

**CERTIFIED AUDITOR'S  
OPINION AND REPORT  
ON THE FINANCIAL REPORT AUDIT  
OF STALPRODUKT SPÓŁKA AKCYJNA  
BASED IN BOCHNIA  
FOR THE REPORTING YEAR  
FROM 1 JANUARY 2013 TO 31 DECEMBER 2013**

**WROCLAW – APRIL 2014**

**Independent Certified Auditor's Opinion  
for the General Meeting of Shareholders and Supervisory Board  
of Stalprodukt Spółka Akcyjna on the Financial Report Audit Carried out  
for the Reporting Period from 1 January 2013 to 31 December 2013**

We have audited the enclosed Financial Report of Stalprodukt S.A. (hereinafter referred to as the Company) based in Bochnia ul. Wygoda 69, including:

- 1) balance sheet drawn up as of 31 December 2013, with total assets and liabilities amounting to **PLN 1 941 798 thousand**,
- 2) profit and loss account and statement of comprehensive income for the period from 1 January 2013 to 31 December 2013 showing the comprehensive income and net profit of **PLN 9 938 thousand**,
- 3) statement of changes in equity for the period from 1 January 2013 to 31 December 2013 showing an increase in equity by **PLN 2 266 thousand**,
- 4) cash flow statement for the period from 1 January 2013 to 31 December 2013, showing a decrease in cash by **PLN 14 587 thousand**,
- 5) additional information sheet on the adopted accounting principles and other explanatory information.

The Company's Management Board is responsible for preparing the Financial Report and Report on the Company's Activities in compliance with the currently applicable regulations and for the correctness of accounting books. The members of the Management Board and Supervisory Board are obligated to assure that the Financial Report and the Report on the Company's Activities shall meet the requirements provided for in the Accountancy Act as of 29 September 1994 (Accountancy Act Journal of Laws 2013, item. 330, consolidated text).

Our task was to carry out an Audit of the enclosed Financial Report and to express our opinion on its compliance, in all essential aspects, with the required accounting principles (policy) and if the same presents accurately and clearly, in all essential aspects, the Company's assets and its financial standing as well as on the Company's financial results and on the correctness of the books of accounts constituting the Audit basis.

The Audit has been carried out pursuant to the following provisions:

- 1) provisions of Chapter 7 of the Accountancy Act,
- 2) national financial audit standards issued by the National Council of Certified Auditors in Poland.

The Audit was planned and carried out in such a way that we could be sufficiently assured that the Financial Report does not contain any essential errors or omissions. The audit consisted, among others, in the sample-based inspection of the evidence confirming the amounts and information items included in the Financial Report. The Audit also embraced the assessment of the accounting principles applied by the Company and essential

appraisals made during the preparation of the Financial Report and also a general assessment of Report's presentation.

We think that the Audit provided a sufficient basis for this opinion to be issued.

In our opinion the audited Financial Report in all its essential aspects:

- a) presents accurately and clearly all the information essential for the assessment of the property and financial standing of the audited Company as of 31 December 2013, as well as its financial results for the reporting year from 1 January 2013 to 31 December 2013 in compliance with the International Financial Reporting Standards approved by the European Union,
- b) is compliant, in respect of its form and content, with the legal provisions applicable to the Company and with the Company's Articles of Association,
- c) has been prepared on the basis of correctly kept books of accounts and in compliance with the required accounting principles (policy).

As of 7 November 2012 an agreement was concluded with the State Treasury, as a result of which the Company acquired 10 961 600 registered shares of Zakłady Górniczo-Hutnicze "Bolesław" S.A. based in Bukowno, accounting for 86.92% of its share capital. The value of the transaction amounted to PLN 219 232 thousand, i.e. PLN 20 per share. Moreover, in order to carry out an investment-related obligation, the Company – as the acquirer – made an obligation to raise the ZGH "Bolesław" share capital by PLN 40 000 thousand within a contractual time limit of up to maximum 3 years, calculated from the conclusion of the transaction. The Company's Management Board decided that the date 31.12.2012 should be regarded as the "acquisition date" equivalent to the "obtaining-control - date". The Company correctly recognised the settlement of the purchase price in the Additional Information on the Adopted Accounting Principles and other explanatory information.

The information included in the Report on the Company's Activities for the reporting year from 1 January to 31 December 2014 are compliant with the Regulation of the Minister of Finance as of 19 February 2009 on current and periodic information disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state. (Journal of Laws as of 2014, item 133) and stand in accordance with the information contained in the audited Financial Report.

Teresa Sadowska, Certified Auditor No 9358

Key Certified Auditor carrying out the Audit on behalf of:

Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o.

ul. Grabiszyńska 163, 53-437 Wrocław

Entity authorised to audit financial reports No 3771

Wrocław, this day 29 April 2014



**COMPLEMENTARY REPORT TO OPINION**  
**ON THE FINANCIAL REPORT AUDIT OF**  
**STALPRODUKT SPÓŁKA AKCYJNA**  
**IN BOCHNIA**  
**FOR THE FISCAL YEAR**  
**FROM 1 JANUARY 2013 TO 31 DECEMBER 2013**

**I. REPORT GENERAL PART****1. Audited Company Identification data****1.1 Company's Name**

Stalprodukt Spółka Akcyjna

**Company's Seat**

32-700 Bochnia, ul. Wygoda 69

**Record in the National Court Register**Registration Court: District Court of Krakow for Krakow-Śródmieście, 12th Economic  
Department of the Court Register

Date: 25 October 2001

Record No: KRS 0000055209

VAT No: 868-000-07-75

National Statistical Number REGON: 850008147

**1.2 Object of Company's Activities**

The principal object of the audited Company's activities is manufacture of flat cold-rolled products according to the Polish Classification of Activities PKD PKD 2432Z.

