

Financial statements

Initial date of the reporting period	2018-01-01
End date of reporting period	2018-12-31
Date of preparation of the financial statements	2019-07-17
ReportCode	SprFinJednostkaInnaWZlotych
ReportingMethod	1

Details of the entity: PKC Group Poland Sp. z o.o.

1. Information of the entity

1A. Company, registered office or place of residence:

Company name	PKC Group Poland Sp. z o.o.
Registered office	
Voivodship	Świętokrzyskie
District	Starachowice
Municipality	Starachowice
Town	Starachowice

1B. Address

Address	
Country	PL
Voivodship	Świętokrzyskie
District	Starachowice
Municipality	Starachowice
Street name	Radomska
Building number	86
Name of the town	Starachowice
Postcode	27-200
Name of post office	Starachowice

1C. The core business of the entity

CodePKD (type of commercial activity)	2931Z
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1D. Number in the relevant court register

KRS (National Court Register number)	0000309537
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3 Indication of the period covered by the financial statements

From	2018-01-01
Until	2018-12-31

4 Indication that the financial statements contain aggregate data if the entity consists of internal organisational units that prepare separate financial statements: true - the financial statements contain aggregate data; false - the financial statements do not contain aggregate data	false
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5 Assumption of going concern

5A. Indication of whether the financial statements are prepared with the assumption of going concern in the foreseeable future.	true
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5B. Indication whether there are any circumstances indicating a threat of liquidation	false
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In the financial year, the Company recorded a net loss of 26,101,098.05 PLN. The total amount of the Company's losses exceeded the capital reserve and the share capital. On 14 June 2019, the Company's Management Board received a letter from the Company's Owner (PKC EESTI AS) who undertook to provide financial support and to continue the Company's operations within 12 months from the balance sheet date, i.e. from 31 December 2018. In addition, the Management Board of the Company is of the opinion that with the development of the sale of electric wire harnesses to new customers, the Company will improve its financial indicators, which will translate into its operating result.

5C. Description of the circumstances indicating a threat of liquidation

7 Accounting principles (policy)

7A. Overview of the adopted accounting principles (policy) to the extent that the Act leaves the entity with the right to choose, including

Purchase price of assets - the Company recognizes as fixed or intangible the assets worth upwards of 1000EUR. Regardless of the price, IT equipment and applicators are classified by the Company as fixed assets. The conversion is made at the NBP mid-rate of the day preceding the issuance of the invoice. Depreciation write-offs for balance sheet purposes start in the month when the asset is taken into use.

Stocks are valued as follows: - Materials are valued according to the purchase price, while expenditures are valued using the weighted average method; finished products and work-in-progress products are valued according to the production cost. Receivables and claims are valued at the due amount of payment with due observance of the prudence concept. Liabilities were disclosed in the balance sheet in the amount of the due principle. The funds from cash in hand and stored on bank accounts were valued at their nominal value. Equity capital valued at nominal value.

The financial result was calculated according to the single-step variant.

The financial statements include: a/ introduction to the financial statements, b/ balance sheet, c/ profit and loss account, d/ statement of changes in capital, e/ cash flow statement (indirect method), f/ additional information. The accounting principles (policy) have been described in the appendix to the financial statements.

7B. methods of valuation of assets and liabilities (including depreciation),

7C. determining the financial result

7D. determine the manner of preparation of the financial statements

Dariusz Abram
President of the Management Board

Robert Pużuk
Member of the Management Board

Aneta Kiepas
Member of the Management Board

Andreas Heyser
Member of the Management Board

Wanda Jagieła
Chief accountant

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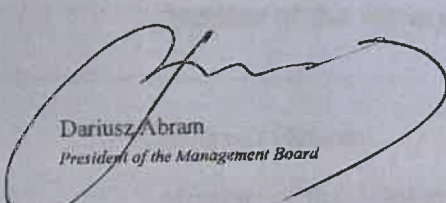
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Wanda Jagiela

Chief accountant

	Amount at the end of the current financial year	Amount at the end of the previous financial year
Total assets	213 848 554,05	209 489 294,17
A. Fixed assets	24 995 612,63	24 728 406,91
I. Intangible fixed assets	3 214 775,50	5 643 333,03
1. costs of completed development works	0,00	0,00
2. goodwill	0,00	0,00
3. other intangible assets	3 214 775,50	5 643 113,03
4 Prepayments for intangible assets	0,00	220,00
II. Tangible assets	15 369 679,84	13 689 747,49
1. Fixed assets	12 802 410,36	13 558 590,17
A. land (including the right of perpetual usufruct of land)	0,00	0,00
B. buildings, premises, rights to premises and civil engineering structures	1 496 621,41	1 463 081,14
C. technical equipment and machinery	7 876 800,53	7 197 467,26
D. means of transport	52 197,40	140 861,16
E. other fixed assets	3 376 791,02	4 757 180,61
2. Fixed assets under construction	2 567 269,48	131 035,20
3. Advances for fixed assets under construction	0,00	122,12
III. Long-term receivables	427 986,59	420 486,59
1. from related parties	0,00	0,00
From other entities in which the entity has an interest in the capital	0,00	0,00
3 From other entities	427 986,59	420 486,59
IV. Long-term investments	0,00	0,00
1. Immovable property	0,00	0,00
2 Intangible assets	0,00	0,00
3. long-term financial assets	0,00	0,00
A. in affiliated companies	0,00	0,00
1. - shares	0,00	0,00
2. - other securities	0,00	0,00
3. - granted loans	0,00	0,00
4. - other long-term financial assets	0,00	0,00
B. in other entities in which the entity has an interest in capital	0,00	0,00
1. - shares	0,00	0,00
2. - other securities	0,00	0,00
3. - granted loans	0,00	0,00
4. - other long-term financial assets	0,00	0,00
C. in other entities	0,00	0,00
1. - shares	0,00	0,00
2. - other securities	0,00	0,00
3. - granted loans	0,00	0,00
4. - other long-term financial assets	0,00	0,00
4. other long-term investments	0,00	0,00

V. Long-term prepayments and accruals	5 983 170,70	4 974 839,80
1. deferred income tax assets	5 983 170,70	4 974 839,80
2. other prepayments and accruals	0,00	0,00
B. Current assets	188 852 941,42	184 760 887,26
I. Stocks	61 935 555,92	71 208 539,21
1. materials	41 546 651,75	50 834 057,78
2. semi-finished products and work in progress	7 500 728,86	9 268 592,57
3. finished products	5 393 957,56	10 439 403,81
4. goods	7 101 654,14	0,00
5. advances on supplies and services	392 563,61	666 485,05
II. Short-term receivables	118 633 780,48	98 494 299,55
1. receivables from related parties	46 099 432,40	18 671 527,67
A. for deliveries and services, with a maturity of:	46 099 432,40	18 671 527,67
1. - up to 12 months	46 099 432,40	18 671 527,67
2. - over 12 months	0,00	0,00
B. other	0,00	0,00
2. receivables from other entities in which the entity has an interest in the capital	0,00	0,00
A. for deliveries and services, with a maturity of:	0,00	0,00
1. - up to 12 months	0,00	0,00
2. - over 12 months	0,00	0,00
B. other	0,00	0,00
3. receivables from other undertakings	72 534 348,08	79 822 771,88
A. for deliveries and services, with a repayment term:	64 885 605,58	62 133 553,26
1. - up to 12 months	64 885 605,58	62 133 553,26
2. - over 12 months	0,00	0,00
B. receivables relative to taxes, subsidies, customs duties, social and health insurance, and other benefits	7 243 879,03	7 036 251,63
C. others	404 863,47	10 652 966,99
D. receivables under litigation	0,00	0,00
III. Short-term investments	7 945 444,97	14 904 470,36
1. short-term financial assets	7 945 444,97	14 904 470,36
A. in related undertakings	0,00	0,00
1. - shares	0,00	0,00
2. - other securities	0,00	0,00
3. - granted loans	0,00	0,00
4. - other short-term financial assets	0,00	0,00
B. in other entities	0,00	0,00
1. - shares	0,00	0,00
2. - other securities	0,00	0,00
3. - granted loans	0,00	0,00
4. - other short-term financial assets	0,00	0,00
C. Cash and other money assets	7 945 444,97	14 904 470,36
1. - cash in hand and at bank	7 945 444,97	14 904 470,36
2. - other cash and cash equivalents	0,00	0,00

