

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN S.A.
CAPITAL GROUP

LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

GENERAL NOTES

1. Background

The holding company of the Capital Group (hereinafter 'the Group' or 'the Capital Group') is Zespół Elektrowni Pątnów – Adamów – Konin S.A. ('the holding company', 'the Company').

The holding company was incorporated on the basis of a Notarial Deed dated 29 December 1994. The Company's registered office is located in Konin at Kazimierska 45 Street.

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards and, based on the article 55.5 of the Accounting Act dated 29 September 1994 ('the Accounting Act'), prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

The holding company was entered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000021374 on 21 June 2001.

The Company was issued with tax identification number (NIP) 665-00-01-645 on 17 September 1993 and statistical number (REGON) 310186795 on 14 December 2000.

The principal activities of the holding company are as follows:

- production and distribution of electric energy;
- production and distribution of heat (steam and hot water).

The scope of activities of the Group's subsidiaries, jointly controlled entities and associates are similar to this of the holding company and include the following activities:

- execution of construction works and installations in the field of engineering;
- property management;
- repair and maintenance of electric appliances;
- research and technical analysis;
- holding activity;
- coal mining;
- purchase and delivery of biomass;
- IT services.

As at 31 December 2016, the Company's issued share capital amounted to 101,647 thousand zlotys. Equity as at that date amounted to 2,143,658 thousand zlotys.

In accordance with information in note 28 of summary of significant accounting policies and other explanatory notes to the accompanying consolidated financial statements, the ownership structure of the Company's issued share capital as at 31 December 2016 was as follows:

	Number of shares	Number of votes	Par value of shares (in PLN)	% of issued share capital
Zygmunt Solorz Żak (indirectly) through: Elektrim S.A. , Embud sp. z o.o., Trigon XIX Fundusz Inwestycyjny Zamknięty, Argumenol Investment Company Limited	26,200,867	26,200,867	52,401,734	51,55%
Nationale - Nederlanden OFE	5,068,410	5,068,410	10,136,820	9,97%
Towarzystwo Funduszy Inwestycyjnych PZU SA	3,081,567	3,081,567	6,163,134	6,06%
OFE PZU "Złota Jesień"	2,664,378	2,664,378	5,328,756	5,24%
Other	13,808,325	13,808,325	27,616,650	27,18%
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Total	50,823,547	50,823,547	101,647,094	100,00%
	=====	=====	=====	=====

The following changes took place in the ownership structure of the Company's issued share capital during the financial year and between the balance sheet date and the date of the opinion:

- on 14 March 2016 IPOPEMA 116 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych has sold 5.000.000 ordinary bearer shares series A to Argumenol Investment Company Limited,
- on 19 May 2016 IPOPEMA 116 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych has sold 4.000.000 ordinary bearer shares series A to Argumenol Investment Company Limited,
- on 19 October 2016 Towarzystwo Funduszy Inwestycyjnych PZU SA has bought 550.000 ordinary bearer shares series A,
- w dniu 17 listopada 2016 Otwarty Fundusz Emerytalny PZU "Złota Jesień" has bought 150.000 ordinary bearer shares series A.

There were no movements in the share capital in the reporting period.

As at 21 March 2017, the holding company's Management Board was composed of:

Adam Kłapszta	- President
Aneta Lato-Żuchowska	- Vice President
Zygmunt Artwik	- Vice President
Elżbieta Niebisz	- Vice President

During the reporting period as well as from the balance sheet date to the date of the opinion there were changes in the Company's Management Board as described below:

- on 11 February 2016 Supervisory Board has appointed Mr Aleksander Grad as President of the Management Board, starting from 18 February 2016,
- on 8 April 2016 Supervisory Board has appointed Mr Adam Kłapszta as Vice President of the Management Board, effective from that date,
- on 17 June 2016 Mr Aleksander Grad has resigned from his position as President of the Management Board,
- on 17 June 2016 Supervisory Board has delegated Vice President of the Management Board Mr Adam Kłapszta to temporarily perform the duties of President of the Management Board,
- on 26 October 2016 Mr Adrian Kaźmierczak has resigned from his position as Vice President of the Management Board,
- on 26 October 2016 Supervisory Board has appointed Mrs Katarzyna Sobierajska as Vice President of the Management Board, effective from that date,
- on 3 March 2017 Supervisory Board has appointed Mr Adam Kłapszta, Vice President of the Management temporarily performing the duties of President of the Management Board, as President of The Management Board,
- on 3 March 2017 Mrs Katarzyna Sobierajska and Mr Tomasz Zadroga have resigned from their positions as Vice Presidents of the Management Board,
- on 3 March 2017 Supervisory Board has appointed Mrs Elżbieta Niebisz as Vice President of the Management Board, effective from that date.

