement of preparation of the financial statement enclosed that gives fair and clear picture and lack of occurrence of events not disclosed in separate financial statement having the impact significantly on data presented in separate financial statement for audited year.

During the audit of financial statement the Management Board submitted all the required statements, explanations and information and provided us with all documents and information necessary to issue the opinion and to prepare the report.

The scope of planned and performed works was not limited in any manner. The scope and manner of the audit result from the documentation prepared by us that are held in the headquarters of the authorized entity.

The Key Statutory Auditor and the entity authorized meet the requirements of being independent of the audited Company pursuant to IESBA Code of Ethics for Professional Accountants adopted by the Resolution of the National Council of Statutory Auditors dated 13<sup>th</sup> June 2011 and also requirements of impartiality and independence set forth in art. 56 para 3 and 4 of the act dated May 7, 2009 on the on Statutory Auditors, Their Self-Governing Organisation, and Entities Authorised to Audit Financial Statements and on Public Oversight (Dz. U. of 2016, item 100 as amended) and other ethical requirements resulting out of these regulations and the IESBA Code.

## 2. Financial analysis of the Company

### 2.1 General analysis of the separate financial statement

#### 2.1.1. Separate statement of financial position

<b>ASSETS</b>	<b>31.12.2016</b>	<b>%</b>	<b>31.12.2015</b>	<b>%</b>
	<b>PLN'000</b>	<b>assets</b>	<b>PLN'000</b>	<b>assets</b>
<b>Non-current assets</b>				
Intangible assets	9 984	2.3	8 526	2.1
Property, Plant and Equipment	74 310	16.9	74 847	18.2
Investment property	1 057	0.2	1 215	0.3
Other long-term financial assets	233 874	53.1	233 733	57.0
Long-term loans granted	-	-	3 000	0.7
Deferred tax assets	23 472	5.3	18 552	4.5
<b>Total non-current assets</b>	<b>342 697</b>	<b>77.8</b>	<b>339 873</b>	<b>82.8</b>
<b>Current assets</b>				
Inventories	33 147	7.5	30 455	7.4
Trade receivables	59 815	13.6	30 797	7.5
Receivables due to other taxes, subsidies, customs and social insurances	827	0,2	794	0,2
Other short-term receivables	58	0.0	47	0.0
Other short-term financial assets	1360	0.3	323	0.1
Short-term borrowings granted	74	0.0	5115	1.2
Cash and cash equivalents	1359	0.3	2409	0.6
Short-term prepayments	897	0.2	610	0.1
<b>Total current assets</b>	<b>97 537</b>	<b>22.2</b>	<b>70 550</b>	<b>17.2</b>
<b>TOTAL ASSETS</b>	<b>440 234</b>	<b>100.0</b>	<b>410 423</b>	<b>100.0</b>

<b>LIABILITIES</b>	<b>31.12.2016</b>	<b>%</b>	<b>31.12.2015</b>	<b>%</b>
	<b>PLN' 000</b>	<b>liabilities</b>	<b>PLN' 000</b>	<b>liabilities</b>
<b>Equity</b>				
Share capital	3311	0.8	3311	0.8
Other capitals	241 546	54.9	216 301	52.7
Capital from revaluation of defined benefit plans	(740)	0.2	(678)	0.2
Capital from measurement of hedging transactions	520	0.1	(393)	0.1
Undistributed financial result	66 121	15.0	48 419	11.8
<b>Total equity</b>	<b>310 758</b>	<b>70.6</b>	<b>266 960</b>	<b>65.0</b>
<b>Liabilities</b>				
Long-term loans and borrowings	20 912	4.8	43 412	10.6
Long-term liabilities	880	0.2	995	0.2
Long-term liabilities due to employee benefits	5 807	1.3	5683	1.4
<b>Total long-term liabilities</b>	<b>27 599</b>	<b>6.3</b>	<b>50 090</b>	<b>12.2</b>
<b>Short-term liabilities</b>				
Short-term loans and borrowings	60 996	13.9	61777	15.1
Trade liabilities	26 135	5.9	13 332	3.2
Liabilities due to corporate income tax	1 134	0.3	361	0.1
Liabilities due taxes, customs and social insurances	2 532	0.6	3491	0.9
Other short-term liabilities	5 917	1.3	10718	2.6
Short-term liabilities due to employee benefits	3 678	0.8	2 506	0.6
Other short-term provisions	1 485	0.3	1188	0.3
<b>Short-term liabilities in total</b>	<b>101 877</b>	<b>23.1</b>	<b>93373</b>	<b>22.8</b>
<b>Total liabilities</b>	<b>129 476</b>	<b>29.4</b>	<b>143 463</b>	<b>35.0</b>
<b>Total liabilities and equity</b>	<b>440 234</b>	<b>100.0</b>	<b>410 423</b>	<b>100.0</b>