**1.3 Ownership Structure and Associated Companies**

As of 31.12.2013 the ownership structure of the Parent Company's initial capital of PLN 13,450.0 thousand presents itself as follows:

Shareholder's name	Number of shares (items)	Nominal Value	Structure
Mittal Steel Poland S.A.	2 270 800	PLN 4 541.6 thou.	33.77%
STP Investment S.A.	1 959 725	PLN 3 919.4 thou.	29.14%
Stalprodukt Profil S.A.	619 065	PLN 1 238.2 thou.	9.21%
Other	1 875 410	PLN 3 750.8 thou.	27.88%
<b>Total</b>	<b>6 725 000</b>	<b>PLN 13 450.0 thou</b>	<b>100.00%</b>

As of the end of the reporting period, the audited Company is a parent company for:

- Stalprodukt-MB Sp. z o.o.,
- Stalprodukt-Wamech Sp. z o.o.,
- Stalprodukt Centostal- Kraków Sp. z o.o.,
- Stalprodukt- Serwis Sp. z o.o.,
- Stalprodukt-Zamość Sp. z o.o.,
- Stalprodukt-Warszawa Sp. z o.o.
- Stalprodukt-Ochrona Sp. z o.o.,
- STP Elbud Sp. z o.o.,
- Cynk-Mal S.A.,
- ZGH "Bolesław" S.A.

#### 1.4. Company's Governing Body

The Company's governing body is the Management Board.

As of 31 December 2013, the Management Board consisted of:

- Mr. Piotr Janeczek – President of the Board,
- Mr. Antoni Noszkowski - Member of the Board,
- Mr. Józef Ryszka – Member of the Board.

#### 1.5 Employment

In 2013, the average employment reached the level of 1559 employees and 1639 employees in 2012 as well.

### 2. Identification Data of the Key Certified Auditor and Company Authorized to Auditing Financial Reports

#### 2.1 Key Certified Auditor's Identification Data

Name and surname: Teresa Sadowska

Register No: 9358

#### 2.2 Identification Data of the Company Authorized to Audit the Financial Report

Company: Biegły.pl Kancelaria Biegłych Rewidentów Spółka z ograniczoną odpowiedzialnością  
(*Accord ab Certified Auditors Limited Liability Company*)

Seat: 53-437 Wrocław, ul. Grabiszyńska 163

Register No: 0000407506

District Court: for Wrocław Fabryczna 6th Economic Department of National Court Register

VAT No: 894-303-73-63

Initial Capital 120,000.00

Biegły.pl Kancelaria Biegłych Rewidentów Spółka z o.o. is registered as a company No 3771 - authorized to carry out financial report audits.

The financial report audit was carried out on the basis of the contract as of July 17, 2013, concluded pursuant to the Resolution of the Supervisory Board (the Resolution No 94/VIII/2013) as of June 21, 2013 concerning selection of the company authorized to carry out the financial report audit.

The financial report audit was carried out during the months: January, March, April 2014.

Both the authorized auditing company and its key certified auditor fulfill the requirement of independence from the audited Company as construed in Art. 56 par. 3 and 4 of the Act as of May 7, 2009 on Certified Auditors, their Self-Government, Entities Authorized to Audit Financial Reports and on Public Supervision (Journal of Laws No 77, item 649).

### 3. Information on the Financial Report for the Previous Reporting Year

The Financial Report for 2012 was audited by the company: "Accord"ab Biegli Rewidenci Spółka z o.o. based in Wrocław, and approved without any reservations.

The Financial Report was approved on 21 June 2013 by the General Meeting of Shareholders, which, by means of the Resolution No XXIX/13a/2013, took a decision on the distribution of profit for the reporting year 2012, as follows:

- bonus for the Shareholders in the amount of PLN 6,655.3 thousand,
- bonus for the Board in the amount of PLN 542.3 thousand,
- bonus for the Supervisory Board in the amount of PLN 474.5 thousand,
- reserve capital in the amount of PLN 60,112.7 thousand.

The Financial Report for 2012 was submitted with the Registration Court on June 28, 2013.

#### **4. Scope of Work and Liability**

The present report has been prepared for the General Meeting of Shareholders of Stalprodukt S.A. – company based in Bochnia, 69 Wygoda Street [*ul. Wygoda 69*]. Pursuant to the decision of the General Meeting of Shareholders as of June 30, 2005, the audited company prepares its financial reports in compliance with the International Financial Reporting Standards, approved by the European Union.

We have carried out the audit of the Financial Report pursuant to Chapter 7 of the Accountancy Act, national accounting standards issued by the Polish Council of Certified Auditors and International Standards on Auditing.

The Company's Management Board is responsible for the correctness of the accounting books as well as preparation and accurate presentation of the Company's stand-alone Financial Report in compliance with the International Financial Reporting Standards, approved by the European Union, and other regulations applicable to issuers of securities admitted to public trading and official stock exchange quotations as well as other applicable regulations, and for the preparation of the Report on the Company's Activities.

Our task was to express our opinion on the Financial Report on the basis of the carried out audit and prepare a complementary report in reference to the Financial Report concerned and the correctness of the accounting books underlying it.