2. Group Structure

As at 31 December 2016, the Zespół Elektrowni Pątnów – Adamów – Konin S.A. Capital Group consisted of the following subsidiaries (direct or indirect):

Entity name	Consolidation method	Type of opinion	Name of authorised entity that audited financial statements
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Przedsiębiorstwo Serwisu Automatyki i Urządzeń „EL PAK” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„Elektrownia Pątnów II” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„PAK – Holdco” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„PAK Infrastruktura” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„PAK Górnictwo” sp. z o.o.	full consolidation	no requirement to audit financial statements	-
„Energoinvest Serwis” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„PAK Kopalnia Węgla Brunatnego Konin” SA	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„PAK Kopalnia Węgla Brunatnego Adamów” SA	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„Aquakon” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„Eko-Surowce” sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
„PAK-Volt” SA	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
EL PAK Serwis sp. z o.o.	full consolidation	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.

There were changes to the list of consolidated companies when compared to the prior year. In 2015 companies „PAK Centrum Usług Informatycznych” sp. z o.o. w likwidacji, „PAK Centrum Badań

Jakości” sp. z o.o. w likwidacji and Ochrona Osób i Mienia „ASEKURACJA” sp. z o.o. were closed, also shares were sold: in 2015 shares of KWE sp. z o.o. and in 2016 shares of Centrum Zdrowia i Relaksu „Verano” sp. z o.o..

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. was appointed by Supervisory Board of the Group Company on 31 May 2016 to audit the Group's financial statements.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. and the key certified auditor in charge of the audit meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009.

Under the contract executed on 17 August 2016 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2016.

Our responsibility was to express an opinion on the consolidated financial statements based on our audit. The auditing procedures applied to the consolidated financial statements were designed to enable us to express an opinion on the consolidated financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the consolidated financial statements taken as a whole.

Based on our audit, we issued an unqualified auditors' opinion dated 21 March 2017, stating the following:

‘To the Supervisory Board and Shareholders’ Meeting of Zespół Elektrowni Państw – Adamów – Konin S.A.

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements for the year ended 31 December 2016 of Capital Group of Zespół Elektrowni Państw – Adamów – Konin S.A. (‘the Group’), with parent's company Zespół Elektrowni Państw – Adamów – Konin S.A. (‘the Company’) registered office located in Konin, ul. Kazimierska 45, which comprise the consolidated statement on financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the period from 1 January 2016 to 31 December 2016 and the summary of significant accounting policies and other explanatory notes (‘the attached consolidated financial statements’).

Responsibilities of the Management Board and Members of the Supervisory Board for the consolidated financial statements

The Management Board is responsible in accordance with the Accounting Act dated 29 September 1994 ('the Accounting Act'), regulations issued on the basis of the Accounting Act for the preparation of the consolidated financial statements and fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and related Interpretations announced in the form of European Commission regulations ('International Financial Reporting Standards as adopted by European Union') and other applicable laws. The Management Board is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act the Management Board and Members of the Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on accompanying consolidated financial statements based on our audit.

We conducted our audit in accordance with chapter 7 of the Accounting Act and National Auditing Standards in the version of International Standards on Auditing as adopted by Resolution no 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015 with subsequent amendments ('National Auditing Standards'). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

In accordance with National Auditing Standard 320 point 5 the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report, including those on other information or regulatory requirements, are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgement.

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

Opinion

In our opinion, paragraph the accompanying consolidated financial statements:

- give a true and fair view of the financial position of a Group as at 31 December 2016 and its financial performance and its cash flows for the year from 1 January 2016 to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by European Union and accounting policies;
- are in respect of the form and content, in accordance with legal regulations governing the preparation of consolidated financial statements and the Company's Articles of Association.

Report on Other Legal and Regulatory Requirements

Report on the Directors' Report

Our opinion on the consolidated financial statements does not include the Directors' Report.