3. - other money assets	0,00	0,00
2. other short-term investments	0,00	0,00
IV. Short-term prepayments and accruals	338 160,05	153 578,14
C. Called up share capital (negative figure)	0,00	0,00
D. Own shares	0,00	0,00
Total liabilities	213 848 554,05	209 489 294,17
A. Equity (own funds)	-26 732 804,98	-631 706,93
I. Primary capital (fund)	20 492 000,00	20 492 000,00
II. Capital reserve (fund) of which	0,00	0,00
1. - surplus of sales value (issue value) over nominal value of shares (stocks)	0,00	0,00
III. Revaluation reserve (fund), of which	0,00	0,00
1. - due to revaluation of fair value	0,00	0,00
IV. Other capital reserves (funds), of which	0,00	0,00
1. - created in accordance with the articles of association (articles of association) of the company	0,00	0,00
2. - for own shares	0,00	0,00
V. Profits (loss) brought forward	-21 123 706,93	-985 494,91
VI. Net profit (loss)	-26 101 098,05	-20 138 212,02
VII. Write-offs from net profit during the financial year (negative value)	0,00	0,00
B. Liabilities and reserves for liabilities	240 581 359,03	210 121 001,10
I. Reserves for liabilities	17 371 080,25	13 182 776,76
1. reserves for deferred income tax	0,00	0,00
2. reserves for pensions and similar benefits	12 410 319,08	10 536 464,24
1. - long-term	6 758 437,17	5 351 182,00
2. - short-term	5 651 881,91	5 185 282,24
3. other reserves	4 960 761,17	2 646 312,52
1. - long-term	0,00	0,00
2. - short-term	4 960 761,17	2 646 312,52
II. Long-term liabilities	50 000 000,00	0,00
1. Amounts due to related undertakings	50 000 000,00	0,00
2. Amounts due to other undertakings in which the entity has an interest in the capital	0,00	0,00
3. Amounts due to other undertakings	0,00	0,00
A. Credits and loans	0,00	0,00
B. relative to debt securities issued	0,00	0,00
C. other financial liabilities	0,00	0,00
D. commitments under bills of exchange	0,00	0,00
E. others	0,00	0,00
III. Short-term liabilities	173 210 278,78	196 935 815,89
1. Amounts due to related undertakings	62 015 265,54	71 505 516,19
A. trade liabilities with maturity of:	33 212 909,51	21 505 516,19
1. - up to 12 months	33 212 909,51	21 505 516,19
2. - over 12 months	0,00	0,00
B. other	28 802 356,03	50 000 000,00

2. Amounts due to other undertakings in which the entity has an interest in the capital	0,00	0,00
A. trade liabilities with maturity of:	0,00	0,00
1. - up to 12 months	0,00	0,00
2. - over 12 months	0,00	0,00
B. other	0,00	0,00
3. Amounts due to other undertakings	110 349 582,11	124 644 358,53
A. Credits and loans	0,00	0,00
B. relative to debt securities issued	0,00	0,00
C. other financial liabilities	28 498 019,56	31 963 985,66
D. trade liabilities with maturity of:	76 213 356,07	88 762 483,19
1. - up to 12 months	76 213 356,07	88 762 483,19
2. - over 12 months	0,00	0,00
E. zaliczki otrzymane na dostawy i usługi	0,00	0,00
F. relative to debt securities issued	0,00	0,00
G. receivables relative to taxes, subsidies, customs duties, social and health insurance, and other benefits	4 055 131,08	3 713 014,84
H. salaries and wages	0,00	0,00
I. Other	1 583 075,40	204 874,84
4 Special funds	845 431,13	785 941,17
IV. Prepayments and accruals	0,00	2 408,45
1. negative goodwill	0,00	0,00
2. other prepayments and accruals	0,00	2 408,45
1. - long-term	0,00	0,00
2. - short-term	0,00	2 408,45

Dariusz Abram

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Robert Pużuk

Member of the Management Board



Aneta Kiepas

Member of the Management Board



Andreas Heuer

Member of the Management Board



Wanda Jagieła

Chief accountant

2. Amounts due to other undertakings in which the entity has an interest in the capital	0,00	0,00
A. trade liabilities with maturity of:	0,00	0,00
1. - up to 12 months	0,00	0,00
2. - over 12 months	0,00	0,00
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Wanda Jagieła

Chief accountant

	Amount at the end of the current financial year	Amount at the end of the previous financial year
A. Net income from sales and equivalent income, of which	725 465 542,11	515 973 544,44
J. - from related undertakings	241 276 598,48	116 265 388,84
I. Net income from sale of products	563 673 261,53	507 304 871,69
II. Change in stocks of products (increase - positive figure, decrease -negative figure)	-6 465 599,98	2 772 129,85
III. Costs of work performed by the undertaking for its own purposes	0,00	0,00
IV. Net income from sale of goods and materials	168 257 880,56	5 896 542,90
B. Operating costs	732 774 687,73	542 022 256,15
I. Amortization and depreciation	8 552 482,51	9 326 815,63
II. Consumption of materials and energy	340 166 569,45	336 805 509,86
III. Outsourcing	111 144 477,04	102 280 477,49
IV. Taxes and charges, of which:	4 345 265,37	2 483 663,97
1. excise duty	0,00	0,00
V. Wages and salaries	83 158 762,78	69 800 752,66
VI. Social insurance and other benefits, of which	19 773 282,35	16 427 881,93
1. - retirement	0,00	0,00
VII. Other costs	2 295 361,98	2 339 625,74
VIII. Value of sold goods and materials	163 338 486,25	2 557 528,87
C. Profit (loss) on sales (A-B)	-7 309 145,62	-26 048 711,71
D. Other operating income	3 964 497,08	7 806 542,57
I. Profit on sale of non-financial fixed assets	1 479 775,22	225 384,06
II. Subsidies	2 408,45	4 817,07
III. Revaluation of non-financial assets	0,00	0,00
IV. Other operating income	2 482 313,41	7 576 341,44
E. Other operating costs	13 727 820,33	1 667 165,05
I. Loss on sale of non-financial fixed assets	0,00	0,00
II. Revaluation of non-financial assets	8 580 660,74	305 261,05
III. Other operating costs	5 147 159,59	1 361 904,00
F. Profit (loss) on operating activities (C+D-E)	-17 072 468,87	-19 909 334,19
G. Financial income	1 728,27	86 854,38
I. Dividends and shares in the profits, of which:	0,00	0,00
A. from related undertakings	0,00	0,00
1. - in which the entity holds an interest in capital	0,00	0,00
B. From other undertakings, of which:	0,00	0,00
1. - in which the entity holds an interest in capital	0,00	0,00
II. Interest, of which:	54,96	19 420,53
J. - from related undertakings	0,00	0,00
III. Profit on sale of non-financial fixed assets, of which	0,00	0,00
J. - in related undertakings	0,00	0,00
IV. Revaluation of financial assets	0,00	0,00
V. Other	1 673,31	67 433,85
H. Financial costs	6 438 036,35	3 055 816,49
I. Interest, of which:	1 855 353,56	1 691 421,83
J. - for related undertakings	1 788 870,94	1 663 223,71
II. Loss on sale of non-financial fixed assets, of which	0,00	0,00
J. - in related undertakings	0,00	0,00
III. Revaluation of financial assets	0,00	0,00

