

Apator S.A.
Financial Statement,
Opinion and Report of the independent statutory auditor
Year ending 31 December 2011

The opinion contains 3 pages

The report supplementing the opinion contains 10 pages

Opinion of the independent statutory auditor and report supplementing the opinion on the
audit of the separate financial statement for the year ending on 31 December 2011

OPINION OF THE INDEPENDENT STATUTORY AUDITOR

For the General Meeting of Apator S.A.

We carried out the audit of attached separate financial statement of the Company APATOR seated in Toruń, ul. Żółkiewskiego 21/29 (the Company), which consists of the separate statement of financial position prepared as at 31 December 2011 and the separate statement of comprehensive income, separate statement of changes in equity and the separate statement of cash flows for the fiscal period ending this day and the additional notes on the accepted accounting principles and the other explanatory notes.

Responsibility of the Management and the Supervisory Board

The Management Board of the Company is responsible for accuracy of the accounting books, for preparing and reliable presentation of this separate financial statement pursuant to the International Financial Reporting Standards, which were accepted by the European Union and other applicable regulations and for preparation the Business Report. The Management Board is also responsible for internal control, which is deemed as necessary in order the prepared financial statements to be free of any irregularities arisen as a result of intended actions or omissions.

Pursuant to the Accounting Act of 29 September (Dz. U. U. 2009 No. 152, item 1223 as amended) ("Accounting Act") the Management Board of the Company and the members of the Supervisory Board are obliged to ensure that the financial statement and the business report comply with the requirements specified in this Accounting Act.

Responsibility of the Statutory Auditor

Our task is, basing on the performed audit, to express the opinion and to prepare the report on this separate financial statement and the correctness of the accounting books being a base for it. The audit of the financial statement was conducted pursuant to provisions of the chapter 7 of the Accounting Act, national financial reporting standards issued by the National Board of Statutory Auditors in Poland and International Financial Reporting Standards. These regulations impose the obligation to observe the ethic principles and to plan and to performe the audit so that to obtain the reasonable certain that the financial statement and accounting books being the base for it are free of any discrepancies.

The audit consists of conducting the procedures aimed at obtaining the evidences on amounts and information disclosed in the financial statement. The selection of audit procedures depends on our opinion, including the material discrepancy risk as a result of willful actions or omissions. Carrying the assessment of such risk, we consider the preparation-related internal control and reliable presentation of the consolidated financial statement in order to plan the proper procedures for the audit circumstances, but not to express the opinion on efficiency of the internal control in the entity. This audit includes also the assessment of the applied accounting principles, the grounds for estimations made by the Management Board of the Company and the assessment of the general presentation of the separate financial statement.

We are convinced that obtained evidences are the sufficient base to issue an opinion.

Opinion

In our opinion the separate financial statement of Apator S.A. presents in a reliable and clear manner the property and financial standing of the Company as of 31 December 2011, financial result and cash flows for the fiscal year ending this day,, it was prepared, in all material aspects, pursuant to the International Financial Reporting Standards, which were approved by the European Union, it is compliant with all regulations and provisions of the Articles of Association affecting the content of the separate financial statement and it was prepared based on the correctly prepared, in all material aspects, accounting books.

Other issues

Moreover, pursuant to the requirements of the Accounting Act we state that the business report of the Company includes information, specified in Art. 49 of the Accounting Act and of the Ordinance of the Minister of Finances dated 19 February 2009 on the current and periodic information provided by the issuers of securities and conditions of considering as equal the information required by the legal provisions of the non-member country (Dz. U. 2009 No. 33, item 259 as amended) in all material aspects and they are compliant with the information included in the separate financial statement.

The comparative data as at the date and for the fiscal year ending 31st December 2010 were presented based on the separate financial statement of the Company for the year ending 31st December 2010, except for the adjustments specified in the Note 7.32 of the financial statement audited by the other entity authorized to audit financial statement, which on 11th April 2011 issued the opinion with the comment on this separate financial statement.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością
sp.k. , Reg. No. 3546, ul. Chłodna 51, 00-867 Warszawa

Statutory auditor No. 11995
Limited Partner, Proxy
Rafał Wiza

Statutory auditor No. 90061
Limited Partner, Proxy
Marek Gajdziński

Poznań, April 23, 2012

Apator S.A.