On the day this report was issued, the Company's Management Board made a statement on the accuracy and clarity of the audited Financial Report and on non-occurrence of events that might have significantly affected the data disclosed in the Financial Report for the audited year.

During the Financial Report audit, the Company's Management Board submitted all the requested statements, explanations and information and furnished us with all the documents and information necessary for us to express our opinion and prepare the report. The scope of the work planned and performed has not been limited in any way.

The scope of the work planned and performed has not been limited in any way. The scope of the audit carried out has resulted from the working documentation compiled and filed at the seat of our company Biegły.pl Kancelaria Biegłych Rewidentów Spółka z o.o.

The basis for the opening balance as of January 1, 2014, was the closing balance drawn up as of December 31, 2013.

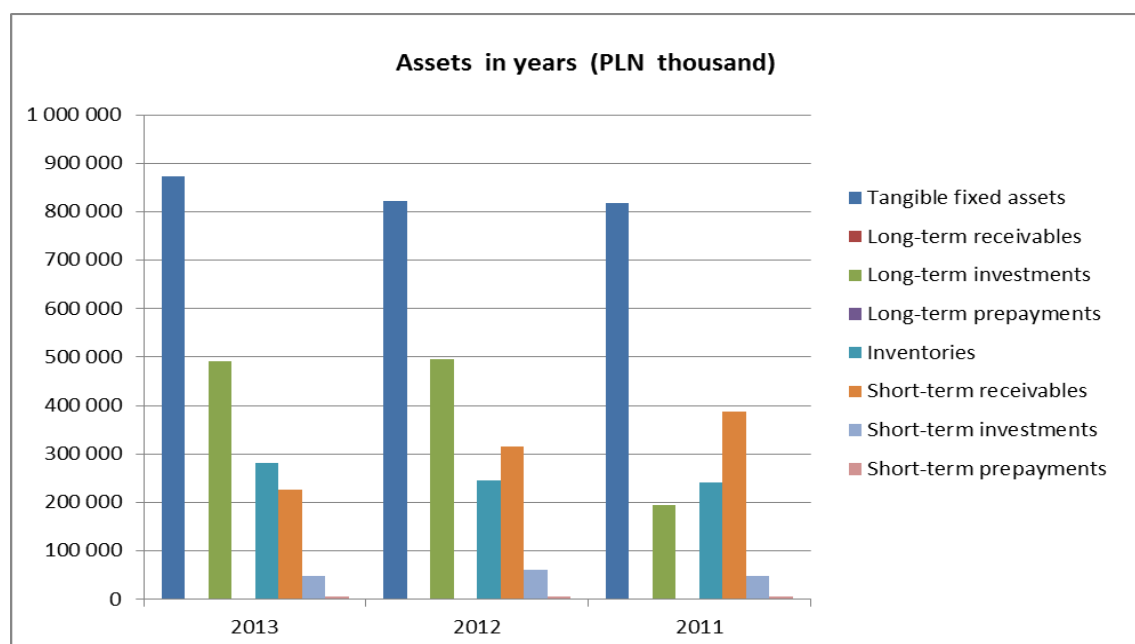
#### **II. ECONOMIC AND FINANCIAL ANALYSIS**

The Company's economic and financial analysis was carried out on the basis of the results achieved in the years 2011 – 2013.

**Balance Sheet Analysis - Assets, figures (PLN thou) rounded to the nearest hundred:**

No	Specification	2013		2012		2011		changes			
		PLN thou.	percentage share	PLN thou.	percentage share	PLN thou.	percentage share	PLN thou.	%	PLN thou.	%
								2013/2012		2013/2011	
1	2	3	4	5	6	7	8	9	10	11	12
<b>A.</b>	<b>Fixed assets</b>	<b>1 382 901,0</b>	<b>71,2</b>	<b>1 337 810,9</b>	<b>68,1</b>	<b>1 031 609,0</b>	<b>60,2</b>	<b>45 090,0</b>	<b>103,4</b>	<b>351 292,0</b>	<b>134,1</b>
I.	Intangible fixed assets	18 191,0	0,9	18 355,1	0,9	18 281,1	1,1	(164,1)	99,1	(90,1)	99,5
II.	Tangible fixed assets	872 705,5	44,9	822 323,2	41,9	817 731,2	47,7	50 382,3	106,1	54 974,3	106,7
III.	Long-term receivables										
IV.	Long-term investments	491 178,4	25,3	496 330,2	25,3	194 852,5	11,4	(5 151,8)	99,0	296 325,9	252,1
V.	Long-term prepayments	826,1	0,0	802,5	0,0	744,1	0,0	23,6	102,9	81,9	111,0
<b>B.</b>	<b>Current assets</b>	<b>558 896,7</b>	<b>28,8</b>	<b>625 735,2</b>	<b>31,9</b>	<b>683 087,4</b>	<b>39,8</b>	<b>(66 838,4)</b>	<b>89,3</b>	<b>(124 190,6)</b>	<b>81,8</b>
I.	Inventories	280 360,5	14,4	244 283,9	12,4	241 763,2	14,1	36 076,6	114,8	38 597,3	116,0
II.	Short-term receivables	225 543,1	11,6	315 593,9	16,1	387 965,0	22,6	(90 050,8)	71,5	(162 421,9)	58,1
III.	Short-term investments	47 859,2	2,5	59 925,9	3,1	48 239,9	2,8	(12 066,7)	79,9	(380,7)	99,2
a)	receivables from related entities	10 110,0	0,5	7 590,0	0,4	5 190,0	0,3	2 520,0	133,2	4 920,0	194,8
IV.	Short-term prepayments	5 133,9	0,3	5 931,5	0,3	5 119,3	0,3	(797,5)	86,6	14,6	100,3
<b>Total assets</b>		<b>1 941 797,7</b>	<b>100,0</b>	<b>1 963 546,1</b>	<b>100,0</b>	<b>1 714 696,4</b>	<b>100,0</b>	<b>(21 748,4)</b>	<b>98,9</b>	<b>227 101,3</b>	<b>113,2</b>