IV. Other	4 582 682,79	1 364 394,66
I. Gross profit (loss) (F+G-H)	-23 508 776,95	-22 878 296,30
J. Income tax	2 592 321,10	-2 740 084,28
K. Other obligatory reductions of profit (increase of loss)	0,00	0,00
L. Net profit (loss) (I-J-K)	-26 101 098,05	-20 138 212,02

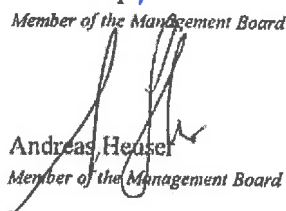
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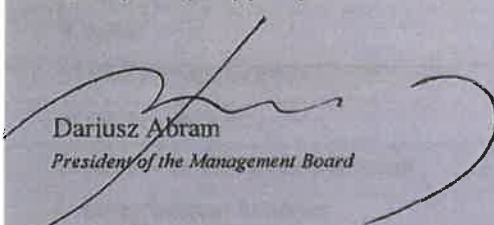


Andreas Heuser
Member of the Management Board



Wanda Jagiela
Chief accountant

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Chief accountant

	Amount at the end of the current financial year	Amount at the end of the previous financial year
I. Equity (own funds) at the beginning of period (BO)	-631 706,93	19 506 505,09
1. - changes in adopted accounting principles (policy)	0,00	0,00
2. - adjustments	0,00	0,00
I.A. Equity (fund) at the beginning of the period (BO), after adjustments	-631 706,93	19 506 505,09
1. Share capital (fund) at the beginning of the period	20 492 000,00	20 492 000,00
1. Changes in share capital (fund)	0,00	0,00
A. increase (due to)	0,00	0,00
1. - issue of shares (issue of shares)	0,00	0,00
B. decrease (due to)	0,00	0,00
1. - amortization of shares (stocks)	0,00	0,00
2. Basic capital (fund) at the end of the period	20 492 000,00	20 492 000,00
2. Reserve capital (fund) at the beginning of the period	0,00	0,00
1. Changes in reserve capital (fund)	0,00	0,00
A. increase (due to)	0,00	0,00
1. - issue of shares above the nominal value	0,00	0,00
2. - distribution of profit (statutory)	0,00	0,00
3. - distribution of profit (above the statutory minimum value)	0,00	0,00
B. decrease (due to)	0,00	0,00
1. - loss coverage	0,00	0,00
2. Reserve capital (fund) at the end of the period	0,00	0,00
3. Revaluation reserve (fund) at the beginning of the period - changes in adopted accounting principles (policy)	0,00	0,00
1. Changes in revaluation reserve capital (fund)	0,00	0,00
A. increase (due to)	0,00	0,00
B. decrease (due to)	0,00	0,00
1. - sale of fixed assets	0,00	0,00
2. Closing balance of revaluation reserve capital (fund)	0,00	0,00
4. Other reserve capitals (funds) at the beginning of the period	0,00	0,00
1. Changes in other reserve capitals (funds)	0,00	0,00
A. increase (due to)	0,00	0,00
B. decrease (due to)	0,00	0,00
2. other reserve capitals (funds) at the end of the period	0,00	0,00
5. Profit (loss) brought forward at the beginning of the period	0,00	0,00
1. Profit brought forward at the beginning of the period	0,00	0,00
1. - changes in adopted accounting principles (policy)	0,00	0,00
2. - correction of errors	0,00	0,00
2. Profit from previous years at the beginning of the period, after adjustments	0,00	0,00
A. increase (due to)	0,00	0,00
1. - distribution of profit brought forward	0,00	0,00
B. decrease (due to)	0,00	0,00
3. Profit brought forward at the end of the period	0,00	0,00
4. Loss brought forward at the beginning of the period	21 123 706,93	8 928 933,63
1. - changes in adopted accounting principles (policy)	0,00	0,00
2. - adjustments	0,00	0,00
5. loss brought forward at the beginning of the period, after adjustments	21 123 706,93	8 928 933,63
A. increase (due to)	0,00	-7 943 438,72
1. - transfer of loss brought forward to be covered	0,00	-7 943 438,72
B. decrease (due to)	0,00	0,00

6. loss brought forward at the end of the period	21 123 706,93	985 494,91
7. Profit (loss) brought forward at the end of the period	-21 123 706,93	-985 494,91
6. Net profit/loss	-26 101 098,05	-20 138 212,02
A. Net profit	0,00	0,00
B. net loss	26 101 098,05	20 138 212,02
C. Write-offs from net profit	0,00	0,00
II. Equity (fund) at the end of the period (BZ)	-26 732 804,98	-631 706,93
III. Equity (fund) after proposed distribution of profit (coverage of loss)	-26 732 804,98	-631 706,93

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Chief accountant



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7. Profit (loss) brought forward at the end of the period	-21 123 706,93	-985 494,91
6. Net profit/loss	-26 101 098,05	-20 138 212,02
A. Net profit		
B. net loss	0,00	0,00
C. Write-offs from net profit	26 101 098,05	20 138 212,02
II. Equity (fund) at the end of the period (BZ)	0,00	0,00
III. Equity (fund) after proposed distribution of profit (coverage of loss)	-26 732 804,98	-631 706,93
	-26 732 804,98	-631 706,93



