

**KABEL – TECHNIK – POLSKA SP. Z O. O.**  
**FINANCIAL STATEMENTS FOR THE 15-MONTH PERIOD**  
**ENDED 31 MARCH 2019**

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## INTRODUCTION TO FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Kabel – Technik – Polska Sp. z o. o. was incorporated on the basis of a Notarial Deed dated 5/02/2004.

The Company is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court, IX Economic Department of the National Court Register, Entry No. KRS 0000192681. The Company was granted statistical REGON number 330488457. The Company's registered office is located in Poland at ul. Pławieńska 5, 78-550 Czaplinek.

The Company has an unlimited period of operation.

According to the Company's Articles of Association, the main area of the Company's business activities includes:

1. manufacture of switchgear and controlgear (PKD 27. 12. Z),
2. manufacture of electrical equipment for engines and vehicles; not classified elsewhere (PKD 31. 61. Z)
3. wholesale of parts and accessories for motor vehicles (PKD 50. 30. A),
4. wholesale of other machinery and equipment for industry, trade and water transport (PKD 51. 65. Z)
5. other specialised wholesale trade (PKD 51. 70 A),
6. accounting and bookkeeping activities (PKD 69. 20 Z),
7. other business and management consultancy services (PKD 70. 20. Z)
8. activities of temporary employment agencies (PKD 78. 20. Z)
9. other activities related to the provision of employees (PKD 78. 30. Z)

The financial statements were prepared for the period of 15 months ended 31 March 2019 due to the change in the financial year. The financial statements for the financial year and the data for the period included in the profit and loss account, statement of changes in equity and in the cash flow statement cover the period of various length: for the actual period of 15 months and for the comparative period for 12 months.

### 2. GOING CONCERN ASSUMPTION

The financial statements of the Company have been prepared on the basis that the Company will be a going concern during a period of at least 12 months from the balance sheet date, i.e. after 31 March 2019. As at the date of signing the financial statements, the Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the Company's continued activity in the period of at least 12 months following the balance sheet date due to an intended or compulsory withdrawal from or a significant limitation in its activities.

### 3. BUSINESS COMBINATIONS

The Company did not combine with any other business entity or acquire an organised part thereof during the period covered by these financial statements.

### 4. ACCOUNTING POLICIES

#### 4.1. Format and basis of preparing financial statements

The financial statements were prepared in accordance with the provisions of the Accounting Act dated 29 September 1994 (hereinafter referred to as 'the Accounting Act').

The accounting principles adopted by the Company were applied on a continuous basis and comply with the accounting principles applied in the previous financial year.

The profit and loss account was prepared using the function of expense ("cost of sales"). The cash flow statement was prepared using the indirect method.

#### 4.2. Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are directly attributable to the asset will flow to the Company. Initially, intangible assets are recorded at acquisition cost or cost of production. Following initial recognition, intangible assets are valued at acquisition cost or cost of production less accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method over their estimated useful lives.

The expected useful lives are as follows:

Development costs	20 %
Patents, licences, trademarks	20-50 %
Trademarks	10 %
Computer software	50 %
Other intangible assets	50 %

Where development work conducted for the Company's own needs is completed, the Company accepts the useful life of up to 5 years, unless it is able to reliably assess longer period.

Estimates relating to the economic useful lives and method of amortisation are reviewed at the end of each financial year to confirm that the adopted methods and periods of amortization comply with the projected timing of economic benefits generated by the Company's intangible assets.

An assessment is made at each balance sheet date to determine whether the carrying amounts of the Company's intangible assets exceed the amounts of estimated future economic benefits. If there is any evidence indicating that this is actually the case, the carrying amounts of the Company's assets are written down to their net realisable values. The resulting impairment losses are recognised under other operating expenses.

#### 4.3. Tangible fixed assets

Tangible fixed assets are stated at acquisition cost, cost of production or re-valued amount, less accumulated depreciation and impairment losses. In the case of perpetual usufruct right to land, acquisition cost is understood to mean the amount paid to a third party to acquire this right / the excess of the initial fee over the annual fee, where the right has been purchased from the municipality / the fair value of the right at the date on which it was entered into the books of account, where the right has been received free of charge on the basis of an administrative decision. Land is valued at acquisition cost less any impairment losses.

Assets are re-valued in accordance with separate regulations. The effects of the revaluation are taken to the revaluation reserve. After the asset is sold or liquidated, the amount remaining in the revaluation reserve is transferred to reserve capital. As at 31 March 2019, the Company did not have any tangible fixed assets that were subject to re-valuation.

Costs incurred on an asset already in use, such as repairs, overhauls or operating fees, are expensed in the reporting period in which they were incurred. If, however, it is possible to prove that such costs increase the expected future economic benefits to be derived from a given asset beyond the originally expected benefits, they are capitalised to the initial cost of the asset.

Tangible fixed assets, except for land, are depreciated using the straight-line method over their estimated useful lives, or over the shorter of their useful life and the term of the right to use the asset. The depreciation periods are as follows:

Goodwill	2,5 %
Objects of civil engineering	2,5-10 %
Technical devices and machines	10 %
Means of transport	14-20 %
Other fixed assets	20 %



Tangible fixed assets with a low initial cost i.e. less than PLN 3.5 thousand are expensed in full.

Estimates relating to the economic useful lives and method of depreciation are reviewed at the end of each financial year to confirm that the adopted methods and periods of depreciation comply with the projected timing of economic benefits generated by the Company's assets.

An assessment is made at each balance sheet date to determine whether the carrying amounts of the Company's assets exceed the amounts of estimated future economic benefits. If there is any evidence indicating that this is actually the case, the carrying amounts of the Company's assets are written down to their net realisable values. The resulting impairment losses are recognised under other operating expenses.

Impairment losses relating to tangible fixed assets for which valuation was updated based on separate regulations reduce valuation differences taken to revaluation reserve. Any excess of impairment losses over valuation differences is taken to other operating expenses.

#### **4.4. Construction in progress (Assets under construction)**

Construction in progress is stated at the amount of aggregate costs directly attributable to the acquisition or production of such assets, including financial expenses, less any impairment losses. Construction in progress also includes investment materials purchased for construction. Construction in progress is not depreciated until completed and brought into use.

#### **4.5. Investment property and investments in intangible assets**

Investments include assets held in order to achieve economic benefits resulting from the increase in the value of these assets, to obtain income in the form of interest, dividends (shares in profits) or other benefits, including a commercial transaction, in particular financial assets and those real estate and values intangible assets that are not used by the entity, but are owned to achieve these benefits.

#### **4.6. Related entities**

Related entities are understood to mean two or more entities included in a given capital group, where a capital group is understood to mean a parent company together with its subsidiary companies.

#### **4.7. Investments in subordinated entities, participating interest and other long-term investments**

Investments in subordinated entities comprise investments in subsidiaries, jointly controlled entities and associates.

Subsidiary companies are understood to mean entities controlled by the Company, jointly controlled entities are understood to mean entities controlled jointly by the shareholders based on their agreement, while associates - entities, in which the Company has participating interest and on which it exercises significant influence. At the same time, participating interest in another entity is understood to mean a share in the equity of that entity, which has the character of permanent relation. In the case of associates, permanent relation occurs always, unless their disposal within a short period of acquisition, purchase or obtaining in another form is highly probable.

Investments in subsidiaries, jointly controlled entities and associates are stated at historical cost less any impairment losses.

Other long-term investments (except for financial assets described in note 4.9 and investment property and investment in intangible assets described in note 4.6) are measured at historical cost reduced by impairment losses, if any.

Impairment losses of investments in subordinated entities and of other long-term investments are assessed at each balance sheet date. The carrying amounts of such assets is reviewed at each balance sheet date to determine whether it does not exceed the value of future economic benefits.

#### 4.8. Financial assets

Financial assets are initially valued at cost (acquisition cost) being the fair value of the consideration given. Transaction costs are included in the initial cost. Financial assets are initially recognized at the transaction date. After initial recognition, financial assets are classified into one of the following four categories and measured as follows:

<i>Category</i>	<i>Measurement method</i>
1. Financial assets held to maturity	At amortised cost determined using the effective interest rate method.
2. Loans and receivables	At amortised cost determined using the effective interest rate method. Short-term receivables for which no interest rate has been set are measured at the amount due and receivable.
3. Financial assets held for trading	Measured at fair value. Any revaluation gains/losses are recognised in the profit and loss account.
4. Financial assets available for sale	Measured at fair value, with revaluation gains/losses recognised in the profit and loss account

The fair value of financial instruments traded on an active market is determined with reference to prices quoted on this market at the balance sheet date. Where no quoted market price is available for financial instruments traded on an active market, their fair value is estimated based on the market price of a similar quoted instrument, or based on the valuation model using input data deriving from an active regulated market, or using other estimation methods commonly assessed as correct.

Derivative financial instruments which are not hedging instruments are reported as financial assets or financial liabilities held for trading.

#### Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss recognized for the difference between the recoverable amount and the carrying amount.

Impairment losses recognized against individual financial assets or a group of similar financial assets are determined as follows:

- 1) for financial assets measured at amortised cost – as the difference between the value of an asset arising from the books of account at the date of measurement and its recoverable amount. The recoverable amount is the present value of the expected future cash flows discounted using the effective interest rate, that has been applied by the entity to measure the restated financial assets or a group of similar financial assets.
- 2) for financial assets measured at fair value - as the difference between the cost of acquisition of the asset and its fair value determined at the date of measurement (the fair value of debt instruments at the valuation date is the present value of the expected future cash flows discounted using the current market interest rate applied to similar financial instruments). The cumulative loss that had been recognised in the revaluation reserve shall be recognised as financial expense at an amount not less than the amount of the impairment loss, decreased by the portion that had been directly recognized as financial expense
- 3) for other financial assets – as the difference between the value of an asset arising from the books of account and the present value of the expected future cash flows discounted using the current market interest rate applied to similar financial instruments.

#### 4.9. Leases

The Company is a party to lease agreements under which it uses third party tangible fixed assets or intangible assets over an agreed period of time, in return for payments.

In the case of a finance lease agreement, which transfers substantially all of the risks and rewards of ownership of an asset, the leased asset is capitalized, and a corresponding liability is recognised, at the present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between finance



charges and reduction of the outstanding lease liability so as to produce a constant rate of interest on the outstanding liability. Finance charges are recorded directly in the profit and loss account.

Leased assets are depreciated using the methods applied for the Company's own assets. If, however, there is any uncertainty regarding the transfer of the ownership of the asset, such assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments made under lease agreements which do not meet the criteria of finance leases are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. Depending on the purpose of use of a leased asset, lease payments are included under operating expenses (incl. general administrative expenses or selling expenses) or under other operating activities.