The assets are presented in a graphic form as follows:

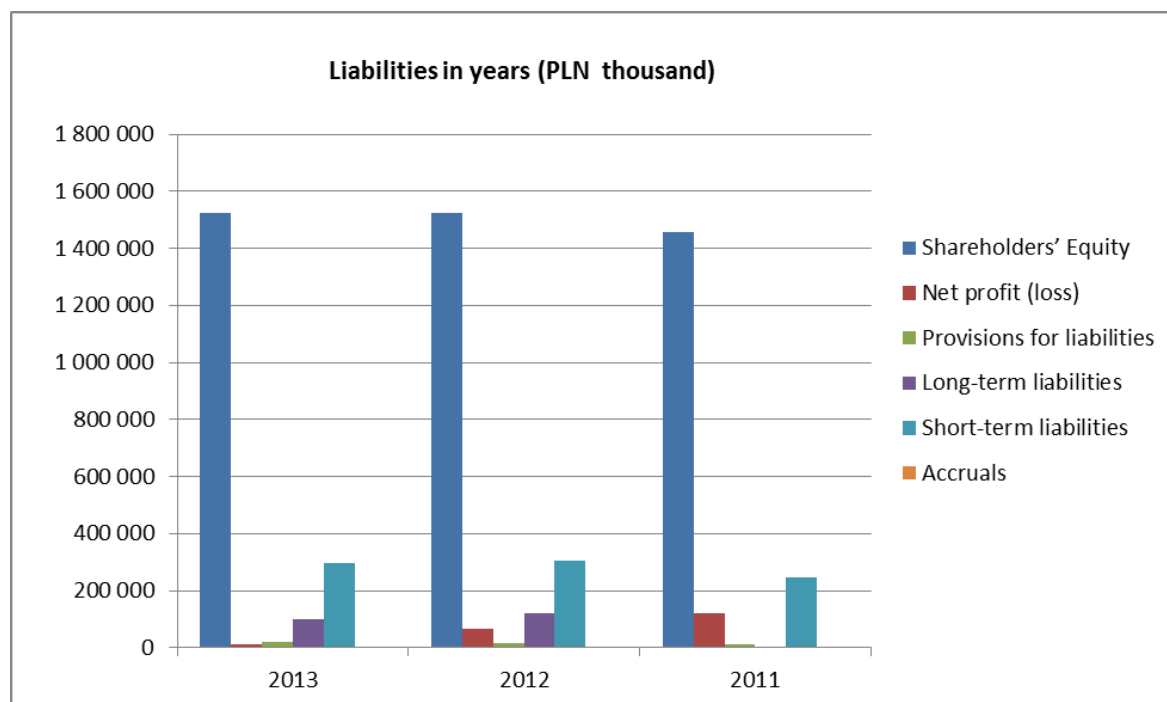




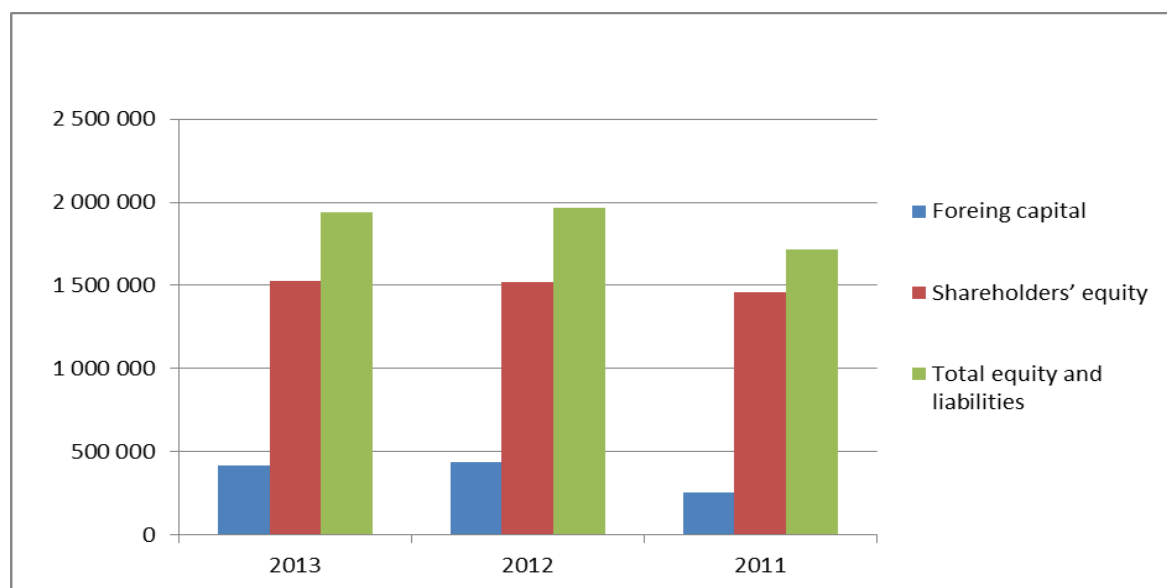
**Liabilities, figures (PLN thou) rounded to the nearest hundred:**