Dariusz Abram

President of the Management Board

Robert Pużuk

Member of the Management Board

Aneta Kiepas

Member of the Management Board

Andreas Heuser

Member of the Management Board

Wanda Jagiela

Chief accountant

	Amount at the end of the current financial year	Amount at the end of the previous financial year
A. Operating cash flows	0,00	0,00
I. Net profit (loss)	-26 101 098,05	-20 138 212,02
II. Total adjustments	1 873 409,87	18 589 976,10
1. Depreciation and amortisation	8 552 482,51	9 326 815,63
2. Foreign exchange gains (losses)	0,00	0,00
3. Interest and profit sharing (dividends)	1 627 277,78	1 713 222,17
4. Profit (loss) on investment activities	-1 479 775,22	-225 384,06
5. Movements in reserves	4 188 303,49	1 615 660,36
6. Movements in stock	9 272 983,29	-22 169 511,04
7. Movements in receivables	-20 146 980,93	-37 704 170,74
8. Movements in short-term liabilities, with the exception of loans and credits	1 054 440,21	67 339 237,70
9. Movements in prepayments and accruals	-1 195 321,26	-1 305 893,92
10. Other adjustments	0,00	0,00
III. Net operating cash flows (I±II)	-24 227 688,18	-1 548 235,92
B. Investment cash flows	0,00	0,00
I. Inflows	0,00	0,00
1. Sale of intangible assets and tangible fixed assets	0,00	0,00
2. Sale of investments in immovable property and intangible assets	0,00	0,00
3. From financial assets, of which:	0,00	0,00
A. in related undertakings	0,00	0,00
B. in other undertakings	0,00	0,00
1. sale of financial assets	0,00	0,00
2. dividends and profit sharing	0,00	0,00
3. repayment of long-term loans	0,00	0,00
4. interest	0,00	0,00
5. other financial inflows	0,00	0,00
4. Other investment inflows	0,00	0,00
II. Outflows	9 754 934,28	3 005 365,63
1. Purchase of intangible assets and tangible fixed assets	9 754 934,28	3 005 365,63
2. Investments in immovable property and intangible assets	0,00	0,00
3. On financial assets, of which:	0,00	0,00
a) in related undertakings	0,00	0,00
b) in other undertakings	0,00	0,00
- purchase of financial assets	0,00	0,00
- long-term loans	0,00	0,00
4. Other investment outlays	0,00	0,00
III. Net cash flows from investing activities (I—II)	-9 754 934,28	-3 005 365,63
C. Financial cash flows	0,00	0,00
I. Inflows	28 512 235,96	0,00
1. Net inflows from issue of shares and other instruments, and additional contributions to equity	0,00	0,00
2. Credits and loans	0,00	0,00
3. Issue of debt securities	0,00	0,00
4. Other financial inflows	28 512 235,96	0,00
II. Outflows	1 488 638,89	1 713 222,17
1. Purchase of own shares	0,00	0,00
2. Dividends and other payments to shareholders	0,00	0,00
3. Other outflows under distribution of profit than payments to shareholders	0,00	0,00
4. Repayment of credits and loans	0,00	0,00
5. Redemption of debt securities	0,00	0,00
6. Other financial liabilities	0,00	0,00
7. Payments under finance lease contracts	0,00	0,00
8. Interest	1 488 638,89	1 713 222,17
9. Other financial outflows	0,00	0,00

III. Net cash flows from financial activities (I—II)	27 023 597,07	-1 713 222,17
D. Total net cash flows (A.III+/-B.III+/-C.III)	-6 959 025,39	-6 266 823,72
E. Balance sheet-movements in cash and cash equivalents, of which:	0,00	0,00
1- movements due to foreign exchange gains/losses	0,00	0,00
F. Cash and cash equivalents at the beginning of period	14 904 470,36	21 171 294,08
G. Cash and cash equivalents at the end of period (F+/-D), of which:	7 945 444,97	14 904 470,36
- not fully disposable	0,00	0,00

Dariusz Abram

President of the Management Board

Robert Puzuk

Member of the Management Board

Aneta Kiepas

Member of the Management Board

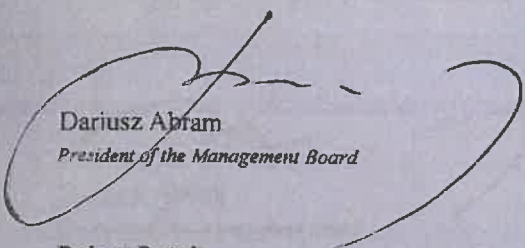
Andreas Heuser

Member of the Management Board

Wanda Jagiela

Chief accountant

III. Net cash flows from financial activities (I—II)	27 023 597,07	-1 713 222,17
D. Total net cash flows (A.III+/-B.III+/-C.III)	-6 959 025,39	-6 266 823,72
E. Balance sheet-movements in cash and cash equivalents, of which:		
1- movements due to foreign exchange gains/losses	0,00	0,00
F. Cash and cash equivalents at the beginning of period	0,00	0,00
G. Cash and cash equivalents at the end of period (F+/-D), of which:	14 904 470,36	21 171 294,08
- not fully disposable	7 945 444,97	14 904 470,36
	0,00	0,00



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Wanda Jagieła

Chief accountant

Settlement of the difference between the income tax base and the financial result (profit, loss) before tax						
	CURRENT YEAR			PREVIOUS YEAR		
	Total value	from capital gains	from other sources of income	Total value	from capital gains	from other sources of income
A. Gross profit (loss) for the given year	-23 508 776,95			-22 878 296,30		
B. Tax-exempt income (permanent differences between accounting profit/loss and tax revenue/loss), including Additional information provided due to the need or particularity of the entity	-2 408,45	0,00	-2 408,45	-4 817,07	0,00	-4 817,07
subsidies	-2 408,45	0,00	-2 408,45	-4 817,07	0,00	-4 817,07
Art. 17 Para. 1 pt. 21 pt. Lit. <Lit>						
C. Non-taxable income in the current year, including Additional information provided due to the need or particularity of the entity	-2 711 431,11	0,00	-2 711 431,11	-10 682 472,94	0,00	-10 682 472,94
unrealised foreign exchange differences	0,00	0,00	0,00	-687 090,47	0,00	-687 090,47
Art. Art15 Ust. <Ust> Pkt. <Pkt> Lit. Lita						
Additional information provided due to the need or particularity of the entity	0,00	0,00	0,00	-213 327,74	0,00	-213 327,74
exchange rate differences attributable to VAT						
Art. Art15 Ust. <Ust> Pkt. <Pkt> Lit. Lita						
Additional information provided due to the need or particularity of the entity						
received income from TE notes (up to the amount of costs incurred) plus sorting	-2 387 621,31	0,00	-2 387 621,31	0,00	0,00	0,00
Art. Art12 Ust. Ust4 Pkt. Pkt6 Lit. Lita						
Additional information provided due to the need or particularity of the entity	-323 809,80	0,00	-323 809,80	-9 782 054,73	0,00	-9 782 054,73
booked TE notes						
Art. Art12 Ust. Ust3 Pkt. <Pkt> Lit. Lite						
D. Income subject to taxation in the current year disclosed in the accounting books of previous years, including	5 590 399,86	0,00	5 590 399,86	3 783 837,13	0,00	3 783 837,13
Additional information provided due to the need or particularity of the entity	4 563 706,98	0,00	4 563 706,98	0,00	0,00	0,00
received payment for TE notes (booked in previous years)						
Art. Art12 Ust. <Ust> Pkt. <Pkt> Lit. <Lit>						
Additional information provided due to the need or particularity of the entity	880 763,04	0,00	880 763,04	0,00	0,00	0,00
MAN's statistical income						
Art. Art12 Ust. <Ust> Pkt. <Pkt> Lit. <Lit>						
Additional information provided due to the need or particularity of the entity	145 929,84	0,00	145 929,84	3 783 837,13	0,00	3 783 837,13
sales invoices sales adjustments relating to previous years						
Art. Art12 Ust. <Ust> Pkt. <Pkt> Lit. <Lit>						
E. Non-tax-deductible costs (permanent differences between profit/loss for accounting purposes and profit/loss for tax purposes), including	40 243 526,33	0,00	40 243 526,33	10 061 461,12	0,00	10 061 461,12
Additional information provided due to the need or particularity of the entity	0,00	0,00	0,00	518 230,68	0,00	518 230,68
written-off value of materials						
Art. Art16 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>						
Additional information provided due to the need or particularity of the entity	0,00	0,00	0,00	25 711,23	0,00	25 711,23
business travels						
Art. Art16 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>						