#### **4.10. Inventories**

Inventories are stated at the lower of acquisition cost or cost of production and net selling price.

Inventory decreases and valuation are made using the „first in- first out” method.

Goods for resale decreases and valuation are made using the „first in- first out” method.

The cost of production of finished goods includes the cost of direct materials and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity. The average level of utilization of production capacities is considered the average, according to expectations in typical conditions, the production volume for a given number of periods or seasons, taking into account scheduled repairs.

Work-in-progress - direct manufacturing costs.

Inventories are recognized in the balance sheet at their net value, i.e. decreased by the value of impairment losses. Revaluation write-offs are recognized in other operating costs.

#### **4.11. Receivables, claims and liabilities, other than classified as financial assets and liabilities**

Trade receivables are stated at the amount due, less an allowance (a write-down) for any doubtful and uncollectable amounts.

The value of receivables is adjusted by appropriate write-downs reflecting their recoverability. Write-downs against receivables are recorded under other operating expenses or financial expenses, depending on the type of receivable.

Liabilities are included in the accounting books in the amount requiring payment.

Receivables and liabilities expressed in foreign currencies are disclosed as at the date of their creation at the average exchange rate of the National Bank of Poland published for a given currency on the day preceding that day.

As at the balance sheet date, receivables and liabilities expressed in foreign currencies are valued at the average exchange rate announced for that day by the National Bank of Poland valid for that day.

#### **4.12. Foreign currency transactions**

Transactions denominated in currencies other than Polish zloty are translated into Polish zloty at the rate of exchange prevailing on the transaction date, and if application of this exchange rate is not possible – using the average exchange rate of the National Bank of Poland prevailing on the date preceding the transaction date.

As at the balance sheet date, assets and liabilities expressed in currencies other than Polish zloty are translated into Polish zloty using the average NBP rate prevailing for the given currency at the year-end. Exchange differences resulting from translation are recorded under financial income or financial expenses, or – in cases defined in regulations – are capitalised in the cost of the assets.

The following exchange rates were used for valuation purposes:

	<i>March 31, 2019</i>	<i>December 31, 2017</i>
EUR	4.3013	4.1709
USD	3.8365	3.4813
GBP	4.9960	4.7001
CHF	3.8513	3.5672
SEK	0.4130	0.4243

#### **4.13. Cash and cash equivalents**

Cash on hand and cash at bank is stated at nominal value.

Cash and cash equivalents presented in the cash flow statement comprise cash on hand and bank deposits which have maturity period of 3 months or less and were not included under investing activities.

#### **4.14. Prepaid and accrued expenses**

The Company recognises prepayments if the costs incurred relate to future reporting periods. Accruals are recognised at the amount of probable liabilities relating to the current reporting period.

#### **4.15. Share capital**

The issued share capital is recorded at the amount stated in the Company's Articles of Association and registered in the court register. Any differences between the fair value of the consideration obtained and the nominal value of shares are recorded under reserve capital. When the Company's own shares are re-acquired, the amount of the consideration paid is presented in the balance sheet as treasury shares.

Dividend prepayments made during the year are reported in the books of account and in the balance sheet as Appropriation of profit during the year.

#### **4.16. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision for warranty repairs is recognized for all products under warranty at the balance sheet date based on past experience of the level of repairs and returns made in the warranty period.

The Company operates a jubilee bonus scheme. Payments under the scheme are charged to the profit and loss account so as to spread the cost of the bonuses over the employees' working lives within the Company. The cost of providing these benefits is determined by means of actuarial techniques, using the projected unit credit method.

The Company operates a retirement benefits scheme. Payments under the scheme are charged to the profit and loss account so as to spread the cost of the retirement benefits over the employees' working lives within the Company. The cost of providing these benefits is determined by means of actuarial techniques, using the projected unit credit method.

#### **4.17. Loans and borrowings and financial liabilities held for trading**

All loans and borrowings are initially recognized at cost, being the value of the funds received and including acquisition costs associated with the borrowing/loan (transaction costs). After initial recognition, all interest-bearing loans and borrowings, other than liabilities held for trading, are measured at amortized cost, using the effective interest rate method.

Financial liabilities, are valued at amortised cost not later than at the end of the reporting period.

Liabilities which are held for trading, including derivative financial instruments (derivatives) are subsequently measured at fair value. Any gain/loss from re-measurement to fair value is included in the net profit/loss for the period.



#### **4.18. Borrowing costs**

Borrowing costs relating to the construction, adaptation, assembly or improvement of tangible fixed or intangible assets are capitalised as part of the cost of the asset over the period of construction, adaptation, assembly or improvement, where the borrowings were taken out for that purpose.

Borrowing costs incurred in the production of finished goods or goods for resale with long manufacturing period are stated at the cost of acquisition.

All other borrowing costs are expensed as incurred.

#### **4.19. Deferred tax**

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from amortization of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax liabilities are recognized for all taxable temporary differences arising from investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilized unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

For deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax laws that have been enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are not compensated in the balance sheet.

#### **Uncertain tax treatment**

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference, inconsistent interpretations and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to

avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of factitious activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as group restructuring or group reorganization.

Deferred tax assets and deferred tax liabilities are presented separately in the balance sheet.

#### **4.20. Embedded derivatives**

In the case of entering into a contract containing an embedded derivative, and where all or part of the cash flow relating to this contract changes in a way similar to the cash flow of a derivative on its own, the embedded derivative is recognised separately from the host contract. This takes place in cases where all of the following conditions are met:

- the contract representing a financial instrument is not classified under financial assets or financial liabilities held for trading or financial assets available-for-sale, for which the effects of re-measurement are taken to financial income or financial expense of the reporting period,
- the characteristics and risks of the embedded derivative are not closely related to the characteristics and risks of the host contract,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- it is possible to reliably determine the fair value of the embedded derivative.

In the case of contracts that are not financial instruments and that contain an instrument which meets the above conditions, the embedded derivative is classified under financial assets or liabilities held for trading and measured at fair value with the effects of measurement recognized in the profit and loss account.

#### **4.21. Revenue recognition**

Revenue is recognized to the extent that it is probable that the Company will obtain economic benefits that can be reliably measured.

##### **4.21.1. Sale of goods for resale and finished goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue comprises amounts receivable or received from sale, net of the Value Added Tax.

##### **4.21.2. Provision of services**

Proceeds from the provision of long-term services are recognized based on the stage of service completion, if this can be reliably estimated. Where the result of the transaction of long-term service provision cannot be reliably estimated, proceeds from the provision of such services are recognized only up to the amount of costs incurred.

##### **4.21.3. Interest**

Interest revenue is recognised as the interest accrues (using the effective interest rate method), unless collectability is in doubt.

##### **4.21.4. Dividends**

Dividends are recognised as financial income at the date on which the Shareholders' Meeting of the Company's investee adopted a resolution on the distribution of profit, unless the resolution sets a different date for the right to receive the dividend.





#### 4.21.5. Grants and subsidies

Grants and subsidies are recognized at fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is deferred in the balance sheet and recognized as income over the periods necessary to match it on a systematic basis with the costs which it is intended to compensate.

Where the grant or subsidy relates to the acquisition or construction of a tangible fixed asset, it is deferred in the balance sheet and recognised as income over the period of depreciation of the underlying asset.

#### 4.21.6. Social assets and Social Fund liabilities

The Social Fund Act dated 4 March 1994 (with subsequent amendments) requires enterprises that have at least 20 FTEs (*full time employees*) to establish and run a Social Fund. The Company operates such Fund and makes periodic contributions to it based on the amount set forth in the Social Fund Act. The Social Fund liability is made up of accumulated income of the Social Fund less non-refundable expenditure by the Fund.



André Gerstner

*Chairman of the Board*



Andreas Heuser

*Member of the Board*



Katarzyna Świątek

*CFO*

*Person responsible for bookkeeping*

Czaplinek, June 28, 2019

KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Balance Sheet

**BALANCE SHEET**

**Assets**

<i>(in PLN)</i>	<i>Note</i>	<i>As at 31 March 2019</i>	<i>As at 31 December 2017</i>
<b>A. Non-current assets</b>		<b>87 234 951.41</b>	<b>90 939 674.85</b>
<b>I. Intangible assets</b>	<b>6</b>	<b>35 458 940.56</b>	<b>44 646 413.32</b>
1. Development costs		4 640 529.65	7 320 821.70
2. Goodwill		-	-
3. Other intangible assets		30 818 410.91	37 325 591.62
4. Prepayments for intangible assets		-	-
<b>II. Property, plant and equipment</b>	<b>7</b>	<b>34 330 133.30</b>	<b>39 856 397.11</b>
1. Tangible fixed assets		34 051 425.30	39 600 228.83
a) land (including perpetual usufruct right to land)		238 506.86	238 506.86
b) buildings, premises and constructions		19 260 758.22	19 844 324.91
c) plant and machinery		12 814 498.53	17 205 782.96
d) motor vehicles		484 624.71	778 649.85
e) other		1 253 036.98	778 649.85
2. Construction in progress	32	278 708.00	278 708.00
3. Prepayments for construction in progress		-	-
<b>III. Long-term receivables</b>		-	-
1. From affiliates		-	-
2. From other entities, in which the Company has participating interest		-	-
3. From other entities		-	-
<b>IV. Long-term investments</b>	<b>8.1</b>	<b>15 103 558.80</b>	-
1. Property		-	-
2. Intangible assets		-	-
3. Long-term financial assets		15 103 558.80	-
a) in affiliates		15 103 558.80	-
- shares		-	-
- other securities		-	-
- loans granted		-	-
- other long-term financial assets		15 103 558.80	-
b) in other entities, in which the Company has participating interest		-	-
- shares		-	-
- other securities		-	-
- loans granted		-	-
- other long-term financial assets		-	-
c) in other entities		-	-
- shares		-	-
- other securities		-	-
- loans granted		-	-
- other long-term financial assets		-	-
4. Other long-term investments		-	-
<b>V. Long-term prepayments and deferred costs</b>	<b>9</b>	<b>2 342 318.75</b>	<b>6 436 864.42</b>
1. Deferred tax assets		2 342 318.75	6 436 864.42
2. Other prepayments and deferred costs		-	-
<b>B. Current assets</b>		<b>187 407 436.40</b>	<b>172 752 783.58</b>
<b>I. Inventories</b>	<b>24</b>	<b>63 676 734.53</b>	<b>57 035 790.63</b>
1. Raw materials		41 553 097.12	43 519 965.61
2. Semi-finished goods and work-in-progress		16 881 159.45	11 149 726.11
3. Finished goods		5 242 477.96	2 293 417.25
4. Goods for resale		-	72 681.66
5. Inventory prepayments		-	-

This balance sheet should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.