**2.1.2. Separate statement of profit and loss and other comprehensive income**

	1.01.2016	%	1.01.2015	%
	-		-	
	31.12.2016	Revenues from sale	31.12.2015	Revenues from sale
	PLN'000		PLN'000	
Revenues on sales	265 839	100.0	195 978	100.0
Cost of sales	(192 827)	72.5	(144 586)	73.8
<b>Gross profit on sales</b>	<b>73 012</b>	<b>27.5</b>	<b>51 392</b>	<b>26.2</b>
Distribution expenses	(10 635)	4.0	(10 292)	5.3
Overheads	(33 368)	12.6	(26 716)	14.1
<b>Profit on sales</b>	<b>29 009</b>	<b>10.9</b>	<b>13 384</b>	<b>6.8</b>
Other operating revenues	396	0.2	308	0.2
Other operating costs	(2 363)	0.9	(1 832)	0.9
<b>Profit from operating activities</b>	<b>27 042</b>	<b>10.2</b>	<b>11 860</b>	<b>6.1</b>
Financial income	49 746	18.7	52 996	27.0
Financial costs	(2 570)	1.0	(4 680)	2.4
<b>Net financial revenues</b>	<b>47 176</b>	<b>17.7</b>	<b>48 316</b>	<b>24.7</b>
<b>Profit before tax</b>	<b>74 218</b>	<b>27.9</b>	<b>60 176</b>	<b>30.7</b>
Current income tax	(1 629)	0.6	(721)	0.4
Deferred income tax	(5 120)	1.9	(1 104)	0.6
<b>Net profit</b>	<b>77 709</b>	<b>29.2</b>	<b>58 351</b>	<b>29.8</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that can be reclassified to the financial result in the future:				
Profit on hedge accounting with tax effect	913	0.4	(280)	0.1
Items that will not be reclassified to the financial result in the future				
Actuarial profits and losses with tax effect	(61)	0,0	(287)	0,1
<b>Other net comprehensive income for the financial year</b>	<b>851</b>	<b>0,4</b>	<b>(567)</b>	<b>0,3</b>
<b>Comprehensive income in total</b>	<b>78.560</b>	<b>29,6</b>	<b>57 784</b>	<b>29,5</b>

## 2.2. Selected financial ratios

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>1. Profitability of net sales</b>			
<u>Net profit for the financial year x 100%</u> revenues on sales	29.2%	29.8%	26.3%
<b>2. Return on equity</b>			
<u>Net profit for the financial year x 100%</u> equity- net profit for the financial year	33.3%	28.0%	26.3%
<b>3. Receivables turnover rate</b>			
<u>Gross average trade receivables x 365 days</u> revenues on sales	63 days	60 days	61 days
<b>4. Debt ratio</b>			
<u>Liabilities x 100%</u> equity and liabilities	29.4%	35.0%	40.5 %
<b>5. Liquidity ratio</b>			
<u>current assets</u> short-term liabilities	1.0	0.8	0.7

- Current assets do not comprise trade receivables with the repayment period longer than 12 months,
- Short-term liabilities comprise short-term provisions for liabilities, short-term liabilities (excluding trade liabilities with the repayment period longer than 12 months) and other short-term accruals
- Net revenues are comprised of revenues from sale of products, goods and materials.
- Average gross trade receivables are the arithmetic average of trade receivables at the beginning and at the end of the reporting period, excluding allowances for receivables.

### **3. Detailed part of the report**

#### **3.1 Accounting system**

The Company is in possession of current documentation describing the applied accounting principles adopted by the Management Board of the Company required by art. 10 of the Accounting Act.

During the audit of the separate financial statement we did not find any material irregularities in the accounting system which has not been corrected and that could have a material impact on the separate financial statement. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością  
sp.k. Registration No. 3546  
ul. Inflancka 4A  
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