The Company's Management Board is responsible for preparation of the Directors' Report in accordance with the Accounting Act and other applicable laws. In addition the Company's Management Board and Members of the Supervisory Board are obliged to state that Directors' Report ('Director's Report') meet the requirements of the Accounting Act.

In connection with the audit of the consolidated financial statements, our responsibility was to read the content of the Directors' Report and consider whether the information contained in it take into account the provisions of art. 49 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states ('the Decree on current and periodic information') and whether they are consistent with the information contained in the accompanying consolidated financial statements. Our responsibility was also to report, based on our knowledge of the Group and its environment obtained during the audit of the consolidated financial statements, whether the Directors' Report does not include material misstatements.

We have concluded that the information included in the Directors' Report corresponds with the relevant regulations of art. 49 of the Accounting Act and the Decree on current and periodic information and that the information derived from the accompanying consolidated financial statements reconciles with the Directors' Report. Based on our knowledge of the Group and its environment obtained during the audit of the consolidated financial statements, we have not identified material misstatements in the Directors' Report.

In connection with the conducted audit of the consolidated financial statements, our responsibility was also to read the Company's representation on application of corporate governance which constitutes a separate part of the Directors' Report. We concluded that in the representation the Company included information required by implementing rules issued under art. 60 para. 2 of the Act of 29 July 2005 on public offering and on the terms of introducing financial instruments into an organised trading system and on public companies. This information is, in all material respects, in accordance with applicable regulations and with the information included in the accompanying consolidated financial statements.'

We conducted the audit of the consolidated financial statements during the period from 17 August 2016 to 21 March 2017. We were present at the holding company's head office from 17 August 2016 to 26 August 2016 and from 13 February 2017 to 17 March 2017.

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness¹ of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 21 March 2017, from the Management Board of the holding company confirming that:

- the information included in the consolidation documentation was complete;
- all contingent liabilities had been disclosed in the consolidated financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the consolidated financial statements;

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

At the same time declare that during the audit of the financial statements, there were no limitations of scope.

3.3 Consolidated financial statements for prior financial year

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by Robert Klimacki, key certified auditor no. 90055, acting on behalf of Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, the company entered on the list of entities authorized to audit financial statements conducted by the National Council of Statutory Auditors with the number 130. The key certified auditor issued an unqualified opinion on the consolidated financial statements for the year ended 31 December 2015. The consolidated financial statements for the year ended 31 December 2015 were approved by the General Shareholders' Meeting on 28 June 2016.

The consolidated financial statements of the Group for the financial year ended 31 December 2015, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 7 July 2016 with the National Court Register.

¹ Translation of the following expression in Polish: "rzetelność i jasność"

4. Analytical Review

4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Company for the years 2014 – 2016. The ratios were calculated on the basis of financial information included in the financial statements for the years ended 31 December 2016 and 31 December 2015.

	2016	2015	2014
Total assets	4,801,300	4,974,381	6,867,688
Shareholders' equity	2,143,658	1,884,823	3,819,717
Net profit/ loss	250,286	-1,879,808	78,484
 Return on assets	 5,21%	 -37,79%	 1,14%
<hr/> Net profit/ loss x 100% Total assets <hr/>			
 Return on equity	 11,68%	 -99,73%	 2,05%
<hr/> Net profit/ loss x 100% Shareholders' equity at the beginning of the period <hr/>			
 Profit margin	 9,25%	 -63,77%	 2,93%
<hr/> Net profit/ loss x 100% Sales of finished goods, goods for resale and raw materials <hr/>			
 Liquidity I	 0,87	 1,00	 0,98
<hr/> Current assets Short-term creditors <hr/>			
 Liquidity III	 0,28	 0,30	 0,30
<hr/> Cash and cash equivalents Short-term creditors <hr/>			
 Debtors days	 17 days	 22 days	 21 days
<hr/> Trade debtors x 365 Sales of finished goods, goods for resale and raw materials <hr/>			
 Creditors days	 30 days	 9 days	 24 days
<hr/> Trade creditors x 365 Costs of finished goods, goods for resale and raw materials sold <hr/>			

	2016	2015	2014
Inventory days	17 days	12 days	35 days
<u>Inventory x 365</u>			
Costs of finished goods, goods for resale and raw materials sold			
Stability of financing	73,59%	74,67%	82,44%
<u>(Equity + long-term provisions and liabilities) x 100%</u>			
Total liabilities, provisions and equity			
Debt ratio	55,35%	62,11%	44,38%
<u>(Total liabilities and provisions) x 100%</u>			
Total assets			
Rate of inflation:			
Yearly average	-0,6%	-0,9%	0,0%
December to December	0,8%	-0,5%	-1,0%