Additional information provided due to the need or particularity of the entity

39 000,00 0,00 39 000,00 0,00 0,00 0,00

grants

Art. Art16 Ust. Ust1 Pkt. Pkt14 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

62 822,10 0,00 62 822,10 53 800,00 0,00 53 800,00

additional insurance for NNW employees

Art. Art16 Ust. Ust1 Pkt. Pkt59 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

67 699,76 0,00 67 699,76 0,00 0,00 0,00

foreign exchange differences attributable to VAT

Art. Art15 Ust. <Ust> Pkt. <Pkt> Lit. Lita

Additional information provided due to the need or particularity of the entity

92 203,24 0,00 92 203,24 70 306,70 0,00 70 306,70

representation costs not included in tax deductible expenses

Art. Art16 Ust. Ust1 Pkt. Pkt28 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

293 503,20 0,00 293 503,20 35 542,05 0,00 35 542,05

inventory differences

Art. Art16 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>

Additional information provided due to the need or particularity of the entity

723 491,00 0,00 723 491,00 358 569,00 0,00 358 569,00

State Fund for the Rehabilitation of the Disabled

Art. Art16 Ust. Ust1 Pkt. Pkt36 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

3 049 643,82 0,00 3 049 643,82 0,00 0,00 0,00

costs of downtime and sorting

Art. Art15 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>

Additional information provided due to the need or particularity of the entity

1 395 799,96 0,00 1 395 799,96 0,00 0,00 0,00

penalties for late deliveries

Art. Art16 Ust. Ust1 Pkt. Pkt22 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

12 768 964,23 0,00 12 768 964,23 8 977 112,46 0,00 8 977 112,46

reserve and revaluation write-offs

Art. Art16 Ust. Ust1 Pkt. Pkt26 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

21 717 833,00 0,00 21 717 833,00 0,00 0,00 0,00

Advisory services 3 million limit

Art. <Art> Ust. <Ust> Pkt. <Pkt> Lit. <Lit>

Other (Possibility to provide total differences of less than PLN 20,000)

32 566,02 0,00 32 566,02 22 189,00 0,00 22 189,00

F. Costs not considered tax deductible expenses in the current year, including

1 317 814,70 0,00 1 317 814,70 12 930 776,43 0,00 12 930 776,43

Additional information provided due to the need or particularity of the entity

0,00 0,00 0,00 26 873,00 0,00 26 873,00

interest on outstanding tax

Art. Art16 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>

Additional information provided due to the need or particularity of the entity

338 802,56 0,00 338 802,56 11 913 844,89 0,00 11 913 844,89

outsourced production Serbia

Art. Art16 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>

Additional information provided due to the need or particularity of the entity

130 260,46 0,00 130 260,46 0,00 0,00 0,00

unrealised foreign exchange differences

Art. Art15 Ust. <Ust> Pkt. <Pkt> Lit. Lita

Additional information provided due to the need or particularity of the entity

booked interest notes on loans Art. Art16 Ust. Ust1 Pkt. Pkt11 Lit. <Lit> Additional information provided due to the need or particularity of the entity	138 638,89	0,00	138 638,89	0,00	0,00	0,00
difference between balance sheet and tax depreciation Art. Art16 Ust. <Ust> Pkt. <Pkt> Lit. Lith	710 112,79	0,00	710 112,79	990 058,54	0,00	990 058,54
G. Costs considered tax deductible expenses in the current year and disclosed in the books of previous years, of which Additional information provided due to the need or particularity of the entity	-25 677,75	0,00	-25 677,75	0,00	0,00	0,00
adjustment of costs of direct material due to price differences booked in 2019 Art. <Art> Ust. <Ust> Pkt. <Pkt> Lit. <Lit>	0,00	0,00	-25 677,75	0,00	0,00	0,00
H. Loss brought forward, including: 50% loss from 2017	-1 635 993,50	0,00	-1 635 993,50	0,00	0,00	0,00
I. Other changes in the tax base, including Additional information provided due to the need or particularity of the entity	-1 635 993,50	0,00	-1 635 993,50	0,00	0,00	0,00
	-368 008,19	0,00	-368 008,19	0,00	0,00	0,00
grants Art. Art18 Ust. Ust1 Pkt. <Pkt> Lit. <Lit> Additional information provided due to the need or particularity of the entity	-32 500,00	0,00	-32 500,00	0,00	0,00	0,00
5% EBITDA Art. Art15 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>	-335 508,19	0,00	-335 508,19	0,00	0,00	0,00
J. Income tax base	18 950 800,00			-6 789 511,63		
K. Income tax	3 600 652,00			0,00		

Dariusz Abram
President of the Management Board

Robert Puzuk
Member of the Management Board

Aneta Klepas
Member of the Management Board

Andreas Helmer
Member of the Management Board

Wanda Jagiela
Chief accountant

Additional information provided due to the need or particularity of the entity

booked interest notes on loans	138 638,89	0,00	138 638,89	0,00	0,00	0,00
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Art. Art16 Ust. Ust1 Pkt. Pkt11 Lit. <Lit>

Additional information provided due to the need or particularity of the entity

difference between balance sheet and tax depreciation	710 112,79	0,00	710 112,79	990 058,54	0,00	990 058,54
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Art. Art16 Ust. <Ust> Pkt. <Pkt> Lit. Lit1

G. Costs considered tax deductible expenses in the current year and disclosed in the books of previous years, of which

-25 677,75	0,00	-25 677,75	0,00	0,00	0,00
------------	------	------------	------	------	------

Additional information provided due to the need or particularity of the entity

adjustment of costs of direct material due to price differences booked in 2019

0,00	0,00	-25 677,75	0,00	0,00	0,00
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Art. <Art> Ust. <Ust> Pkt. <Pkt> Lit. <Lit>

H. Loss brought forward, including:

-1 635 993,50	0,00	-1 635 993,50	0,00	0,00	0,00
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50% loss from 2017

-1 635 993,50	0,00	-1 635 993,50	0,00	0,00	0,00
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I. Other changes in the tax base, including

-368 008,19	0,00	-368 008,19	0,00	0,00	0,00
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Additional information provided due to the need or particularity of the entity

-32 500,00	0,00	-32 500,00	0,00	0,00	0,00
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grants

Art. Art18 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>

Additional information provided due to the need or particularity of the entity

-335 508,19	0,00	-335 508,19	0,00	0,00	0,00
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5% EBITDA

Art. Art15 Ust. Ust1 Pkt. <Pkt> Lit. <Lit>

J. Income tax base

18 950 800,00		-6 789 511,63
---------------	--	---------------

K. Income tax

3 600 652,00		0,00
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Wanda Jagiela

Chief accountant

PKC GROUP POLAND SP. Z O.O.**Additional information and explanations**

(all figures have been expressed in zlotys)

1. Intangible assets*Movements in intangible assets*

	Goodwill	Other intangible assets	Advances for intangibles	Total
Gross value				
01.01.2018	75 547 640,71	15 386 442,28	220,00	90 934 302,99
Increases	-	120 826,01	120 606,01	241 432,02
Losses	-	-	(120 826,01)	(120 826,01)
31.12.2018	75 547 640,71	15 507 268,29	-	91 054 909,00
Depreciation				
01.01.2018	(75 547 640,71)	(9 743 329,25)	-	(85 290 969,96)
Increases	-	(2 549 163,54)	-	(2 549 163,54)
31.12.2018	(75 547 640,71)	(12 292 492,79)	-	(87 840 133,50)
Net value				
01.01.2018	-	5 643 113,03	220,00	5 643 333,03
31.12.2018	-	3 214 775,50	-	3 214 775,50