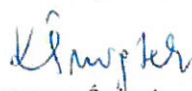


**KABEL – TECHNIK – POLSKA SP. Z O. O.**  
**Financial statements for the 15-month period ended March 31, 2019**  
**Balance Sheet**

<i>(in PLN)</i>	<i>Note</i>	<i>As at 31 March 2019</i>	<i>As at December 31, 2017</i>
<b>II. Short-term receivables</b>		<b>109 633 310.99</b>	<b>104 012 800.46</b>
1. Receivables from affiliates		100 872.26	476 272.29
a) trade receivables, due in:		100 872.26	476 272.29
b) other		-	-
2. Receivables from other entities, in which the Company has participating interest		-	-
a) trade receivables, due in:		-	-
b) other		-	-
3. Receivables from other entities		109 532 438.73	103 536 528.17
a) trade receivables, due in:		104 247 078.92	96 535 857.34
- up to 12 months		104 247 078.92	86 535 857.34
- over 12 months		-	-
b) taxation, subsidy, customs duty, social security, health insurance and other public debtors		5 236 650.11	6 823 473.71
c) other		48 709.70	177 197.12
d) submitted to court		-	-
<b>III. Short-term investments</b>		<b>7 425 826.91</b>	<b>8 211 921.90</b>
1. Short-term financial assets		7 425 826.91	8 211 921.90
a) in affiliates	8.2	-	-
- shares		-	-
- other securities		-	-
- loans granted		-	-
- other short-term financial assets		-	-
b) in other entities	8.2	-	-
- shares		-	-
- other securities		-	-
- loans granted		-	-
- other short-term financial assets		-	-
c) cash and other monetary assets	34	7 425 826.91	8 211 921.90
- cash on hand and cash at bank		7 425 826.91	8 211 921.90
- other cash and cash equivalents		-	-
- other monetary assets		-	-
2. Other short-term investments		-	-
<b>IV. Short-term prepayments and deferred costs</b>	<b>9</b>	<b>6 671 563.97</b>	<b>3 492 270.59</b>
<b>C. Unpaid share capital</b>		-	-
<b>D. Treasury shares</b>		-	-
<b>Total assets</b>		<b>274 642 387.81</b>	<b>263 692 458.43</b>

  
 André Gerstner  
 Chairman of the Board

Andreas Heuser  
 Member of the Board

  
 Katarzyna Świątek  
 CFO

Person responsible for bookkeeping

Czaplinek, June 28, 2019

This balance sheet should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.

KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Balance Sheet

**Equity and liabilities**


<i>(in PLN)</i>	<i>Note</i>	<i>As at 31 March 2019</i>	<i>As at December 31, 2017</i>
<b>A. Shareholders' equity</b>		<b>47 802 701.20</b>	<b>53 735 983.57</b>
<b>I. Share capital</b>	<b>10</b>	<b>15 737 400.00</b>	<b>15 737 400.00</b>
<b>II. Reserve capital, of which:</b>		<b>25 415 348.72</b>	<b>25 415 348.72</b>
- share premium		-	-
<b>III. Revaluation reserve, of which:</b>		-	-
- fair value re-measurement		-	-
<b>IV. Other reserves, of which:</b>		<b>50 439 000.00</b>	<b>50 439 000.00</b>
- created in accordance with Articles of Association		-	-
- for treasury shares		-	-
<b>V. Accumulated profits/ (losses) from previous years</b>		<b>-37 855 765.15</b>	<b>-47 169 385.02</b>
<b>VI. Net profit/ (loss) for the year</b>		<b>-5 933 282.37</b>	<b>9 313 619.87</b>
<b>VII. Deductions from net profit during the year (negative value)</b>		-	-
<b>B. Liabilities and provisions for liabilities</b>		<b>226 839 686.61</b>	<b>209 956 474.86</b>
<b>I. Provisions for liabilities</b>	<b>13</b>	<b>8 151 038.07</b>	<b>3 863 709.81</b>
1. Deferred tax liability		7 262 971.11	3 026 651.74
2. Provision for retirement benefits and similar obligations		564 726.96	502 141.78
- long-term		476 222.19	436 372.94
- short-term		88 504.77	65 768.84
3. Other provisions		323 340.00	334 916.29
- long-term		-	-
- short-term		323 340.00	334 916.29
<b>II. Long-term liabilities</b>	<b>15</b>	<b>150 923 919.77</b>	<b>146 574 222.66</b>
1. To affiliates		150 923 919.77	146 348 447.44
2. To other entities, in which the Company has participating interest		-	-
3. To other entities		-	225 775.22
a) loans and borrowings	<b>11</b>	-	-
b) debt securities issued		-	-
c) other financial liabilities		-	225 775.22
d) bills of exchange payable		-	-
e) other		-	-
<b>III. Short-term liabilities</b>		<b>64 947 304.68</b>	<b>58 416 036.58</b>
1. To affiliates		395 596.70	459 232.06
a) trade creditors, payable in:		352 180.24	304 864.55
- up to 12 months		352 180.24	304 864.55
- over 12 months		-	-
b) other		43 416.46	154 367.51
2. To other entities, in which the Company has participating interest		-	-
a) trade creditors, payable in:		-	-
- up to 12 months		-	-
- over 12 months		-	-
b) other		-	-
3. To other entities		64 551 707.98	57 956 804.52
a) loans and borrowings	<b>11</b>	-	-
b) debt securities issued		-	-
c) other financial liabilities		189 052.46	535 686.64
d) trade creditors, payable in:		56 340 546.28	49 359 719.76
- up to 12 months		56 340 546.28	49 359 719.76
- over 12 months		-	-
e) advance payments received		-	-
f) bills of exchange payable		-	-
g) taxation, customs duty, social security, health insurance and other public creditors		4 369 721.56	4 220 560.58
h) payroll		3 504 077.15	3 749 063.29
i) other		148 310.53	91 774.25
4. Special funds		-	-


This balance sheet should be read together with the notes, which are an integral part of these financial statements.


This is a translation of financial statements originally issued in Polish.

KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Balance Sheet

<i>(in PLN)</i>	<i>Note</i>	<i>As at 31 March 2019</i>	<i>As at 31 December 2017</i>
<b>IV. Accruals and deferred income</b>	<b>17</b>	<b>2 817 424.09</b>	<b>1 102 505.81</b>
1. Negative goodwill		-	-
2. Other accruals and deferred income		2 817 424.09	1 102 505.81
- long-term		9 674.27	23 410.16
- short-term		2 807 749.82	1 079 095.65
<b>Total liabilities and equity</b>		<b>274 642 387.81</b>	<b>263 692 458.43</b>

  
André Gerstner  
*Chairman of the Board*

  
Andreas Heuser  
*Member of the Board*

  
Katarzyna Świątek  
*CFO*  
*Person responsible for bookkeeping*

*Czaplinek, June 28, 2019*

This balance sheet should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.

**KABEL – TECHNIK – POLSKA SP. Z O. O.**  
Financial statements for the 15-month period ended March 31, 2019  
Profit and Loss Account

**PROFIT AND LOSS ACCOUNT**

(in PLN)	Note	The period of 15 months ended March 31, 2019	Year ended December 31, 2017
<b>A. Net sales of finished goods, goods for resale and raw materials, of which:</b>	<b>22</b>	<b>483 012 087.01</b>	<b>358 010 003.89</b>
- from affiliates		4 501 382.75	929 623.13
<b>I. Net sales of finished goods</b>		<b>433 462 826.43</b>	<b>324 320 981.80</b>
<b>II. Net sales of goods for resale and raw materials</b>		<b>49 549 260.58</b>	<b>33 689 022.09</b>
<b>B. Cost of finished goods, goods for resale and raw materials sold, of which:</b>	<b>27</b>	<b>418 527 118.01</b>	<b>311 229 943.28</b>
- to affiliates		-	-
<b>I. Cost of finished goods sold</b>		<b>376 000 688.10</b>	<b>282 097 607.53</b>
<b>II. Cost of goods for resale and raw materials sold</b>		<b>42 526 429.91</b>	<b>29 132 335.75</b>
<b>C. Gross profit/ (loss) on sales (A - B)</b>		<b>64 484 969.00</b>	<b>46 780 060.61</b>
<b>D. Selling expenses</b>	<b>27</b>	<b>8 471 657.60</b>	<b>6 098 622.24</b>
<b>E. Administrative expenses</b>	<b>27</b>	<b>43 807 115.78</b>	<b>33 014 037.05</b>
<b>F. Profit/ (loss) on sales (C-D-E)</b>		<b>12 206 195.62</b>	<b>7 667 401.32</b>
<b>G. Other operating income</b>	<b>28</b>	<b>1 114 104.82</b>	<b>1 658 319.49</b>
<b>I. Gains on the sale of non-financial long-term assets</b>		<b>505 110.77</b>	<b>-</b>
<b>II. Subsidies</b>		<b>14 138.15</b>	<b>13 909.09</b>
<b>III. Revaluation of non-financial assets</b>		<b>-</b>	<b>-</b>
<b>IV. Other</b>		<b>594 855.90</b>	<b>1 644 410.40</b>
<b>H. Other operating expenses</b>	<b>29</b>	<b>202 960.51</b>	<b>148 455.31</b>
<b>I. Loss on the sale of non-financial long-term assets</b>		<b>-</b>	<b>25 233.42</b>
<b>II. Impairment of non-financial assets</b>		<b>-</b>	<b>-</b>
<b>III. Other</b>		<b>202 960.51</b>	<b>123 221.89</b>
<b>I. Operating profit (loss) (F+G-H)</b>		<b>13 117 339.93</b>	<b>9 177 265.50</b>
<b>J. Financial income</b>	<b>30</b>	<b>797 071.57</b>	<b>6 442 886.17</b>
<b>I. Dividends and shares in profits, of which:</b>		<b>-</b>	<b>-</b>
a) from affiliates, including:		-	-
- in which the Company has participating interest		-	-
b) from other entities, including:		-	-
- in which the Company has participating interest		-	-
<b>II. Interest, of which:</b>		<b>797 071.57</b>	<b>819 709.67</b>
- from affiliates		-	-
<b>III. Gains on the sale of financial assets, of which:</b>		<b>-</b>	<b>-</b>
- in affiliates		-	-
<b>IV. Revaluation of financial assets</b>		<b>-</b>	<b>-</b>
<b>V. Other</b>		<b>-</b>	<b>5 623 176.50</b>
<b>K. Financial expenses</b>	<b>31</b>	<b>10 789 288.10</b>	<b>6 896 758.99</b>
<b>I. Interest, of which:</b>		<b>7 312 193.07</b>	<b>5 886 891.38</b>
- to affiliates		6 544 324.65	5 214 047.92
<b>II. Loss on the sale of financial assets, of which:</b>		<b>-</b>	<b>-</b>
- in affiliates		-	-
<b>III. Impairment of financial assets</b>		<b>-</b>	<b>-</b>
<b>IV. Other</b>		<b>3 477 095.03</b>	<b>1 009 867.61</b>
<b>L. Gross profit/ (loss) (I+J-K)</b>		<b>3 125 123.40</b>	<b>8 723 392.68</b>
<b>M. Corporate profits tax</b>	<b>26</b>	<b>9 058 405.77</b>	<b>590 227.19</b>
<b>N. Other tax charges</b>		<b>-</b>	<b>-</b>
<b>O. Net profit/ (loss) (L-M-N)</b>		<b>- 5 933 282.37</b>	<b>9 313 619.87</b>

André Gerstner  
Chairman of the Board

Andreas Heuser  
Member of the Board

Katarzyna Świątek  
CFO, Person responsible for bookkeeping

Czaplinek, June 28, 2019

This profit and loss account should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.



KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Statement of changes in equity

**STATEMENT OF CHANGES IN EQUITY**

(in PLN)	Note	The period of 15 months ended March 31, 2019	Year ended December 31, 2017
<b>I. Shareholders' equity at the beginning of the period (OB)</b>		75 893 624.54	46 486 878.81
- changes in accounting policy		-	-
- adjustments due to fundamental errors		-	- 2 064 515.10
<b>I.a. Shareholders' equity at the beginning of the period (OB), after adjustments</b>		75 893 624.54	44 422 363.71
1. Share capital at the beginning of the period		15 737 400.00	15 737 400.00
1.1. Changes in share capital		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
1.2. Share capital at the end of the period		15 737 400.00	15 737 400.00
2. Reserve capital at the beginning of the period		25 415 348.72	25 415 348.72
2.1. Changes in reserve capital		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
2.2. Reserve capital at the end of the period		25 415 348.22	25 415 348.72
3. Revaluation reserve at the beginning of the period		-	-
3.1. Changes in revaluation reserve		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
3.2. Revaluation reserve at the end of the period		-	-
4. Other reserves at the beginning of the period		50 439 000.00	50 439 000.00
4.1. Changes in other reserves		-	-
a) increases (due to)		-	-
b) decreases (due to)		-	-
4.2. Other reserves at the end of the period		50 439 000.00	50 439 000.00
5. Accumulated profits/ (losses) from previous years at the beginning of the period		- 37 855 765.15	- 47 169 385.02
5.1. Accumulated profits from previous years at the beginning of the period		9 313 619.87	.0039 275.82
- changes in accounting policy		-	-
- adjustments due to fundamental errors		-	-
5.2. Accumulated profits from previous years at the beginning of the period, after adjustments		9 313 619.87	39 275.82
a) increases (due to)		-	-
b) decreases (due to)		9 313 619.87	39 275.82
- allocation of profit to cover losses from previous years		9 313 619.87	39 275.82
5.3. Accumulated profits from previous years at the end of the period		-	-
5.4. Accumulated losses from previous years at the beginning of the period		47 169 385.02	47 208 660.84
- changes in accounting policy		-	-
- adjustments due to fundamental errors		-	-
5.5. Accumulated losses from previous years at the beginning of the period, after adjustments		47 169 385.02	47 208 660.84
a) increases (due to)		-	-
b) decreases (due to)		9 313 619.87	39 275.82
- allocation of profit to cover losses from previous years		9 313 619.87	39 275.82
5.6. Accumulated losses from previous years at the end of the period		37 855 765.15	47 169 385.02
5.7. Accumulated profits/ (losses) from previous years at the end of the period		- 37 855 765.15	- 47 169 385.02
6. Net result		- 5 933 282.37	9 313 619.87
a) net profit		-	9 313 619.87
b) net loss		5 933 282.37	-
c) deductions from net profit during the period		-	-
<b>II. Shareholders' equity at the end of the period (CB)</b>		<b>47 802 701.20</b>	<b>53 735 983.57</b>
<b>III. Shareholders' equity, after proposed appropriation of profits (absorption of losses)</b>		<b>47 802 701.20</b>	<b>53 735 983.57</b>

This statement of changes in equity should be read together with the notes, which are an integral part of these financial statements.

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KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Cash Flow Statement

**CASH FLOW STATEMENT (INDIRECT METHOD)**

(in PLN)	Note	The period of 15 months ended March 31, 2019	Year ended December 31, 2017
<b>A. Cash flow from operating activities</b>			
<b>I. Net profit/ (loss)</b>		<b>- 5 933 282.37</b>	<b>9 313 619.87</b>
<b>II. Adjustments, total</b>		<b>27 319 686.89</b>	<b>- 1 281 043.76</b>
1. Depreciation		15 067 000.45	12 955 680.25
2. Foreign exchange gains/ (losses)		4 575 472.33	- 5 269 722.71
3. Interest and shares in profits (dividends)		6 537 427.15	5 320 191.16
4. Profit/ (loss) on investing activities		- 505 110.77	25 233.42
5. Change in provisions		4 287 328.26	175 082.95
6. Change in inventories		- 6 640 943.90	- 5 792 494.17
7. Change in receivables		- 5 620 510.53	- 28 991 530.50
8. Change in short-term liabilities, except for loans and borrowings		6 988 853.33	18 222 301.33
9. Change in prepayments, accruals and deferred income		2 630 170.57	- 1 290 919.00
10. Other adjustments		-	3 365 133.51
<b>III. Net cash flow from operating activities (I±II)</b>		<b>21 386 404.52</b>	<b>8 032 576.11</b>
<b>B. Cash flow from investing activities</b>			
<b>I. Inflows</b>		<b>3 649 830.07</b>	<b>4 423 533.58</b>
1. Sale of intangible assets and tangible fixed assets		3 649 830.07	4 423 533.58
2. Sale of investment property and investments in intangible assets		-	-
3. From financial assets, of which:		-	-
a) in affiliates		-	-
b) in other entities		-	-
- sale of financial assets		-	-
- dividends and shares in profits		-	-
- repayment of long-term loans granted		-	-
- interest received		-	-
- other		-	-
4. Other investing inflows		-	-
<b>II. Outflows</b>		<b>18 600 819.22</b>	<b>12 355 904.74</b>
1. Purchase of intangible assets and tangible fixed assets		3 497 260.42	12 355 904.74
2. Investment property and investments in intangible assets		-	-
3. For financial assets, of which:		15 103 558.80	-
a) in affiliates		15 103 558.80	-
b) in other entities		-	-
- purchase of financial assets		-	-
- long-term loans granted		-	-
4. Other investing outflows		-	-
<b>III. Net cash flow from investing activities (I-II)</b>		<b>- 14 950 989.15</b>	<b>- 7 932 371.16</b>

This cash flow statement should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.

KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Cash Flow Statement

<i>(in PLN)</i>	<i>Note</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
<b>C. Cash flow from financing activities</b>			
<b>I. Inflows</b>		-	-
1. Net inflows from issue of shares, issue of other equity instruments and additional payments to capital		-	-
2. Loans and borrowings		-	-
3. Issue of debt securities		-	-
4. Other financing inflows		-	-
<b>II. Outflows</b>		<b>7 221 510.36</b>	<b>7 130 180.24</b>
1. Re-acquisition of own shares		-	-
2. Dividends and other payments to shareholders		-	-
3. Outflows due to appropriation of profit other than payments to shareholders		-	-
4. Repayment of loans and borrowings		-	-
5. Redemption of debt securities		-	-
6. Relating to other financial liabilities		-	-
7. Finance lease payments		572 409.40	1 503 799.61
8. Interest paid		6 649 100.96	5 626 380.63
9. Other financing outflows		-	-
<b>III. Net cash flow from financing activities (I-II)</b>		<b>- 7 221 510.36</b>	<b>- 7 130 180.24</b>
<b>D. Total net cash flow (A.III±B.III±C.III)</b>		<b>- 786 094.99</b>	<b>- 7 029 975.29</b>
<b>E. Balance sheet change in cash and cash equivalents, of which:</b>		<b>- 786 094.99</b>	<b>- 7 029 975.29</b>
- change in cash and cash equivalents due to foreign exchange gains/losses		-	-
<b>F. Cash and cash equivalents at the beginning of the period</b>		<b>8 211 921.90</b>	<b>15 241 897.19</b>
<b>G. Cash and cash equivalents at the end of the period (F±D), of which:</b>		<b>7 425 826.91</b>	<b>8 211 921.90</b>
- of restricted use		1 985 430.19	-

This cash flow statement should be read together with the notes, which are an integral part of these financial statements.

This is a translation of financial statements originally issued in Polish.

## **ADDITIONAL NOTES AND EXPLANATIONS**

### **1. SIGNIFICANT PRIOR YEAR EVENTS RECOGNISED IN CURRENT YEAR FINANCIAL STATEMENTS**

Up to the date of the preparation of these financial statement, there were no significant prior year events that were not, but should have been, disclosed in the financial statements.

### **2. SIGNIFICANT POST-BALANCE SHEET EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENTS**

Between the balance sheet date and the date of the preparation of these financial statements i.e. 31.03.2019 there were no events that were not, but should have been, disclosed in the financial statements for the financial year.

### **3. CHANGES IN ACCOUNTING POLICIES MADE IN THE CURRENT YEAR**

The financial statements for the current and previous financial year were prepared using the same accounting policies and data presentation methods.

### **4. COMPARABILITY OF PRIOR YEAR FINANCIAL STATEMENTS WITH CURRENT YEAR FINANCIAL STATEMENTS**

#### **Change in the presentation format of profit and loss account**

The financial statements have been prepared for the period of 15 months beginning on January 1, 2018 and ended on March 31, 2019 in connection with the change in the financial year. Financial data in the income statement, changes in equity and cash flow statement for the current year include data for 15 months, while comparable data includes data for 12 months.



KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Additional Notes and Explanations

**5. INTANGIBLE ASSETS**

**March 31, 2019**

<i>(in PLN)</i>	<i>Development costs</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Prepayments for intangible assets</i>	<i>Total</i>
<b><u>Initial cost</u></b>					
<b>Opening balance</b>	<b>8 233 451.99</b>	-	<b>56 948 038.66</b>	-	<b>65 181 490.65</b>
Increases, of which:	-	-	184 548.50	-	184 548.50
Purchases	-	-	184 548.50	-	184 548.50
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	26 554.17	-	26 554.17
Liquidation	-	-	26 554.17	-	26 551.17
Other	-	-	-	-	-
<b>Closing balance</b>	<b>8 233 451.99</b>	-	<b>57 106 032.99</b>	-	<b>65 339 484.98</b>
<b><u>Accumulated amortisation</u></b>					
<b>Opening balance</b>	<b>912 630.29</b>	-	<b>19 622 447.04</b>	-	<b>20 535 077.33</b>
Increases, of which:	2 680 292.05	-	6 681 718.63	-	9 362 010.68
Charge for the period	2 680 292.05	-	6 681 718.63	-	9 362 010.68
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	16 543.59	-	16 543.59
Liquidation	-	-	16 543.59	-	16 543.59
Other	-	-	-	-	-
<b>Closing balance</b>	<b>3 592 922.34</b>	-	<b>26 287 622.08</b>	-	<b>29 880 544.42</b>
<b><u>Impairment write-downs</u></b>					
<b>Opening balance</b>	-	-	-	-	-
Increases	-	-	-	-	-
Decreases, of which:	-	-	-	-	-
Utilisation	-	-	-	-	-
Reversal	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-
<b><u>Net book value</u></b>					
<b>Opening balance</b>	<b>7 320 821.70</b>	-	<b>37 325 591.62</b>	-	<b>44 646 413.32</b>
<b>Closing balance</b>	<b>4 640 529.65</b>	-	<b>30 818 410.91</b>	-	<b>35 458 940.56</b>

KABEL – TECHNIK – POLSKA SP. Z O. O.  
Financial statements for the 15-month period ended March 31, 2019  
Additional Notes and Explanations

**December 31, 2017**

<i>(in PLN)</i>	<i>Development costs</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Prepayments for intangible assets</i>	<i>Total</i>
<b><u>Initial cost</u></b>					
<b>Opening balance</b>	<b>3 951 933.65</b>	-	<b>56 069 092.51</b>	-	<b>60 021 026.16</b>
Increases, of which:	4 281 518.34	-	885 478.86	-	5 166 997.20
Purchases	4 281 518.34	-	885 478.86	-	5 166 997.20
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	6 532.71	-	6 532.71
Liquidation	-	-	6 532.71	-	6 532.71
Other	-	-	-	-	-
<b>Closing balance</b>	<b>8 233 451.99</b>	-	<b>56 948 038.66</b>	-	<b>65 181 490.65</b>
<b><u>Accumulated amortisation</u></b>					
<b>Opening balance</b>	<b>264 977.42</b>	-	<b>13 338 338.63</b>	-	<b>13 603 316.05</b>
Increases, of which:	647 652.87	-	6 290 641.12	-	6 938 293.99
Charge for the period	647 652.87	-	6 280 641.12	-	6 938 293.99
Other	-	-	-	-	-
Transfers	-	-	-	-	-
Decreases, of which:	-	-	6 532.71	-	6 532.71
Liquidation	-	-	6 532.71	-	6 532.71
Other	-	-	-	-	-
<b>Closing balance</b>	<b>912 630.29</b>	-	<b>19 622 447.04</b>	-	<b>20 535 077.33</b>
<b><u>Impairment write-downs</u></b>					
<b>Opening balance</b>	-	-	-	-	-
Increases	-	-	-	-	-
Decreases, of which:	-	-	-	-	-
Utilisation	-	-	-	-	-
Reversal	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-
<b><u>Net book value</u></b>					
<b>Opening balance</b>	<b>3 686 956.23</b>	-	<b>42 730 753.88</b>	-	<b>46 417 710.11</b>
<b>Closing balance</b>	<b>7 320 821.70</b>	-	<b>37 325 591.62</b>	-	<b>44 646 413.32</b>

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**6. PROPERTY, PLANT AND EQUIPMENT**

**The period of 15 months ended March 31, 2019**

<i>(in PLN)</i>	<i>Land</i>	<i>Of which: Perpetual usufruct right to land</i>	<i>Buildings, premises and constructions</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Other tangible fixed assets</i>	<i>Construction in progress</i>	<i>Prepayments for construction in progress</i>	<i>Total</i>
<b>Initial cost</b>									
Opening balance	238 506.86	78 485.86	24 176 415.76	36 439 394.56	1 530 563.56	6 711 853.41	256 168.28	-	<b>69 352 902.31</b>
Increases, of which:	-	-	169 382.40	2 040 692.43	11 560.69	763 851.15	327 225.25	-	3 312 711.92
Purchases	-	-	169 382.40	2 040 692.43	11 560.69	763 851.15	327 225.25	-	<b>3 312 711.92</b>
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	101 584.26	44 326.72	-	140 216.86	- 286 127.84	-	-
Decreases, of which:	-	-	-	7 535 898.97	293 722.66	687 401.83	18 557.69	-	<b>8 535 581.15</b>
Liquidation and sale	-	-	-	7 535 898.97	293 722.66	687 401.83	18 557.69	-	8 535 581.15
Other	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>238 506.86</b>	<b>78 485.86</b>	<b>24 447 382.42</b>	<b>30 988 514.62</b>	<b>1 248 401.59</b>	<b>6 928 519.59</b>	<b>278 708.00</b>	<b>-</b>	<b>64 130 033.08</b>
<b>Accumulated depreciation</b>									
Opening balance	-	-	4 332 090.85	19 233 611.48	751 913.71	5 178 889.16	-	-	<b>29 496 505.20</b>
Increases, of which:	-	-	854 533.35	3 534 881.93	242 239.02	1 073 335.47	-	-	5 704 989.77
Charge for the period	-	-	854 533.35	3 534 881.93	242 239.02	1 073 335.47	-	-	<b>5 704 989.77</b>
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	4 594 477.32	230 375.85	576 742.02	-	-	<b>5 401 595.19</b>
Liquidation and sale	-	-	-	4 594 477.32	230 375.85	576 742.02	-	-	<b>5 401 595.19</b>
Other	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>5 186 624.20</b>	<b>18 174 016.09</b>	<b>763 776.88</b>	<b>5 675 482.61</b>	<b>-</b>	<b>-</b>	<b>29 799 899.78</b>
<b>Impairment write-downs</b>									
Opening balance	-	-	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	-	-	-	-	-	-
Utilisation	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>									
Opening balance	238 506.86	78 485.86	19 844 324.91	17 205 782.85	778 649.85	1 532 964.25	256 168.28	-	<b>39 856 397.11</b>
Closing balance	<b>238 506.86</b>	<b>78 485.86</b>	<b>19 260 758.22</b>	<b>12 814 498.53</b>	<b>484 624.71</b>	<b>1 253 036.98</b>	<b>278 708.00</b>	<b>-</b>	<b>34 330 133.30</b>



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**Year ended December 31, 2017**

<i>(in PLN)</i>	<i>Land</i>	<i>Of which: Perpetual usufruct right to land</i>	<i>Buildings, premises and constructions</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Other tangible fixed assets</i>	<i>Construction in progress</i>	<i>Prepayments for construction in progress</i>	<i>Total</i>
<b>Initial cost</b>									
Opening balance	238 506.86	74 485.86	22 969 650.81	35 015 865.76	2 552 043.33	6 423 354.24	50 731.28	71 924.80	<b>67 321 717.08</b>
Increases, of which:	-	-	1 206 764.95	3 728 040.78	350 308.94	1 014 919.55	363 481.80	525 391.52	7 188 907.54
Purchases	-	-	1 206 764.95	3 728 040.78	350 308.94	1 014 919.55	363 481.80	525 391.52	<b>7 188 907.54</b>
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	755 001.12	-	-	-157 684.80	- 597 316.32	-
Decreases, of which:	-	-	-	3 056 513.22	1 371 788.71	726 420.38	-	-	<b>5 157 722.31</b>
Liquidation and sale	-	-	-	3 056 513.22	1 371 788.71	726 420.38	-	-	5 157 722.31
Other	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>238 506.86</b>	<b>78 485.86</b>	<b>24 176 415.76</b>	<b>36 439 394.44</b>	<b>1 530 563.56</b>	<b>6 711 853.41</b>	<b>256 168.28</b>	<b>-</b>	<b>69 352 902.31</b>
<b>Accumulated depreciation</b>									
Opening balance	-	-	3 685 251.55	18 271 077.95	1 412 971.36	4 533 351.66	-	-	<b>27 902 652.52</b>
Increases, of which:	-	-	646 839.30	3 658 203.06	342 974.29	1 369 369.61	-	-	6 017 386.26
Charge for the period	-	-	646 839.30	3 658 203.06	342 974.29	1 369 369.61	-	-	<b>6 017 386.26</b>
Other	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	2 695 669.53	1 004 031.94	723 832.11	-	-	<b>4 423 533.58</b>
Liquidation and sale	-	-	-	2 695 669.53	1 004 031.94	723 832.11	-	-	<b>4 423 533.58</b>
Other	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>4 332 090.85</b>	<b>19 233 611.48</b>	<b>751 913.71</b>	<b>5 178 889.16</b>	<b>-</b>	<b>-</b>	<b>29 496 505.20</b>
<b>Impairment write-downs</b>									
Opening balance	-	-	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	-	-	-	-	-	-
Utilisation	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>									
Opening balance	<b>238 506.86</b>	<b>78 485.86</b>	<b>19 284 399.26</b>	<b>16 744 787.81</b>	<b>1 139 071.97</b>	<b>1 890 002.58</b>	<b>50 371.80</b>	<b>71 924.80</b>	<b>39 419 064.56</b>
Closing balance	<b>238 506.86</b>	<b>78 485.86</b>	<b>19 844 324.91</b>	<b>17 205 782.96</b>	<b>778 649.85</b>	<b>1 532 964.25</b>	<b>256 168.28</b>	<b>-</b>	<b>39 856 397.11</b>

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The value of land under perpetual usufruct as at 31 March 2019 amounted to PLN 238.5 thousand (as at 31 December 2017: PLN 238.5 thousand).

As at 31 March 2019, the value of tangible fixed assets used under operating lease, hire, rental and other agreements of a similar nature (excluding finance lease agreements) amounted to approx. PLN 1 953 thousand (as at 31 December 2017: PLN 3 424 thousand).

Capital expenditure in the the period of 15 months ended March 31, 2019 amounted to PLN 3 497 thousand (in the year ended 31 December 2017: PLN 12 356 thousand).

Capital expenditure planned for the year 2019/2020 amounts to PLN 11 831 thousand (including environmental protection expenditure in the amount of PLN 200 thousand).