No	Specification	2013		2012		2011		changes			
		PLN thou.	percentage share	PLN thou.	percentage share	PLN thou.	percentage share	PLN thou.	%	PLN thou.	%
								2013/2012		2013/2011	
1	2	3	4	3	4	5	6	9	10	11	12
<b>A.</b>	<b>Shareholders' Equity</b>	1 524 852,9	78,5	1 522 586,7	77,5	1 456 638,7	85,0	2 266,2	100,1	68 214,2	104,7
I.	Share capital	13 450,0	0,7	13 450,0	0,7	13 450,0	0,8		100,0		100,0
II.	Called up share capital not paid (negative figure)										
III.	Own shares (stakes) (negative value)	(139,5)	(0,0)	(139,5)	(0,0)	(139,5)	(0,0)		100,0		100,0
IV.	Reserve capital	104 183,7	5,4	104 183,7	5,3	104 082,0	6,1		100,0	101,7	100,1
V.	Reserve capital from revaluation	3 166,6	0,2	3 166,6	0,2	3 268,3	0,2		100,0	(101,7)	96,9
VI.	Other reserve capital	1 394 253,8	71,8	1 334 141,2	67,9	1 213 527,1	70,8	60 112,7	104,5	180 726,7	114,9
VII.	Retained earnings (losses)										
VIII.	Net profit (loss)	9 938,3	0,5	67 784,7	3,5	122 450,8	7,1	(57 846,4)	14,7	(112 512,6)	8,1
<b>B.</b>	<b>Liabilities and provisions for liabilities</b>	416 944,8	21,5	440 959,4	22,5	258 057,6	15,0	(24 014,6)	94,6	158 887,2	161,6
I.	Provisions for liabilities	21 503,9	1,1	16 008,7	0,8	11 503,2	0,7	5 495,1	134,3	10 000,7	186,9
II.	Long-term liabilities	100 000,0	5,1	120 000,0	6,1			(20 000,0)	83,3	100 000,0	
III.	Short-term liabilities	295 355,2	15,2	304 871,9	15,5	246 480,6	14,4	(9 516,7)	96,9	48 874,6	119,8
1.	To related entities	17 074,9	0,9	19 654,2	1,0	11 630,7	0,7	(2 579,3)	86,9	5 444,2	146,8
IV.	Accruals	65,8	0,0	78,8	0,0	73,9	0,0	7,0	106,9	11,8	116,0
	<b>Total Liabilities</b>	1 941 797,7	100,0	1 963 546,1	100,0	1 714 696,4	100,0	(21 748,4)	98,9	227 101,3	113,2

The liabilities are presented in a graphic form as follows:



The assets and the liabilities are presented in a graphic form as follows:



In accordance with the above data arising from the analytical balance sheet, the status of the audited entity is affected by the following aspects:

- a) fixed assets account for 71.2% of the entity's total assets, with tangible fixed assets constituting the biggest share, accounting for 45 % of the total assets;
- b) at the same time there is an observable increase of the balance sheet value of tangible fixed assets, which recorded in the years (2011-2013) amounts to PLN 54 974.3 thousand;  
It has resulted from the investment outlays expended on the renewal of the fixed assets and progressing ageing of the fixed assets. The present, accruing value of the assets' depreciation, as the measure of their consumption, amounts to 25,1% of their initial value. In 2013, the amount of PLN 79 891 thousand was expended for the modernization and purchase of new fixed assets.
- c) intangible assets did not change significantly compared to the previous year,
- d) in the current assets section a decrease by PLN 66 838.4 thousand (10.7 % in relation to 2012) was recorded, mainly including:
  - decrease of short-term receivables by 28.8 % in relation to the previous year, which is a result of lower sales of products and services, totalling 24.2 % in comparison to 2012.
  - as of 31st December 2013 the amount of cash decreased by PLN 14 586.7 thousand in relation to the previous year, however this decrease did not have a considerable impact on financial liquidity;
  - the inventories share in the current assets reached the level of 50.9 %;
- e) in the balance sheet liabilities section an increase by PLN 68 214.2 thousand (4.7%) draws attention, concerning the equity amounts recorded over a 3-year period. In connection with the above, as of the balance sheet day, the equity share in financing the entity's assets reached the level of 78.5% in relation to the total assets, which has a beneficial impact on the financial stability of the audited entity;
- f) share capital did not undergo any changes during the years under analysis;
- g) the biggest figure within equity (91.3%) is reserve capital;
- h) short-term payables decreased by 3.3% in relation to 2012 and increased by 19.8% in relation to 2011, mainly due to the incurred credits.