2. Tangible assets*2. 1 Movements in assets*

	Buildings, premises and civil engineering structures	Plant and machinery	Means of transportation	Other fixed assets	Total
Gross value					
01.01.2018	5 259 745,25	31 231 170,49	871 411,57	19 065 100,94	56 427 428,25
Increases	463 819,30	4 466 484,09	-	730 850,20	5 661 153,59
Losses	-	(933 083,64)	-	(830 483,26)	(1 763 566,90)
31.12.2018	5 723 564,55	34 764 570,94	871 411,57	18 965 467,88	60 325 014,94

Depreciation

01.01.2018	(3 796 664,11)	(24 033 703,23)	(730 550,41)	(14 307 920,33)	(42 868 838,08)
Increases	(430 279,03)	(3 513 878,08)	(88 663,76)	(1 970 498,10)	(6 003 318,97)
Losses	-	659 810,90	-	689 741,57	1 349 552,47
31.12.2018	(4 226 943,14)	(26 887 770,41)	(819 214,17)	(15 588 676,86)	(47 522 604,58)

Net value

01.01.2018	1 463 081,14	7 197 467,26	140 861,16	4 757 180,61	13 558 590,17
31.12.2018	1 496 621,41	7 876 800,53	52 197,40	3 376 791,02	12 802 410,36

2. 2 Non-depreciated fixed assets

The value of fixed assets not included in the Company's assets but used by the Company on the basis of the rent agreements, lease agreements and other agreements, also on accounts of operating lease is 11 148 thousand zlotys (2017: 10 799 thousand zlotys). The initial value of these assets arises from rent agreements, lease agreements and leasing agreements, etc.

3. Long-term receivables**3. 1 Structure of long-term receivables**

	Gross value	Net value
From other undertakings	427 986,59	427 986,59
	427 986,59	427 986,59

4. Stocks

The stocks have been included in the balance sheet in net value, that is reduced by the write-offs in the amount of 2 741,5 thousand zlotys (2017: 2063,7 thousand zlotys).

5. Short-term receivables**5. 1 Age structure of short-term receivables on accounts of trade receivables from related undertakings**

	31.12.2018	31.12.2017
<i>With maturity of:</i>		
Up to 12 months	46 099 432,40	18 671 527,67
	46 099 432,40	18 671 527,67
Receivable value write-off	-	-
Net receivables	46 099 432,40	18 671 527,67

5. 2 Age structure of short-term receivables on accounts of trade receivables from other undertakings

	31.12.2018	31.12.2017
<i>With maturity of:</i>		
Up to 12 months	66 697 878,21	69 669 275,08
	66 697 878,21	69 669 275,08
Gross receivables	66 697 878,21	69 669 275,08
Receivable value write-off	(1 812 272,63)	(7 535 721,82)
Net receivables	64 885 605,58	62 133 553,26

5. 3 Write-offs of short-term receivables on accounts of trade

	Other undertakings
01.01.2018	
Increases	7 535 721,82
Transfers	1 332 741,86
	(7 056 191,05)
31.12.2018	1 812 272,63

5. 4 Write-offs of other short-term receivables (including receivables claimed in court)

	Other undertakings
01.01.2018	
Increases	0,00
Transfers	6 570 150,14
	7 056 191,05
31.12.2018	13 626 341,19

6. Short-term investments

6. 1 Cash and other money assets

	31.12.2018	31.12.2017
Cash in hand and at bank	7 945 444,97	14 904 470,36

7. Short-term prepayments and accruals

	31.12.2018	31.12.2017
Insurances	153 373,18	49 475,00
Subscription	1 916,43	5 016,70
Lease	30 550,79	31 273,99
IT service fees	152 319,65	67 812,45
	338 160,05	153 578,14

8. Equity

8. 1 Ownership of share capital

Shareholder	Number of shares	Nominal value of shares	Share %
PKC Eesti AS	204 920	20 492 000,00	100,0%
	204 920	20 492 000,00	100,0%

8. 2 Suggestions on method of dividing profits or covering losses for financial year

The Company's Board suggests covering the loss for the financial year 2018 from future profits

9. Reserves

9. 1 Reserves for pensions and similar benefits

	Jubilee awards and retirement and disability packages	Other	Total
01.01.2018	5 627 579,30	4 908 884,94	10 536 464,24
Increases	1 783 314,57	12 939 969,75	14 723 284,32
Use	-290 529,00	-12 558 900,48	-12 849 429,48
31.12.2018	7 120 364,87	5 289 954,21	12 410 319,08
<i>including:</i>			
long-term	6 758 437,17	0,00	6 758 437,17
short-term	361 927,70	5 289 954,21	5 651 881,91

9. 2 Other short-term reserves

	Reserve for complaint costs	Other	Total
01.01.2018	788 676,52	1 857 636,00	2 646 312,52
Increases	8 372 897,42	770 962,50	9 143 859,92
Use	(4 836 589,35)	(1 992 821,92)	(6 829 411,27)
31.12.2018	4 324 984,59	635 776,58	4 960 761,17

10. Long-term liabilities

10. 1 Age structure of long-term liabilities due to related undertakings

	31.12.2018	2017-12-31
<i>To be repaid</i>		
above 3 to 5 years	50 000 000,00	-
	50 000 000,00	0,00

11. Short-term liabilities

11. 1 Short-term liabilities due to related undertakings on accounts of trade in the amount of 33 212,9 thousand zlotys have a maturity up to 12 months after the balance sheet date.
11. 2 Other financial liabilities due to related undertakings on accounts of cash pooling is 28 512,2 thousand zlotys.
11. 3 Other financial liabilities due to related undertakings on accounts of unpaid loan interests is 138,6 thousand zlotys.
11. 4 Other financial liabilities due to related undertakings on accounts of capital expenditures is 151,5 thousand zlotys.
11. 5 Short-term liabilities due to other undertakings on accounts of trade in the amount of 76.213,4 thousand zlotys have a maturity up to 12 months after the balance sheet date.
11. 6 Other financial liabilities due to other undertakings on accounts of factoring is 28 498,0 thousand zlotys.

12. Income from sale

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
<i>By territory</i>		
Income from sale of products		
Country	47 061 929,74	21 999 431,17
Export	516 611 331,79	485 305 440,52
	563 673 261,53	507 304 871,69
Income from sale of goods and materials		
Country	3 020 198,13	2 613 295,35
Export + WDT	165 237 682,43	3 283 247,55
	168 257 880,56	5 896 542,90
<i>By category</i>		
Income from sale of products		
Sale of bundles	554 430 328,48	495 342 927,77
Sale of services	9 242 933,05	5 814 124,04
	563 673 261,53	501 157 051,81

13. Other operating income

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Profit on sale of non-financial fixed assets	1 479 775,22	225 384,06
Subsidies	2 408,45	4 817,07
Other operating income	2 482 313,41	7 576 341,44
`-other sale, reinvoices, notes	2 410 788,01	12 232 510,49
`-release of reserve for LST	-	2 400 022,00
`-revaluation of other receivables	-	-7 056 191,05
`-other	71 525,40	20 606,77
	<u>3 964 497,08</u>	<u>7 806 542,57</u>