## 7. INVESTMENTS

### Long-term investments

As at the balance sheet date, March 31, 2019, the Company presents shares in Motherson Rolling Stock Systems GB Ltd. in long-term investments, acquired on February 1, 2019 in the amount of PLN 4 858.80. On March 28, 2019, the capital increased in the Company in the amount of PLN 15 098 700.00.

The company has 100% shares in this entity.

The company is consolidated at the higher level, ie MSSL Estonia WH OÜ.

## 8. PREPAYMENTS AND DEFERRED COSTS

	<i>March 31, 2019</i>	<i>December 31, 2017</i>
<b>Deferred tax assets</b>	<b>2 342 318.75</b>	<b>6 436 864.42</b>
<b>Total long-term portion</b>	<b>2 342 318.75</b>	<b>6 436 864.42</b>
- insurance	7 350.68	69 553.59
- service costs (pA software)	151 327.08	245 807.73
- costs of consultancy services	262 782.82	258 743.09
- cost of renting premises	135 300.13	360 800.08
- costs of IT services	72 334.80	-
- reserve for re-invoicing costs	5 829 013.77	2 481 864.37
- costs of external processing	158 368.95	-
- other (total of immaterial items)	55 085.74	75 501.73
<b>Total short-term portion</b>	<b>6 671 563.97</b>	<b>3 492 270.59</b>

## 9. Share capital

### March 31, 2019

	<i>Number of shares</i>	<i>Number of votes</i>	<i>Nominal value of 1 share</i>	<i>% of share capital held</i>
Groclin Luxemburg	74 940	74 940	210,00	100%
<b>Total</b>	<b>74 940</b>	<b>74 940</b>		<b>100%</b>

### December 31, 2017

	<i>Number of shares</i>	<i>Number of votes</i>	<i>Nominal value of 1 share</i>	<i>% of share capital held</i>
Groclin Luxemburg	74 940	74 940	210,00	100%
<b>Total</b>	<b>74 940</b>	<b>74 940</b>		<b>100%</b>

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**10. INTEREST-BEARING LOANS AND BORROWINGS AND OTHER FINANCIAL LIABILITIES**

<i>(in PLN)</i>	<i>March 31, 2019</i>	<i>December 31, 2017</i>
<i>Short-term</i>		
Liabilities arising from finance leases and hire-purchase contracts	189 052.46	535 686.64
<b>Total short-term portion</b>	<b>189 052.46</b>	<b>535 686.64</b>
<i>Long-term</i>		
- 3,5% bonds from affiliates company	150 923 919.77	146 348 447.44
<b>Total long-term portion</b>	<b>150 923 919.77</b>	<b>146 348 447.44</b>

**11. APPROPRIATION OF PROFIT/ ABSORPTION OF LOSS**

**11.1. Appropriation of prior year profit/ Absorption of prior year loss**

The Shareholders' Meeting held on June 28, 2018 adopted a resolution to allocate profits for the previous year to cover losses from previous years.

**11.2. Appropriation of current year profit/ Absorption of current year loss**

The Management Board will propose covering the loss for the current year in the amount of PLN 5 933 282.37 from future profits.

**12. PROVISIONS**

Movements in provisions during the reporting periods covered by these financial statements were as follows:

**March 31, 2019**

<i>(in PLN)</i>	<i>Deferred tax liability</i>	<i>Provision for retirement benefits and similar obligations</i>	<i>Provisions for bonus</i>	<i>Other provisions</i>	<i>Total</i>
<b>Balance as at 1 January 2018</b>	<b>3 026 651.74</b>	<b>502 141.78</b>	<b>61 576.29</b>	<b>273 340.00</b>	<b>3 863 709.81</b>
Increases	4 236 319.37	62 585.18	-	50 000.00	4 348 904.55
Utilisation	-	-	61 276.29	-	61 576.29
Reversal	-	-	-	-	-
<b>Balance as at 31 March 2019, of which:</b>	<b>7 262 971.11</b>	<b>564 726.96</b>		<b>323 340.00</b>	<b>8 151 038.07</b>
Long-term portion	7 262 971.11	476 222.19	-	-	7 739 193.30
Short-term portion	-	88 504.77	-	323 340.00	411 844.77

**December 31, 2017**

<i>(in PLN)</i>	<i>Deferred tax liability</i>	<i>Provision for retirement benefits and similar obligations</i>	<i>Provisions for bonus</i>	<i>Other provisions</i>	<i>Total</i>
<b>Balance as at 1 January 2017</b>	<b>2 968 725.64</b>	<b>446 561.22</b>	-	<b>273 340.00</b>	<b>3 688 626.86</b>
Increases	57 926.10	135 548.19	61 576.29	-	255 050.58
Utilisation	-	-	-	-	-
Reversal	-	79 967.63	-	-	79 967.63
<b>Balance as at 31 December 2017, of which:</b>	<b>3 026 651.74</b>	<b>502 141.78</b>	<b>61 576.29</b>	<b>273 340.00</b>	<b>3 863 709.81</b>
Long-term portion	3 026 651.74	436 372.94	-	-	3 463 024.68
Short-term portion	-	65 768.84	61 576.29	273 340.00	400 685.13



### 13. RECEIVABLES IMPAIRMENT WRITE-DOWNS

In the current financial year for which this report was prepared, the Company did not recognize any impairment losses on receivables

### 14. LONG-TERM LIABILITIES

In the current reporting period, the Company presents issued bonds for related parties with a maturity period of up to three years in the amount of PLN 150,923,119.77 in long-term liabilities.

In the previous year, the bonds were worth PLN 146 348 447.44. Additionally, in the previous year, the Company presented lease liabilities in the amount of PLN 225 755.22, which in the current year are fully in short-term liabilities.

### 15. SOCIAL ASSETS AND SOCIAL FUND LIABILITIES

The Social Fund Act dated 4 March 1994 (with subsequent amendments) requires enterprises that have 20 FTEs (full-time employees) or more to establish and run a Social Fund. The Company operates such a Fund and makes periodic contributions to this Fund in the amount specified in the Social Fund Act. Additionally, the Company transfers certain non-current social assets to the Fund.

The Funds' purpose is to finance the Company's social activities, loans granted to employees and other social expenditures. The Social Fund liability is made up of accumulated payments made to the Social Fund less non-refundable expenditures by the Fund. The structure and the types of assets, liabilities and costs related to the Social Fund are presented in the following table:

#### Assets, liabilities, proceeds to and expenditures from the Social Fund

<i>(in PLN)</i>	<i>March 31, 2019</i>	<i>December 31, 2017</i>
Loans granted to employees	134 000.32	152 826.41
Cash and cash equivalents	297 224.21	2 499.49
Social Fund – liabilities		
	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Contributions made to the Social Fund during the period	1 940 000.00	1 600 207.52
Non-refundable expenditures from the Social Fund	1 479 341.57	1 765 949.69

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**16. ACCRUALS AND DEFERRED INCOME**

<i>(in PLN)</i>	<i>March 31, 2019</i>	<i>December 31, 2017</i>
<b>1. Negative goodwill</b>		
<b>2a. Total other accruals and deferred income</b>	<b>9 674.27</b>	<b>23 410.16</b>
Deferred income, of which:	9 674.27	23 410.16
- subsidies to fixed assets	9 674.27	23 410.16
<b>2b. Total short-term accruals and deferred income</b>	<b>2 807 749.82</b>	<b>1 079 095.65</b>
Deferred income, of which:		
- subsidies to fixed assets	7 986.80	8 389.06
- accrual for transport cost	411 358.71	153 887.45
- accrual for costs of audit of financial statements	132 742.90	104 439.00
- accrual for holidays	1 349 680.89	400 000.00
- accrual for marketing services and consultancy	40 000.00	53 080.75
- accrual accrual for heat and electricity	152 000.00	69 000.00
- accrual for fuel	8 040.00	12 800.00
- accrual for other services	32 513.83	11 500.00
- accrual for delegation costs	37 984.00	43 951.42
- accrual for resident services	267 704.65	104 836.87
- accrual for IT services	22 300.00	20 000.00
- accrual for employee services	38 000.00	22 000.00
- accrual for car rental	28 805.96	-
- accrual for marketing services	150 726.36	-
-other	127 905.72	75 211.10
<b>Total accruals and deferred income</b>	<b>2 817 424.09</b>	<b>1 102 505.81</b>

**17. LIABILITIES SECURED ON THE COMPANY'S ASSETS**

The company has no liabilities secured on its assets.

**18. CONTINGENT LIABILITIES, INCLUDING GUARANTEES AND SURETIES GRANTED BY THE COMPANY (INCLUDING IN RESPECT OF BILLS OF EXCHANGE)**

As at 31 March 2019, the Company did not have any material contingent or off-balance sheet liabilities, including granted guarantees or sureties (including in respect of bills of exchange).

On 21 October 2005, the act on waste electric and electronic equipment ("WEEE") became effective. Among others, the provisions of this act obligate the manufacturers/importers of electric and electronic equipment ("EEE") to organize and finance the collection from the collection points, processing, recovery, including recycling, and neutralization of WEEE. As of 1 January 2008, EEE manufacturers have been required to ensure that used EEE is collected from households.

In order to estimate the amount of a provision for the obligation to collect historical or new WEEE, the Company would have to have the following data: quantities in terms of kilograms of old WEEE and the remaining quantities of new WEEE to be collected by the Company. In the reports required by Ministry of Environment distinction between new and historical WEEE is not made.

Therefore given the design of the collection and collection reporting system the Company is not able to assess the quantities of the WEEE, which are to be collected by the Company to fulfil its obligation resulting from the act on waste electric and electronic equipment

Given the above, the Company did not recognise a provision for the obligation to collect historical or new WEEE. The Company will reassess this standpoint following new interpretation(s) of the law or actual operation of the reporting system that would allow calculation of the obligation.

**19. OTHER AGREEMENTS NOT REFLECTED IN THE BALANCE SHEET**

The Company does not have any contracts not included in the balance sheet.

## 20. ANALYSIS OF SALES BY TYPE AND GEOGRAPHICAL AREA

Sales by type for the 15-month period ended March 31, 2019 and year ended December 31, 2017 were as follow:

<i>Sales by type (in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
1. Sales of services	45 584 513.26	20 648 718.57
2. Sales of products	387 878 313.17	303 672 263.23
3. Sales of material	49 549 260.58	33 689 022.09
Total net sales revenue	483 012 087,01	358 01 003.89

Sales by geographical area for the 15-month period ended March 31, 2019 and December 31, 2017 were as follow:

<i>Sales by geographical area (in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
1. Internal	20 542 174.61	31 310 296.28
2. External	462 469 912.40	326 699 707.61
Total net sales revenue	483 012 087,01	358 010 003.89

## 21. IMPAIRMENT WRITE-DOWNS OF FIXED ASSETS

The Company did not recognise any impairment write-downs against tangible fixed assets.