Report supplementing the opinion
on the audit of the separate financial statement for the year
ending 31 December 2011

Report supplementing the opinion contains 10 pages
Report supplementing the opinion on the audit of
the separate financial statement for the year ending on 30th June 31

Table of contents

- 1. General part 3
- 1.1. Data identifying the Company 3
 - 1.1.1. Name of the Company Apator S.A. 3
 - 1.1.2. Registered office 3
 - 1.1.3. Registration of the company in the National Court Register 3
 - 1.1.4. Manager of the Entity..... 3
- 1.2. Data identifying the statutory auditor and entity authorized to audit financial statements 3
 - 1.2.1. Data identifying the statutory auditor 3
 - 1.2.2. Data identifying the authorized entity 3
- 1.3. Information on the separate financial statement for the previous fiscal year 4
- 1.4. Scope of activities and responsibilities 4
- 2. Financial analysis of the Company 5
 - 2.1. General analysis of the separate financial statement 5
 - 2.1.1. Separate statement of financial position 5
 - 2.1.2. Separate statement of comprehensive income 6
 - 2.2. Selected financial ratios 7
- 3. Detailed part..... 7
 - 3.1. Correctness of the applied accounting system 7
 - 3.2. Additional notes to the separate financial statement..... 7
 - 3.3. Business report of the Company 7
 - 3.4. Information on the opinion of the independent statutory auditor..... 8

1. General part

1.1. Data identifying the Company

1.1.1. Name of the Company Apator S.A.

1.1.2. Registered office

ul. Żółkiewskiego 21/29 87-100 Toruń

1.1.3. Registration of the company in the National Court Register

Registering Court: Register Court in Toruń, 7th Commercial Department
of the National Court Register
Date: 24 October 2001
Register No.: KRS 0000056456

The share capital as at the date of the financial statement PLN 3,510,702.80

1.1.4. Manager of the Entity

The position of the manager of the entity is held by the Management Board.

The Management Board of the Company as at 31 December 2011 consisted of:

- Mr Janusz Niedźwiecki- President of the Management Board
- Mr Tomasz Habryka- Member of the Management Board
- Mr Jerzy Kuś - Member of the Management Board

1.2. Data identifying the statutory auditor and entity authorized to audit financial statements

1.2.1. Data identifying the statutory auditor

Name: Marek Gajdziński
Register No.: 90061

First name and surname: Rafał Wiza
Register No.: 11995

1.2.2. Data identifying the authorized entity

Company: KPMG Spółka z ograniczoną odpowiedzialnością
Sp.k.
Registered office: Warsaw
Address: ul. Chłodna 51, 00-867 Warszawa
Register No.: KRS 0000339379
Registering Court: District Court for the capital city of Warsaw in Warsaw
12th Commercial Department of the National Court Register,
NIP [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 statements with the number 3546.

1.3. Information on the separate financial statement for the previous fiscal year

The separate financial statement for the fiscal year ending on 31st December 2010 was audited by Korycka, Budziak & Audytorzy Sp. z o.o. and obtained the opinion of the statutory auditor with the following comment:

“Having no objections to the correctness and accuracy of the audited financial statement we note that the Company presents in the statement of financial position the particular items of equity without considering the effects of translation made under IAS 29 “Financial Reporting in Hyperinflationary Economies”. The effects of translation of equity and reasons for not recognizing them in the statement of financial position are presented in the Note to Financial Statement (Note 15). This issue was noted in the opinions from audit of the financial statement for the years 2005-2009.”

The separate financial statement was approved by the General Meeting on 20 June 2011, which stated that the profit for the previous fiscal year in the amount of PLN 41,259,924.88 was divided as follows:

- Dividend PLN 21,064,216.80,
- Supplementary capital PLN 20,195,708.08.

The separate financial statement has been submitted to the Register Court on 1 July 2011 and published in Monitor Polski B No. 2028 of 4 November 2011.

1.4. Scope of activities and responsibilities

This report was prepared for the General Meeting of Apator S.A., seated in Toruń, ul. Żółkiewskiego 21/29 and refers to the separate financial statement, which consists of the separate statement of financial position prepared as of 30th June 2011 and the separate statement of comprehensive income, separate statement of changes in equity and the separate statement of cash flows for the fiscal year ending this day and the additional notes on the accepted accounting principles and the other explanatory notes.