4.2 Comments

The following trends may be observed based on the above financial ratios:

- Return on assets increased to 5,21% in 2016 in comparison with -37,79% in 2015 and 1,14% in 2014.
- Return on equity increased to 11,68% in 2016 in comparison with -99,73% in 2015 and 2,05% in 2014.
- Profit margin increased to 9,25% in 2016 in comparison with -63,77% in 2015 and 2,93% in 2014.
- Liquidity I amounted to 0,87 as at 31 December 2016 and was lower in comparison with 1,00 as at 31 December 2015 and 0,98 as at 31 December 2014.
- Liquidity III amounted to 0,28 as at 31 December 2016 and was lower in comparison with 0,30 as at 31 December 2015 and as at 31 December 2014.
- Debtors days ratio amounted to 17 days in 2016 and decreased in comparison with 22 days in 2015 and in comparison with 21 days in 2014.
- Creditor days ratio amounted to 30 days in 2016 and increased in comparison with 9 days in 2015 and 24 days in 2014.
- Inventory days ratio amounted to 17 days in 2016 and increased in comparison with 12 days in 2015 and decreased in comparison with 35 days in 2014.
- Stability of financing ratio amounted to 73,59% as at 31 December 2016 and decreased in comparison with 74,67% as at 31 December 2015 and 82,44% as at 31 December 2014.
- Debt ratio amounted to 55,35% as at 31 December 2016 and decreased in comparison to 62,11% as at 31 December 2015 and 44,38% as at 31 December 2014.

4.3 Going concern

Nothing came to our attention during the audit that caused us to believe that the holding company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2016 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note 6 of the additional notes and explanations to the consolidated financial statements of the Group for the year ended 31 December 2016, the Management Board of the holding company has stated that the financial statements of the Group entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2016 and that there are no circumstances that would indicate a threat to its continued activity.

II. DETAILED REPORT

1. Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

2. Accounting policies for the valuation of assets and liabilities

The Group's accounting policies and rules for the presentation of data are detailed in note 10 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2016.

3. Structure of assets, liabilities and equity

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2016.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

3.1 Goodwill on consolidation and amortisation

In the audited consolidated financial statements for the year ended 31 December 2016 there was no goodwill.

3.2 Shareholders' funds including non-controlling interest

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Non-controlling interest amounted to 0 thousand zlotys as at 31 December 2016. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note 28 and 29 of the additional notes and explanations to the consolidated financial statements.

3.3 Financial year

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2016 and include the financial data for the period from 1 January 2016 to 31 December 2016.

4. Consolidation adjustments

4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

5. Disposal of all or part of shares in a subordinated entity

During the financial year the Group did not sell any shares in subordinated entities.

6. Items which have an impact on the Group's result for the year

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year period ended 31 December 2016.

7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting that would have resulted in the modifications in the auditors' opinion.

8. Additional Notes and Explanations to the Consolidated Financial Statements

The additional notes and explanations to the consolidated financial statements for the year ended 31 December 2016 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

9. Directors' Report

We have read the 'Directors' Report for the period from 1 January 2016 to 31 December 2016 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information contained in it take into account the provisions of 49 para 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states and they are consistent with the information contained in the accompanying financial statements. We have also concluded, based on our knowledge of the Company and its environment obtained during the audit of the financial statements, that the Directors' Report does not include material misstatements. We have read also the Company's representation on application of corporate governance which constitutes a separate part of the Directors' Report of the Capital Group. We concluded that in the representation the Company included information required by implementing rules issued under art. 60 para. 2 of the Act of 29 July 2005 on public offering and on the terms of introducing financial instruments into an organised trading system and on public companies. This information is, in all material respects, in accordance with applicable regulations and with the information included in the consolidated financial statements.

10. Conformity with Law and Regulations

We have obtained a letter of representations from the Management Board of the holding company confirming that no laws, regulations or provisions of the Group entities' Articles of Association were breached during the financial year.

Warsaw, 21 March 2017

Key Certified Auditor

Piotr Chęciek
Certified Auditor
No. 13253

on behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
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