14. Other operating costs

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Loss on sale of non-financial fixed assets	-	-
Revaluation of non-financial assets	8 580 660,74	305 261,05
`-revaluation of stocks	677 768,74	-
`-revaluation of receivables	7 902 892,00	0,00
Other operating costs	5 147 159,59	1 361 904,00
`-value of other sale, reinvoices	-	-
`-actuarial reserve	1 492 785,57	785 450,89
`-reserve for LST	3 536 308,07	-
`-donations	35 500,00	32 000,00
`-deducted value of materials - PKC Eesti	-	518 230,68
`-other	82 565,95	26 222,43
	<u>13 727 820,33</u>	<u>1 667 165,05</u>

15. Interest income

(including the ones arising from debt securities and loans granted and own receivables)

in the period from 1 January 2018 until 31 December 2018

	Interests received	Total
Other assets	54,96	54,96
	<u>54,96</u>	<u>54,96</u>

in the period from 1 January 2017 until 31 December 2017

	Interests received	Total
Other assets	19 420,53	19 420,53
	<u>19 420,53</u>	<u>19 420,53</u>

16. Interest costs
(including the ones arising from financial liabilities)

in the period from 1 January 2018 until 31 December 2018

	Interests accrued	Interests received	Total
Other liabilities	138 638,89	1 716 714,67	1 855 353,56
	138 638,89	1 716 714,67	1 855 353,56

in the period from 1 January 2017 until 31 December 2017

	Interests received	Total
Other liabilities	1 691 421,83	1 691 421,83
	1 691 421,83	1 691 421,83

17. Other financial costs

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
`-factoring fees	1 026 238,54	773 872,35
`-exchange rate differences	3 556 190,14	590 396,12
`-other	254,11	126,19
	4 582 682,79	1 364 394,66

18. Corporate income tax

18. 1 Corporate income tax structure

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Current income tax	3 600 652,00	-
Additional tax liabilities for previous years	-	(1 435 466,00)
Change in deferred income tax	(1 008 330,90)	(1 304 618,28)
	2 592 321,10	(2 740 084,28)

18. 2 Calculation of corporate income tax

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Gross profit(loss)	(23 508 776,95)	(22 878 296,30)
Amounts which raise the tax base		
Sale correction invoices	1 026 692,88	3 783 837,13
Business trip costs nkup	7 745,79	25 711,23
Amortization nkup	384 736,80	795 428,97

IT equipment nkup	467 589,40	278 429,45
Budget interests	8 019,02	26 873,00
Representation and advertising costs	92 203,24	70 306,70
Interests - thin capitalization	-	3 608,33
PFRON (State Fund for Rehabilitation of the Disabled)	723 491,00	358 569,00
Exchange rates differences non-received	130 260,46	-
Exchange rate difference for VAT	67 699,76	-
Intentory differences	293 503,20	35 542,05
Additional employee insurance NNW	62 822,10	53 800,00
Deducted value of materials PKC Eesti	-	518 230,68
Advisory services above the limit of 3 million zlotys	21 717 833,00	-
PKC Serbia - correction of costs of production ordered	338 802,56	11 913 844,89
PKC Serbia - downtime costs	2 933 607,15	-
Write-offs of stocks and receivables	8 580 660,74	7 361 452,10
Reserves for liabilities	4 188 303,49	1 615 660,36
Interests recorded	138 638,89	-
TE notes paid	4 563 706,98	-
Penalty for late deliveries (DAF)	1 327 084,45	-
Sorting costs	116 036,67	-
Donations	39 000,00	-
Corrections of materials purchase price differences	25 677,75	-
Other	85 516,72	18 664,28
	<u>47 319 632,05</u>	<u>26 859 958,17</u>

Amounts which reduce the tax base

Tax value of fixed assets sold	142 213,41	83 799,88
TE notes recorded	323 809,80	9 782 054,73
Unpaid invoices	-	83,61
Income from donations	2 408,45	4 817,07
Exchange rate difference accrued	-	687 090,47
Exchange rate differences for VAT	-	213 327,74
Income - TE notes, MAN invoice and sorting	2 387 621,31	
	<u>2 856 052,97</u>	<u>10 771 173,50</u>

Taxable income	20 954 802,13	(6 789 511,63)
EBITDA 5%	(335 508,19)	-
Donations	(32 500,00)	-
Loss from previous years	(1 635 993,50)	-
Tax base	<u>18 950 800,44</u>	<u>(6 789 511,63)</u>
Income tax	<u>3 600 651,73</u>	-

18. 3 Deferred income tax

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Positive temporary differences:		
Valuation of receivables/liabilities in foreign currencies	305 000,72	435 261,18
Correction of costs from previous years	198,61	-
Debit notes (TE) recorded	-	8 062 748,90
	305 199,33	8 498 010,08
Negative temporary differences:		
Write-offs of stocks and receivables	5 468 351,05	9 599 434,04
Reserves for unused holiday leaves and other benefits	12 410 319,08	10 536 464,24
Other cost reserves	4 584 781,71	922 980,74
Interest notes recorded	138 638,89	-
Upaid liabilities	47 000,41	47 000,41
Value of liquidated fixed assets	55 026,54	25 713,21
Fixed assets - difference between net value of balance sheet and t:	6 736 281,32	6 055 481,86
Correction of incomes from previous years	719 178,92	704 791,34
	30 159 577,92	27 891 865,84
Tax losses carryforward:		
Tax loss 2017 (total)	6 789 511,63	6 789 511,63
Correction of tax loss 2017	(3 517 524,52)	-
Settled part of tax loss	(1 635 993,50)	-
Tax loss 2017 for settlement	1 635 993,61	6 789 511,63
Total tax losses carryforward	1 635 993,61	6 789 511,63
Gross value of assets on accounts of deferred income tax	5 983 170,70	4 974 839,80
Net value of assets on accounts of deferred income tax	5 983 170,70	4 974 839,80
Assets on accounts of deferred income tax specified in the balance sheet	5 983 170,70	4 974 839,80
Reserve on accounts of deferred income tax included in the balance sheet	-	-
Net change in assets/reserves on accounts of the deferred income tax	1 008 330,90	1 304 618,28
Change of deferred tax specified in the profit and loss account	1 008 330,90	1 304 618,28

19. Non-financial fixed assets expenditure

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Non-financial fixed assets expenditure:		
- incurred throughout the year	8 217 993,88	4 126 709,53
- scheduled for another year	11 881 433,00	17 136 000,00

20. Explanations to cash flow statement

20. 1 Profit on investment

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Prfofit on sale of fixed assets	(1 479 775,22)	(225 384,06)
	(1 479 775,22)	(225 384,06)

20. 2 Movement in short-term liabilities (with the exception of loans and credits)

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Movement in short-term liabwith exception of loans and credits	(2 237 773,07)	67 549 371,29
Movement in other finans liab (incl. leasing)	1 755 150,76	905 435,21
Movement in liabilities on accounts of purchasing tangible assets and investments	1 537 062,52	(1 115 568,80)
	1 054 440,21	67 339 237,70

20. 3 Purchase of intangible assets and tangible fixed assets

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Increase in intangible assets	(120 826,01)	(248 616,51)
Movement in advances for intangibles	220,00	141 123,72
Increase in fixed assets	(5 661 153,59)	(6 390 085,62)
Movement in tangible assets under construction	(2 436 234,28)	2 373 329,97
Movement in liabilities on accounts of purchase of tangible assets	(1 537 062,52)	1 115 568,80
Movement in advancement for fixed assets under construction	122,12	3 314,01
	(9 754 934,28)	(3 005 365,63)