**2. Comprehensive income statement (PLN thou) rounded to the nearest hundred:**

No	Specification	2013		2013		2012		changes			
		PLN thou.	percentage share	PLN thou.	percentage share	PLN thou.	percentage share	PLN thou.	%	PLN thou.	%
								2013/2012		2013/2011	
1	2	3	4	5	6	7	8	9	10	11	12
<b>A. Basic activities</b>											
1.	Net sales of products, goods and materials	1 248 495,3	99,1	1 646 331,9	99,4	1 787 542,5	99,6	(397836,7)	75,8	(539 047,2)	69,8
2.	Costs of products, goods and materials sold	1 233 026,9	99,1	1 565 654,2	99,5	1 636 510,0	99,6	(332 627,3)	78,8	(403 483,0)	75,3
3.	Profit (loss) on sales	15 468,3		80 677,7		151 032,5		(65 209,4)	19,2	(135 564,2)	10,2
<b>B. Other operating activities</b>											
1.	Other operating incomes	4211,1	0,3	1 977,3	0,1	1 321,6	0,1	2 233,8	213,0	2 889,5	318,6
2.	Other operating costs	4 969,4	0,4	4 123,1	0,3	3 154,0	0,2	846,2	120,5	1 815,3	157,6
3.	Operating result	(758,3)		(2 145,9)		(1 832,5)		1 387,6	35,3	1 074,2	41,4
C.	Operating profit (loss) (A3+B3)	14 710,0		78 531,9		149 200,1		(63 821,8)	18,7	(134 490,0)	9,9
<b>D. Financing activities</b>											
1.	Financial incomes	7 371,7	0,6	8 353,1	0,5	5 466,6	0,3	(981,4)	88,3	1 905,2	134,9
2.	Financial costs	5 915,8	0,5	3 513,1	0,2	3 113,3	0,2	2 402,7	168,4	2 802,5	190,0
3.	Financial result	1 455,9		4 840,0		2 353,2		(3 384,1)	30,1	(897,4)	61,9
<b>E. Financial result</b>											
1.	Extraordinary gains										
2.	Extraordinary loss										
3.	Result from extraordinary events										
F.	Profit (loss) before taxation (C+D3+E3)	16 165,9		83 371,9		151 553,3		(67 206,0)	19,4	(135 387,4)	10,7
1.	Income tax	6 227,7		15 587,2		29 102,5		(9 359,5)	40,0	(22 874,8)	21,4
2.	Other obligatory reductions of profit (increases of loss)										
G.	Total obligatory charges	6 227,7		15 587,2		29 102,5		(9 359,5)	40,0	(22 874,8)	21,4
	Net profit (loss) (F-G)	9 938,3		67 784,7		122 450,8		(57 846,4)	14,7	(112 512,6)	8,1

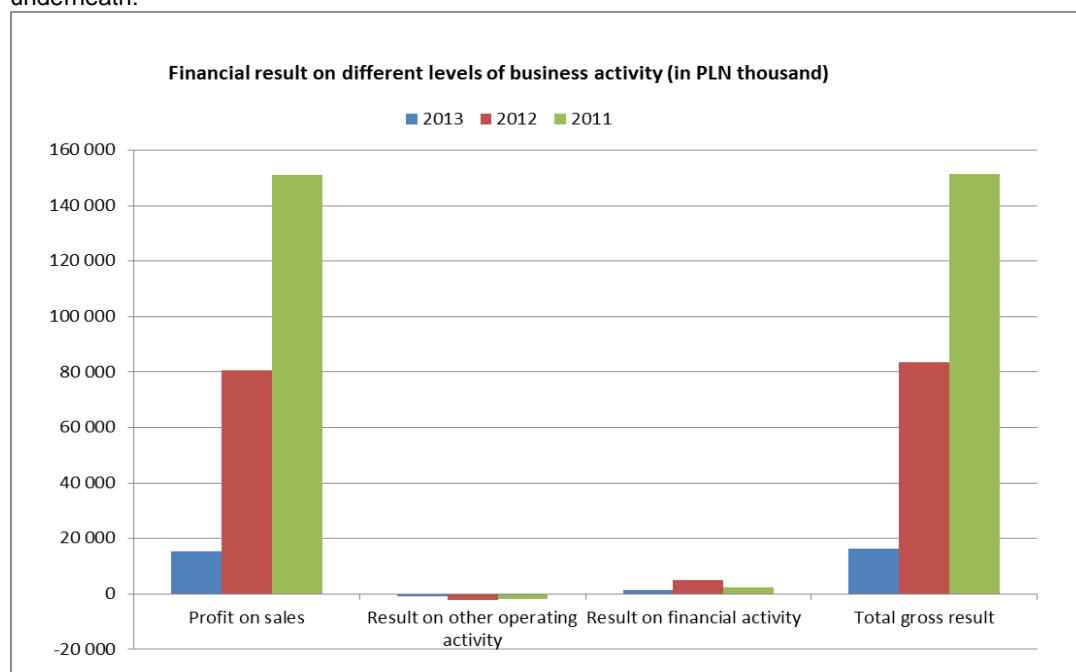
<b>Total income</b>	1 260 078,0	100,0	1 656 662,3	100,0	1 794 330,6	100,0	(396 584,3)	76,1	(534 252,6)	70,2
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<b>Total costs</b>	1 243 912,1	100,0	1 573 290,4	100,0	1 642 777,3	100,0	(329 378,4)	79,1	(398 865,2)	75,7
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The comprehensive income statement shows a positive financial result amounting to net PLN 9 938.3 thousand in the reporting year, while the generated net profit in relation to:

- total assets accounts for 0.5 %
- total income accounts for 0.8 % (net profit margin),
- own capital employed accounts for 0.7 %.