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

The audit of the separate financial statement was conducted pursuant to the agreement of 11 April 2011 concluded under Resolution of the Supervisory Board of 1 March 2011 referring to the selection of the entity authorized to audit the financial statement.

The audit of the separate financial statement was conducted pursuant to provisions of the chapter 7 of the Accounting Act, national financial reporting standards issued by the National Board of Statutory Auditors in Poland and International Financial Reporting Standards.

The audit of the separate financial statement was conducted in the registered office of the Company in the period from 28 November to 2 December and to 5 to 9 March 2012.

The Management Board of the Company is responsible for accuracy of the accounting books, for preparing and reliable presentation of the separate financial statement pursuant to the International Financial Reporting Standards, which were accepted by the European Union and other applicable regulations and for preparation the Business Report.

Our task was, basing on carried audit, to express the opinion and to prepare the supplementing report on this separate financial statement and the correctness of the accounting books being a base for it.

The Management Board of the Company on the date of issue of this report submitted the statement on reliability and clearness of the separate financial statement presented to be audited and on lack of occurrence of the events not disclosed in the separate financial statement affecting significantly the data presented in the separate financial statement for the audited year.

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

The key statutory auditors and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. meet the requirement of independency from the audited Company in the meaning of Art. 56 sec. 3 and 4 of the Act of 7th May 2009 on the Statutory Auditors and Their Self-Regulation, entities authorized to audit financial statements and on public supervision (Dz. U. No. 77 item 649).

The scope of planned and executed works was not limited in any manner. The scope and manner of the audit result from the prepared working documents, which are held in the registered office of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

2. Financial analysis of the Company

2.1. General analysis of the separate financial statement

2.1.1. Separate statement of financial position

ASSETS	31.12.2011		31.12.2010	
	'000 PLN	assets	'000 PLN	assets
Non-current assets				
Property, plant and equipment	56 240	21.8	28 769	13.8
Intangible assets	3 173	1.2	4 021	1.9
Investment property	1 405	0.6	1 341	0.7
Other long-term financial assets	125 862	48.7	121 354	58.3
Granted long-term borrowings	324	0.1	481	0.2
Long-term receivables	1 117	0.4	205	0.1
Deferred tax assets	2 334	0.9	2 010	1.0
Total non-current assets	190 455	73.7	158 181	76.0
Current assets				
Inventories	22 289	8.6	14 918	7.2
Trade and other receivables	37 402	14.5	33 128	15.9
Other short-term financial assets	-	-	692	0.3
Granted short-term loans	230	0.1	165	0.1
Cash and cash equivalents	80	0.0	683	0.3
Short-term accrued and deferred assets	391	0.1	341	0.2
Non-current assets held for resale	7 732	3.0	-	-
Total current assets	68 124	26.3	49 427	24.0
TOTAL ASSETS	258 579	100.0	208 108	100.0

LIABILITIES	31.12.2011		31.12.2010	
	'000 PLN	assets	'000 PLN	assets
Equity				
Share capital	3 511	1.4	3 511	1.7
Other capitals	125 410	48.5	105 214	50.6
Capital from measurement of hedge transactions	(1 460)	0.6	-	-
Undivided financial result	37 731	14.6	32 483	15.6
Total equity	165 192	63.9	141 208	67.9
Liabilities				
Liabilities due to borrowings	15 000	5.8	18 000	8.7
Long-term liabilities	2 190	0.9	40	0.0
Reserve due to deferred income tax	2 305	0.9	1 948	0.9
Provisions and liabilities due to employee benefits	4 556	1.7	4 773	2.3
Total long-term liabilities	24 051	9.3	24 761	11.9
Liabilities due to borrowings	35 147	13.6	19 299	9.3
Trade liabilities and other	25 119	9.7	21 309	10.2
Short-term provisions for employee liabilities	1 618	0.6	1 132	0.5
Other short-term provisions	452	0.2	399	0.2
Liabilities related to the non-current assets held for sale	7 000	2.7	-	-
Total short-term liabilities	69 336	26.8	42 139	20.2
Total liabilities	93 387	36.1	66 900	32.1
TOTAL LIABILITIES AND EQUITY	258 579	100.0	208 108	100.0