## 22. INTEREST AND FX DIFFERENCES CAPITALISED IN THE COSTS OF GOODS FOR RESALE OR COST OF PRODUCTION OF FINISHED GOODS IN THE FINANCIAL YEAR

In the the period of 15 months ended March 31, 2019 and in the prior financial year, the Company did not increase the cost of goods for resale or the cost of production of finished goods by interest or FX differences.

## 23. INVENTORY AT NET REALISABLE VALUE

In the period ended 31 March 2019, the Company recognized in the profit and loss account the cost due to the creation of impairment losses on inventories in the amount of PLN 109,897.82

<i>Relating to:</i>	<i>March 31, 2019</i>	<i>December 31, 2017</i>
1. Raw materials	41 553 097.12	43 519 965,61
2. Semi-finished goods and work in progress	16 881 159.45	11 149 726,11
3. Finished goods	5 242 477.96	2 293 417,25
4. Goods for resale	-	72 681,66
5. Inventory prepayments	-	-
Total inventory at net realisable value	63 676 734,53	57 035 790.63
Total inventory impairment write-downs	109 897,82	

## 24. DISCONTINUED ACTIVITIES

The Company did not discontinue any activities during the financial year and has no plans to discontinue any activity in the next year.



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## 25. CORPORATE PROFITS TAX

The reconciliation of the accounting gross profit/ (loss) to taxable profit/ (tax loss) is as follows:

<i>(in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
<b>Gross profit/ (loss)</b>	<b>3 125 123.50</b>	<b>8 723 392.68</b>
(-) Non-taxable revenue for the current year	<b>7 757 913.00</b>	<b>6 217 332.02</b>
- Exchange rate differences	1 478 763.85	3 798 743.86
- Revenue of future periods	5 749 381.77	2 065 134.37
- PFRON- costs that are not tax deductible costs	529 767 38	-
- Other receivables - sale of receivables	-	353 453.79
- other		
 (+) Non-tax-deductible expenses for the current year	 <b>17 445 261.80</b>	 <b>2 212 013.04</b>
- depreciation of machinery and equipment	937 558.38	849 231.96
- depreciation of trade marks non-fiscal	6 375 000.00	1 317 074.88
- other costs that are not tax deductible costs	46 739.95	45 376.42
- Exchange rate differences	5 128 077.34	-
- Reserve	3 124 387.80	-
- Accruals and deferred costs of the Social Insurance Institution	1 752 175.89	
- interest on the budget	3 566.00	329.78
- interest on bonds	43 416.46	
- other	34 339.98	
(+) Prior year revenue taxable in the current year	<b>2 414 791.01</b>	<b>1 608 300.63</b>
- revenue of future periods	2 402 232.37	1 608 300.63
- other	12 558.64	
(-) Prior year expenses recognised as tax-deductible expenses in the current year	<b>3 817 967.52</b>	<b>3 033 960.82</b>
- reversal accruals and deferred costs of the Social Insurance Institution	1 853 081.85	1 706 548.26
- reversal of provision	1 234 424.66	1 327 412.56
- leasing liabilities	576 093.50	
- interest on bonds	154 367.51	
- other		
(+/-) Other differences		
<b>Taxable profit/ (tax loss) [taxable base]</b>	<b>11 409 295.69</b>	<b>3 292 413.51</b>
<b>Loss from previous years</b>	<b>7 580 133.94</b>	<b>3 292 413.51</b>
<b>The income tax base</b>	<b>3 829 161.70</b>	<b>0.00</b>
Tax rate	19 %	19 %
Corporate profits tax (current tax liability)	727 541	-
Movement in the balance of deferred tax liability/ deferred tax asset	8 330 865.04	- 590 227.19
<b>Corporate Income Tax – total</b>	<b>9 058 405.77</b>	<b>- 590 227.19</b>

Regulations regarding VAT, corporate profits tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system. Tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

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The deferred tax liability / deferred tax asset consists of temporary differences relating to the following items:

	<i>Balance sheet</i>		<i>Profit and Loss Account</i>	
	<i>March 31, 2019</i>	<i>December 31, 2017</i>	<i>for the period of 15 months ended March 31, 2019</i>	<i>for the year ended December 31, 2017</i>
<i>Deferred tax liability</i>				
Leasing (the balance of liabilities and fixed assets under leasing)	331 774.39	259 856.88	71 917.51	- 127 823.51
Trademarks – difference between book value value and tax value	5 814 000.00	1 814 270.86	3 999 729.14	- 250 244.24
Deferred revenue	1 107 512.62	471 554.23	635 958.39	86 798.41
Foreing exchange gains/losses	9 684.10	480 969.76	- 471 285.67	349 195.43
Deferred tax liability	7 262 971.11	3 026 651.74	4 236 319.37	57 926.10
<i>Deferred tax asset</i>				
Provision for jubilee bonuses and retirement benefits	107 298.12	95 406.94	11 891.18	10 560.31
Accrued but unpaid interest on liabilities	8 249.13	29 329.83	- 21 080.70	- 15 920.55
Reserves	596 745.18	215 133.75	381 611.43	47 772.00
FX differences	524 096.42	281 827.85	242 268.58	- 1 048 796.31
Receivables write-off	-	-	-	- 191 874.91
Carry-forward of unused tax losses	773 016.48	5 463 080.51	- 4 690 064.03	1 818 571.38
Non-revenue costs	332 913.42	352 085.55	- 19 172.13	27 841.38
Deferred tax asset	2 342 318.75	6 436 864.42	- 4 094 545.67	648 153.29
Valuation allowance	-	-	-	-
Deferred tax asset, net	2 342 318.75	6 436 864.42	- 4 094 545.67	648 153.29
Deferred tax expense			- 8 330 865.04	590 227.19

## 26. COSTS BY TYPE

<i>(in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Depreciation	15 067 000.45	12 955 680.25
Materials and energy	291 098 545.00	210 866 401.32
External services	28 805 625.68	17 242 472.15
Taxes and charges	1 482 132.60	1 055 884.54
Payroll	72 136 273.87	58 111 641.24
Social security and other allowances, of which:	16 657 599.13	13 205 687.79
Other	11 626 320.55	5 889 346.99
<b>Total costs by type</b>	<b>436 873 497.28</b>	<b>319 327 114.28</b>
Selling expenses	8 471 657.60	6 098 622.24
General administrative expenses	43 807 115.78	33 014 037.05
Change in stocks of finished goods	8 594 035.80	- 1 883 152.54
Cost of goods produced for the Company's own use	-	-
<b>Cost of goods sold</b>	<b>376 000 688.10</b>	<b>282 097 607.53</b>

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**27. OTHER OPERATING INCOME**

<i>(in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Gains on the sale of non-financial long-term assets, of which:	505 110.77	-
- gains on disposal of tangible fixed assets and intangible assets	505 110.77	-
Subsidies	14 138.15	13 909.09
Revaluation of non-financial assets	-	-
Other operating income, of which:	594 855.90	1 644 410.40
- reversal of impairment write-downs against receivables	-	1 009 867.96
- sale of scrap metal	500 755.35	502 067.10
- other	94 100.55	132 475.34
<b>Total other operating income</b>	<b>1 114 104.82</b>	<b>1 658 319.49</b>

**28. OTHER OPERATING EXPENSES**

<i>(in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Loss on the sale of non-financial long-term assets, of which:	-	25 233.42
- loss on disposal of tangible fixed assets and intangible assets	-	25 233.42
Other operating expenses	202 960.51	123 221.89
<b>Total other operating expenses</b>	<b>202 960.51</b>	<b>148 455.31</b>

**29. FINANCIAL INCOME**

<i>(in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Gains from investments in other entities	-	-
Interest, of which:	797 071.57	819 709.67
- from affiliates	797 071.57	819 709.67
Other, of which:	-	5 623 176.50
- FX differences	-	5 269 722.71
- other financial income	-	353 453.79
<b>Total financial income</b>	<b>797 071.57</b>	<b>6 442 886.17</b>

**30. FINANCIAL EXPENSES**

<i>(in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Interest, of which:	7 312 193.07	5 886 891.38
- to affiliates	6 544 325.65	5 214 047.92
- to other contractors	18 193.88	11 402.97
- penalty interest on tax payables	3 566.00	329.78
- interest on amounts due to factoring	738 342.98	552 595.30
- other interest	7 765.56	108 515.41
Other, of which:	3 477 095.03	1 009 867.61
- FX differences	3 476 784.66	-
- other financial expenses	310.37	1 009 867.61
<b>Total financial expenses</b>	<b>10 789 288.10</b>	<b>6 896 758.99</b>

**31. EXTRAORDINARY OR INCIDENTAL GAINS OR LOSSES**

In the the period of 15 months ended March 31, 2019 and in the previous financial year, the Company did not earn extraordinary or incidental gains or incur extraordinary or incidental losses.

**32. STRUCTURE OF CASH AND CASH EQUIVALENTS INCLUDED IN THE CASH FLOW STATEMENT**

<i>(in PLN)</i>	<i>March 31, 2019</i>	<i>December 31, 2017</i>
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<b>Cash at bank</b>	<b>7 421 766.44</b>	<b>8 205 110.35</b>
- current accounts	5 436 336.25	8 205 110.35
- restricted cash (VAT split payment bank account)	1 985 430.19	-
<b>Cash on hand</b>	<b>4 060.47</b>	<b>6 811.55</b>
<b>Other cash and cash equivalents</b>	-	-
<b>Total cash and cash equivalents</b>	<b>7 425 826.91</b>	<b>8 211 921.90</b>

**33. RECONCILIATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE CASH FLOW STATEMENT CHANGES IN SPECIFIC ITEMS**

<i>Receivables (in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Balance sheet change in net long- and short-term liabilities	10 880 965.21	27 832 430.77
Change in the balance of bonds	- 4 464 521.28	- 8 964 559.61
Change in the balance of leasing liabilities	572 409.40	- 645 569.83
<b>Change in receivables in the cash flow statement</b>	<b>6 988 853.33</b>	<b>18 222 301.33</b>

**34. AVERAGE EMPLOYMENT**

<i>Employees</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Management Board	-	-
White-collar employees	284	322
Blue-collar employees	1 106	1 496
<b>Total employment</b>	<b>1 390</b>	<b>1 818</b>

**35. REMUNERATION OF AUDIT FIRM**

The table below shows remuneration of the audit firm paid or payable the period of 15 months ended March 31, 2019 and December 31, 2017, by type of services:

<i>Type of service</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Audit of annual financial statements <sup>1</sup>	57 547.50	52 219.50
Other attest services	-	-
Tax advisory services	-	-
Other services	-	-
<b>Total, of which:</b>	<b>57 547.50</b>	<b>52 219.50</b>
- payable at the balance sheet date	<b>57 547.50</b>	<b>52 219.50</b>
- paid at the balance sheet date	-	-

**36. REMUNERATION, INCLUDING PROFIT BASED BONUSES AND RETIREMENT BENEFITS, PAID OR PAYABLE TO MEMBERS OF MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BOARDS**

Remuneration paid to members of Management, Supervisory or Administrative Boards were as follows:

<i>Remuneration (in PLN)</i>	<i>The period of 15 months ended March 31, 2019</i>	<i>Year ended December 31, 2017</i>
Management Board	2 252 502.98	1 705 325.00
<b>Total remuneration</b>	<b>2 252 502.98</b>	<b>1 705 325.00</b>

<sup>1</sup> [badanie ustawowe w rozumieniu art. 2 pkt 1 ustawy o biegłych rewidentach]

### 37. LOANS AND SIMILAR BENEFITS GRANTED TO MEMBERS OF MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BOARDS

In the the period of 15 months ended March 31, 2019 or in the prior financial year, the Company did not grant loans or similar benefits to the members of its management, supervisory or administrative boards.