The shares of particular elements of profit and loss account, affecting the financial result, are presented in the graph underneath:



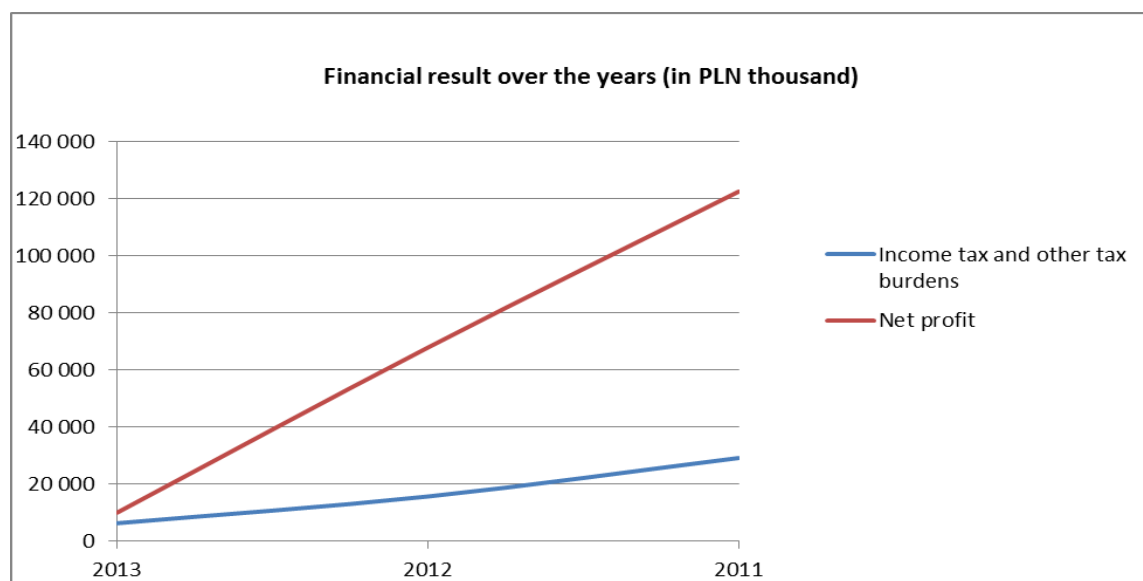
The analysis of the comprehensive income statement points to the decrease of the income from sales and the decrease of operating costs. The decrease of revenues was faster than the decline of costs, what consequently contributed to decreasing profit on sales by 81% in comparison to the previous year.

Other operating income was increased by 113%, whereas other operating costs were increased by 20.5 % in relation to the previous year.

In the financial activity segment the entity suffered a profit amounting to PLN 1 456 thousand.

The referenced changes resulted in the net result reaching the level of PLN 9 938 thousand, i.e. a result lower by PLN 57 847 thousand.

The net financial result as recorded at the turn of the years is as follows:



### 3. Ratio Analysis

#### ▪ Profitability Ratios

II.	Profitability Ratios	safe ratio	Unit of measure	2013	2012	2011
5	<b>Return on Assets (ROA)</b>	5-8	Per cent	0,51%	3,45%	7,14%
	<u>Net Financial Result x 100</u>					
	Total Assets					
6	<b>Net Profit Margin</b>	3-8	Per cent	0,79%	4,09%	6,82%
	<u>Net Financial Result x 100</u>					
	Total Income					
7	<b>Return on Equity (ROE)</b>	15-25	Per cent	0,65%	4,45%	8,41%
	<u>Net Financial Result x 100</u>					
	Equity Figures					
8	<b>Adjusted Return on Assets</b>	-	Per cent	0,76%	3,58%	7,23%
	<u>Net Profit + (interest – income tax on interest) x 100</u>					
	Total Assets					
9	<b>Financial Leverage</b>	Positive result	Per cent	-0,11%	0,87%	1,17%
	Return on Equity – Adjusted Return on Assets					
	<i>Positive result - positive effect Negative result – effect of "financial bludgeon"</i>					
10	<b>Return on Investments</b>	-	Per cent	0,98%	5,03%	10,33%
	<u>Gross Profit from Long-Term Debt x 100</u>					
	Equity Figures + Long-Term Payables					

### 3.2 Financial Liquidity Ratios

III.	Financial Liquidity Ratios	Safe ratio	Unit of measure	2013	2012	2011
12	<b>Cash Ratio</b>	1.2 – 2.0	multiplicity	1,88	2,04	2,76
	<u>Current Assets – Trade Payables above 12 months</u>					
	Short-term Payables – Short-Term Payables above 12 months					
13	<b>Quick Ratio</b>	1.0	multiplicity	0,92	1,23	1,76
	<u>Current Assets. - Inventories- Short-Term Prepayments – Trade Receivables above 12 months</u>					
	Short-Term Payables. - Trade Payables above 12 months					
14	<b>Current Ratio</b>	0.1-0.2	multiplicity	0,16	0,20	0,19
	<u>Short-Term Investments</u>					
	Short-Term Investments – Trade Payables above 12 months					
15	<b>Receivables to Payables Ratio</b>	1.0	multiplicity	0,84	1,05	1,61
	<u>Trade Receivables</u>					
	Trade Payables					

The comparison of the above ratios with the desired Current Ratio, which is a relation between the Company's Current Assets and its Short-Term Payables – does not indicate any interruptions affecting the on-time settlement of due payables by the audited entity. Also the Receivables to Payables Ratio within the bracket 1.0 indicates that that the payables towards the suppliers are practically covered by the receivables due from the recipients.