2.1.2. Separate statement of comprehensive income

	1.01.2011 -		1.01.2010 -	
	31.12.2011	przychodów	31.12.2010	przychodów
	'000 PLN	from sales	'000 PLN	from sales
Revenues from sales	156 092	100.0	162 580	100.0
Cost of sale	(113 830)	72.9	(127 094)	78.2
Gross profit from sales	42 262	27.1	35 486	21.8
Other operating revenues	3 799	2.4	957	0.6
Distribution expenses	(12 912)	8.3	(12 330)	7.6
Administration expenses	(19 288)	12.3	(17 387)	10.7
Other operating costs	(1 998)	1.3	(1 613)	1.0
Profit from operating activities	11 863	7.6	5 113	3.1
Finance income	36 029	23.1	42 407	26.1
Finance cost	(8 102)	5.2	(5 228)	3.2
Financial revenue, net	27 927	17.9	37 179	22.9
Profit before tax	39 791	25.5	42 292	26.0
Income tax	(2 059)	1.3	(1 032)	0.6
Net loss for the fiscal year	37 731	24.2	41 260	25.4

OTHER COMPREHENSIVE INCOME

Hedge accounting	(1 803)	1,2
Income tax referring to other comprehensive income	343	0,2

<i>Net other comprehensive income for the fiscal year</i>	<i>(1 460)</i>	<i>1,0</i>		
<i>Total comprehensive income for the fiscal year</i>	<i>36 271</i>	<i>23.2</i>	<i>41260</i>	<i>25,4</i>

2.2. Selected financial ratios

	2011	2010	2009
1. Return on sales			
Net profit for the fiscal year x 100%	24.2%	25.4%	19.9%
Revenues from sales			
2. Return on equity			
Net profit for the fiscal year x 100%	29.6%	41.3%	20.5%
Equity – net profit for the fiscal year			
3. Receivables turnover rate			
Average state of gross trade receivables x 365 days	75 days	61 days	70 days
Revenues from sales			
4. Debt rate			
Liabilities x 100%	36.1%	32.1%	37.3%
total liabilities and equity			
5. Liquidity ratio			
Current assets	1.0	1.2	1.0
Short-term liabilities			

- Net revenues include the net revenues from sale of products, goods and materials.
- Average trade receivables are the arithmetic average of trade receivables from the beginning to the end of the reporting period, excluding the revaluation allowances.

3. Detailed part

3.1. Correctness of the applied accounting system

The Company has the updated documents describing the accounting principles applied by the Management Board of the Company in the scope required by Art. 10 of the Accounting Act.

During the audit of the separate financial statement we carried out the random review of the correctness of the accounting system operation.

During these works we do not stated any material irregularities in the accounting system, which would not be removed and might affect the separate financial statement in a significant manner. To express the complex opinion on functioning of the mentioned system was not a purpose of this audit.

The Company carried out the stockholding of the assets in the terms specified in Art. 26 of the Accounting Act.

3.2. Additional notes to the separate financial statement

The data included in the explanatory notes to the separate financial statement including the description of the material accounting principles and other explanatory information were presented, in all material aspects, as complete and accurate. These data constitute the integral part of the individual financial statement.

3.3. Business report of the Company

The business report of the Company includes, in all material aspects, information mentioned in the art. 49 of the Accounting Act and of the Ordinance of the Minister of Finances dated 19 February 2009 on the current and periodic information provided by the issuers of securities and conditions of considering as equal the

information required by the legal provisions of the non-member country (Dz. U. 2009 No. 33, item 259 as amended) in all material aspects and they are compliant with the information included in the separate financial statement.

3.4. Information on the opinion of the independent statutory auditor

Based on the performed audit of the separate financial statement of the Company prepared as at 31 December 2011 and for the period ending on this date we issued the opinion without any reservations.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. , Reg. No. 3546, ul. Chłodna 51, 00-
867 Warszawa

Statutory auditor No. 11995
Limited Partner, Proxy
Rafał Wiza

Statutory auditor No. 90061
Limited Partner, Proxy
Marek Gajdziński

Poznań, April 23, 2012 r.