### 38. NON-CONSOLIDATED JOINT VENTURES

The Company did not take part in any joint ventures that were not subject to consolidation.

### 39. CAPITAL GROUP AND RELATED PARTY TRANSACTIONS

#### a) Capital group

The Company operates as part of the Samvardhana Motherson Group capital group.

The consolidated financial statements at the ultimate level of the capital group in which the Company is a subsidiary are prepared by Motherson Sumi Systems Ltd. with its registered office in New Delhi, India.

#### b) Parent company

The Company's parent company is Groclin Luxembourg S.a.r.l. with its registered office located in 412F Route d'Esch, 2086 Luxembourg.

The consolidated financial statements at the lowest level of the capital group in which the Company is a subsidiary and which belongs to the capital group mentioned under letter a) above, are prepared by PKC Group Ltd. with its registered office located in Helsinki. The financial statements are filed with appropriate court register.

Transactions with the parent company were as follows:

No transactions in the current and previous reporting period.

#### c) Transactions with other relates entities, including with the entities that together with the Company are under common control of the parent

The transactions of the Company with other related entities were as follow:

##### **PKC Group Poland Sp. z o.o.**

<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	695 742.20	513 230.86
Sales, of which:	4 578 958.58	1 515 365.45
- Fixed assets	1 492 680.21	-
Trade receivables	49 443.45	201 714.16
Trade payables	8 061.84	33 180.69

##### **PKC Group Poland Holding Sp. z o.o.**

<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Interest – financial expenses	6 537 427.15	5 214 047.92
Other payables	150 967 336.23	146 502 814.95

##### **PKC Wiring Systems Oy**

<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	479 458.28	509 431.08
Sales	-	10 286.75
Trade receivables	2 743.90	274 558.13
Trade payables	-	23 319.45

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<b>PKC Eesti AS</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	1 433.64	17 905.71
Sales	98 087.98	7 346.22
<b>PKC Group Oyj</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	3 161 638.08	2 613 348.73
Interest – financial expenses	6 897.50	-
Trade payables	319 556.52	248 364.41
<b>PKC SEGU Systemelektrik GmbH</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	2 499.65	-
Sales	25 018.35	186.32
Trade receivables	25 018.35	-
<b>PKC Wiring Systems d.o.o.</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	9 028.11	-
Sales, of which:	1 049 050.99	274 558.13
- Fixed assets	1 030 031.30	-
<b>Advanced Transit Manufacturing</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	24 701.88	4 425.14
Sales, of which:	828 294.00	-
- Fixed assets	442 782.19	-
Trade payables	24 561.88	-
<b>MSSL</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Sales	22 305.60	-
Trade receivables	22 305.60	-
<b>AEES Inc.</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	4 476.17	-
<b>MSSL Mideast (FZE)</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	2 848.79	-
Sales, of which:	1 012 912.01	-
- Fixed assets	147 751.07	-
Trade receivables	1 360.96	-



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<b>Motherston Air Travel Agency GmbH</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	23 333.06	-

<b>MSSL GmbH</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Purchases	15 348.05	-

<b>PKC Group Lithuania</b>		
<i>(in PLN)</i>	<b>The period of 15 months ended March 31, 2019</b>	<b>Year ended December 31, 2017</b>
	<i>Total</i>	<i>Total</i>
Sales, of which:	32 166.29	81 819.93
- Fixed assets	32 166.29	-

**40. TRANSACTIONS WITH OTHER ENTITIES ON OTHER THAN THE ARM'S LENGTH BASIS**

The terms and conditions of the transactions made by the Company with affiliates in the the period of 15 months ended March 31, 2019 and in the prior year did not differ from those prevailing in the transactions made on the arm's length basis.

**41. LIST OF ENTITIES IN WHICH THE COMPANY IS A SHAREHOLDER INCURRING UNLIMITED FINANCIAL LIABILITY**

In the financial year ended March 31, 2019 and in the prior financial year, the Company was not a shareholder incurring unlimited financial liability.

**42. LIST OF ENTITIES IN WHICH THE COMPANY HAS PARTICIPATING INTEREST OR INTEREST IN THE TOTAL NUMBER OF VOTES**

In the current reporting period, the Company holds 4 001 000 shares, each for GBP 1 in the English company Motherston Rolling Stock Systems GB Ltd.

In the previous year, the Company did not have any involvement in equity in other entities

**31 March 2019**

<i>Name of the company</i>	<i>Registered office</i>	<i>Carrying amount of shares</i>	<i>% of shares</i>	<i>Net profit/ (loss) for the The period of 15 months ended March 31, 2019</i>	<i>Equity as at 31 March 2019</i>
Motherston Rolling Stock Systems GB Ltd.	Derby	15 103 558.80	100 %	-	14 995 587.78

The company acquired shares on February, 1 2019 and increased it on March 28, 2019.

**43. EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS**

The legal basis to depart from consolidation is art.56 Par. 2 the Accounting Act.

The consolidated financial statements were prepared by PKC Group.Ltd. The financial statements are filed with appropriate court register.

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The consolidated financial statements at the ultimate level of the capital group were prepared by Motherson Sumi Systems Ltd. The financial statements are filed with appropriate court register.

The main statistics characterizing the operations of the affiliated entities in the current and previous financial year are as follows:

**March 31, 2019**

(in PLN)

*Motherson Rolling Stock Systems GB Ltd.*

Net sales of finished goods, goods for resale and raw materials	-
Financial income	-
Net profit/ (loss)	-
<b>Shareholders' equity, of which:</b>	<b>14 992 996.00</b>
I. Share capital	14 992 996.00
II. Reserve capital	-
III. Revaluation reserve	-
IV. Other reserves	-
V. Accumulated profits/ (losses) from previous years	-
VI. Net profit/ (loss) for the year	-
VII. Deductions from net profit during the year (negative value)	-
<b>Total assets</b>	<b>14 992 996.00</b>
<b>Average annual employment</b>	<b>-</b>
<b>Accounting standards applied</b>	<b>GAAP (Generally Accepted Accounting Principles)</b>

#### 44. FINANCIAL INSTRUMENTS

##### Financial risk management objectives and policies

The Company is exposed to market risk, including primarily changes in interest rates and currency exchange rates, and uses derivatives and other financial instruments in connection with its risk management activities. The Company does not hold or issue derivative financial instruments for trading purposes. The Company has not any written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk (risk appetite) and its general risk management philosophy.

##### Risk of risk management

The Management Board is responsible for the establishment and supervision of risk management by the Company, including the identification and analysis of risks to which the Company is exposed, the definition of their respective limits and controls, as well as risk monitoring and adjustment to limits. Risk management policies and procedures are regularly reviewed to take into account changes in market conditions and changes in the Company's operations.

##### Credit risk

Credit risk is the risk of a financial loss by the Company in a situation where a party to a financial instrument does not fulfill its obligations under the contract. Credit risk is primarily related to debt financial instruments. The purpose of risk management is to maintain a stable and balanced in terms of quality and value of the portfolio of claims under loans granted and other investments in debt financial instruments, thanks to the policy of setting credit limits for the parties to the contract.

##### Market risk

The market risk lies in the fact that changes in market prices, such as exchange rates, interest rates, prices of capital instruments will affect the Company's results or the value of financial instruments held. The objective of market risk management is to maintain and control the Company's exposure to market risk within the limits of the adopted parameters, while striving to optimize the rate of return on investment. In order to manage market risk, the Company acquires and disposes of derivative instruments as well as assumes financial liabilities. The Company's activities in this respect include the application of hedge accounting so as to minimize the volatility of the financial result for the current period.

##### a) Interest rate risk

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The company is exposed to the risk of fluctuations in cash flows caused by interest rates, related to assets and liabilities with variable interest rates and to the risk of fluctuations in fair value resulting from assets and liabilities with fixed interest rates.

**b) Currency risk**

The company is exposed to currency risk due to transactions. Such risk arises as a result of an operating unit's sale or purchase transactions in currencies other than its currency of valuation.

**Characteristics of financial instruments**

**March 31, 2019**

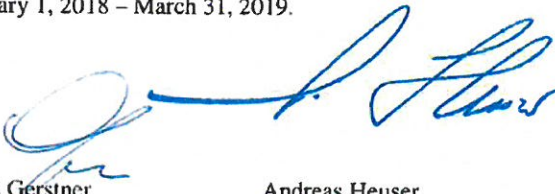
Portfolio	Characteristics (quantity)	Carrying amount	Conditions and terms affecting future cash flows
Cash	cash on bank accounts	7 425 826.91	interest rates consistent with the current tables of banks
Other financial liabilities	debentures	150 967 336.23	1-3 years

**December 31, 2017**

Portfolio	Characteristics (quantity)	Carrying amount	Conditions and terms affecting future cash flows
Cash	cash on bank accounts	8 211 921.90	interest rates consistent with the current tables of banks
Other financial liabilities	debentures	146 502 814.95	1-3 years

**45. SUBSEQUENT EVENTS**

After the balance sheet date of this Report, there were no events requiring disclosure in the reporting period, ie January 1, 2018 – March 31, 2019.



André Gerstner  
Chairman of the Board

Andreas Heuser  
Member of the Board



Katarzyna Świątek  
CFO, Person responsible for bookkeeping

Czaplinek, June 28, 2019