### 3.3 Turnover Ratios

IV.	Turnover Ratios	safe ratio	Unit of measure	2013	2012	2011
16	<b>Inventory Turnover Rate (in days)</b> <u>Average Inventories x 365 days</u> Net sales of products, goods and materials	Decreasing ratio	in days	77	54	57
17	<b>Inflow of Receivables (in days)</b> <u>Average trade receivables x 365 days</u> Net sales of products, goods and materials	Number of days comparable to item 18	in days	71	71	74
18	<b>Settlement of Payables (in days)</b> <u>Average Trade Payables x 365 dni</u> Net sales of products, goods and materials	Number of days comparable to item 17	in days	75	54	53
19	<b>Assets Turnover</b> <u>Net sales of products, goods and materials</u> Total assets	2.0	PLN / PLN	0,64	0,84	1,04

The liquidity of the Current Assets is affected by the Receivables and Inventories turnover rates. Receivables turnover rate remained at unchanged level in 2013 and 2012. The comparison between the Receivables and Payables turnover rates (expressed in days) indicates that an optimal balance is retained between the turnover days in respect of the Receivables and Payables concerned.

The analysis of the Inventory Turnover Rate expressed in days indicates that, in 2013, an average duration of a single inventory turnover cycle was prolonged compared to the previous year. The Inventory Turnover Rate increased from 54 days in 2012 to 77 days in 2013, which testifies to a slight freeze of cash in the Inventories.

### 3.4. Discussing the Remaining Ratios

I.	Preliminary Balance Sheet Analysis	safe ratio	unit of measure	2013	2012	2011
1	<b>Golden Balance Sheet Rule</b> <u>(Equity + Long-Term Reserves) x 100</u> Fixed Assets	100-150	Per cent	111,73%	114,92%	142,20%
1a	<b>Golden Balance Sheet Rule II</b> <u>Short-term Borrowed Capital x 100</u> Current Assets	40-80	Per cent	53,08%	48,92%	36,27%
2	<b>Golden Finance Rule</b> <u>Equity x 100</u> Borrowed Capital	more than 100	Per cent	365,72%	345,29%	564,46%
3	<b>Entity's Balance Sheet Goodwill</b> Total Assets – Total Liabilities	increase ratio	PLN thou	1 524 852,9	1 522 586,7	1 456 638,7
4	<b>Fixed Assets to Total Assets Ratio</b> <u>Fixed Assets x 100</u> Total Assets	30-50	Per cent	71,22%	68,13%	60,16%

The attention is drawn to the „Golden Balance Sheet Rule” as the ratio higher than 100 indicates the correct financing of the Assets with Equity. This helps to keep the entity's financial balance, which is also confirmed by the „Golden Finance Rule” as the entity's Liabilities (payables) do not exceed 50% of its Equity, i.e. they do not result in the entity's financial weakening.

## **C. REPORT DETAILED PART**

### **1. Assessment of the Applied Accounting System Correctness**

The Company is in possession of updated documentation related to the accounting principles (policy) applied thereby. The solutions adopted by the Company stand in accordance with the Accountancy Act, International Financial Reporting Standards and enable data gathering for the purpose of financial report preparation and tax settlements.

The accounting books are computer-recorded with the IFS data recording system.

During the audit of the Company's stand-alone Financial Report we performed a random inspection of the operating correctness of the applied accounting system.

During the conducted works we did not detect any major irregularities concerning the accounting system, which would not have been removed, and which might have been crucial for the audited stand-alone Financial Report. The goal of our audit was to express a comprehensive opinion on the operations of the applied accounting system.

The software applied ensures full verifiability of the procedures applied and the results processed with the accounting documents and requirements as construed in the Accounting Act provisions.

The accounting principles adopted by the Company are adequate to the character of the activities pursued and ensure a complete documentation of sales and costs, clearing processes and settlements and balances. The accounting books fulfill the requirements provided for in art. 13 of the Accountancy Act.

The economic operations are documented in a complete and lucid manner. The review of the accounting evidentiary documents allows for a statement that the same were correctly issued, sufficiently described and properly linked to the book entries as well as properly archived and secured. The ordinal numbers assigned to the documents concerned enable linking them to the accounting books entries.

The documents underlying the book entries were subject to formal, accounting and substantive inspection conducted by authorized authorities. The fact of the inspection concerned was officially confirmed on the documents. The audit results of the accounting books and underlying evidentiary documents allow for the recognition of the same as compliant with the requirements of accuracy and verifiability.

### **2. Inventory of Company's Assets**

The Company performed the inventory of assets within the scope and at time stipulated in art. 26 of the Accountancy Act. The inventory-based differences were included and settled in the accounting books of the period concerned.

### **3. Introduction, Additional Information and Explanations to the Financial Report**

The data included in the introduction, additional information and explanations have been presented correctly and completely in all essential aspects.

The introduction, additional information and explanations constitute an integral part of the Financial Report.

**4. Management Board's Report on Company's Activities**

The Report on Company's Activities covers, in all essential aspects, information referred to in art. 49 par. 2 of the Accountancy Act and the Regulation of the Minister of Finance as of February 19, 2009 on current and periodic information disclosed by issuers of securities and equivalence conditions for information disclosures required by the legal provisions of non-member states (Journal of Laws as of 2009, No 33, item 259 with subsequent amendments) and stand in accordance with the information contained in the Company's stand-alone Financial Report.

**5. Information on the Certified Auditor's Opinion**

On the basis of the audit of the Company's stand-alone Financial Report, drawn up as of December 31, 2014 and in respect of the period closed on the day concerned we have issued an opinion without reservations.

Teresa Sadowska, Certified Auditor No 9358

Key Certified Auditor carrying out the Audit on behalf of:  
Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o.  
ul. Grabiszyńska 163, 53-437 Wrocław  
Entity authorised to audit financial reports No 3771

Wrocław, this day 29 April 2014