21. Transactions with related undertakings

21. 1 Settlement balance as of balance sheet day

	Trade receivables	Investment liabilities	Trade liabilities	Loans granted plus interests, cash pooling
AEES Inc.	5 162,27	-	321 578,91	-
Kabel Technik Polska Sp. z o.o.	36 713,25	10 832,68	181 283,47	-
PK Cables DO	14 610,15	-	5 545,24	-
PKC Eesti AS	3 073 773,64	-	2 418 206,19	50 138 638,89
PKC Group Lithuania UAB	208 679,00	-	12 907,27	-
PKC Segu GmbH	8 894,33	140 648,50	1 782 309,55	-
PKC Wiring Systems OY	-	-	1 834 727,70	-
PKC Group OY	69 706,57	-	-	28 512 235,96
PKC Wiring System DOO	42 216 643,90	-	26 439 846,55	-
MSSL Vehicle Technology Co., Ltd	23 835,75	-	-	-
Motherhood Sumi Systems LtdSBU15	228 301,71	-	-	-
Motherhood Sumi Systems LtdSBU11	77 273,84	-	-	-
Motherhood Sumi Systems LtdSBU26	77 524,27	-	-	-
Motherhood Sumi Systems LtdA-3	593,18	-	3 902,63	-
Motherhood Air Travel Agency GmbH	-	-	7 034,50	-
MSSL Wiring System inc.	48,98	-	-	-
MSSL Wiring System inc.(Portland)	-	-	103 410,21	-
MSSL Engineering Divisi Noida	57 671,56	-	-	-
MSSL GB Ltd	-	-	43 371,52	-
MSSL Mideast	-	-	9 909,52	-
MSSL Japan Ltd	-	-	48 876,25	-
	46 099 432,40	151 481,18	33 212 909,51	78 650 874,85

21. 2 Income from mutual transactions in financial year

	Income from sale of products and materials	Income from sale of fixed assets and reinvoices
AEES Inc.	(1 229,51)	3 603,49
Kabel Technik Polska Sp. z o.o.	637 915,50	64 816,20
PK Cables DO	103509,92	-
PKC Eesti AS	118 854 921,11	1 048 648,28
PKC Group Lithuania UAB	6 114 731,86	215 937,88
PKC Segu GmbH	79 795,11	1 278,57
PKC Group OY	622 445,56	-
PKC Wiring System DOO	112 636 045,69	533 686,50
PKC Vehicle Technology	191 594,57	-
Motherhood Sumi Systems LtdSBU15	1 085 329,58	-
Motherhood Sumi Systems LtdSBU11	84 199,59	-

Motherson Sumi Systems LtdSBU26	562 946,48	-
Motherson Sumi Systems LtdA-3	591,86	-
MSSL Wiring System inc.	48,94	-
MSSL WHD	437,25	-
MSSL WH System (Thailandia)	16 846,70	-
Motherson Sumi Systems Ltd No 31-b	13 473,25	-
MSSL Engineering Divisi Noida	272 995,02	-
	<u>241 276 598,48</u>	<u>1 867 970,92</u>

21. 3 Costs from mutual transactions in financial year

	Purchase of materials and goods	Purchase of services	Purchase of fixed assets plus loan interests
AEES Inc.	698 972,84	-	-
Kabel Technik Polska Sp. z o.o.	2 710 558,12	300 670,83	1 667 704,00
PK Cables DO	68 764,22	1 846,50	-
PKC Eesti AS	5 455 668,58	9 246 352,06	1 627 277,78
PKC Group Lithuania UAB	40 223,85	50 346,08	156 832,25
PKC Segu GmbH	968 327,44	5 322 621,56	148 497,15
PKC Wiring Systems OY	-	9 208 661,17	-
PKC Wiring System DOO	62 779 725,63	47 422 879,47	60 005,17
MSSL Mideast, SAIF ZONE-SHARJAH	2 706,56	-	-
Motherson Sumi Systems LtdA-3	2 135,04	-	-
MSSL Wiring System inc.(Portland)	192 096,41	-	-
MSSL WH System (Thailand)	18 700,68	-	-
MSSL GB Ltd	60 298,50	-	-
MSSL Noida	9 039,87	-	-
MSSL Japan Ltd	47 634,40	-	-
PKC Group Oyj	-	-	161 593,16
	<u>73 054 852,14</u>	<u>71 553 377,67</u>	<u>3 821 909,51</u>

22. Employment

Average employment in the financial year

Women	1 354,0
Men	574,0
	<u>1 928,0</u>

Division into professional groups in the financial year

Blue-collar workers	1 749,0
White-collar workers	179,0
	<u>1 928,0</u>

23. Remunerations and loans and similar benefits for members of managing, supervisory or administrative bodies

Remuneration to Board's members along with remuneration from profit in the financial year was 1.526 thousand zlotys (2017:1.404 thousand zlotys).

24. Information on consolidated financial statement

The consolidated financial statement at the top level of the corporate group which the Company is a member of as a subsidiary was drawn up by MSSL India with its registered office in Noida.

25. Contingent liability

The regulations related to value added tax, corporate income tax, personal income tax, or social insurance contributions are subject to modifications as a result of which there is no reference to fixed regulations or legal precedences. The applicable rules of law are also ambiguous, which leads to differences of opinions regarding interpretation of tax regulations both between state bodies and between state bodies and enterprises. The tax settlements and other (for example duty or foreign exchange) can be inspected by bodies authorized to impose fines, while the additional fees established during the inspection must be paid along with interests. These phenomena raise the tax risk in Poland in comparison to countries which have a more developed tax system.

Tax settlements can be subject to inspection for the period of five years. In effect the amounts included in the financial statement can be changed later after their value has been finally established by tax bodies. The Company was audited by tax bodies. Some of the audits had not been completed before the financial statement date

26. Information on ongoing tax procedure

In 2016 the Tax Office conducted a tax inspection concerning the corporate income tax (CIT) for 2014. As a result of the inspection, the Tax Office questioned the grounds for including certain costs which resulted in decrease in the tax base in the amount of 11 761 thousand zlotys. On 25 January 2017 the Head of Świętokrzyski Tax Office initiated the tax procedure which was not completed by the financial statement date. Based on the arguments and documentation compiled by the Company, the Management Board of the Company holds that the risk of unfavorable tax procedure result is low. Bearing the above in mind, the Company failed to create any reserves in the financial statement attached for potential tax liabilities concerning the tax year or other tax year which can be subject to inspection by tax bodies.

27. Information on financial instruments

27. 1 Purposes and principles of managing the financial risk

The activities of the Company are exposed to the following types of risk arising from ownership of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Basic principles of risk management

The Management Board is held responsible for establishing and supervising the risk management by the Company, including identification and analysis of risks which the Company is exposed to, specifying relevant limits and inspections, as well as monitoring the risk and adaptation to limits. The principles and procedures of managing the risk are subject to regular reviews in order to include changes to market conditions and changes in Company's activities.

Credit risk

The credit risk is a risk related to the financial loss by the Company when the party of the financial instrument fails to satisfy the contractual obligations. The credit risk is primarily related to debt securities. The purpose of risk management is to maintain a stable and sustainable, in terms of quality and value, receivables on accounts of loans granted and other investments in debt securities, thanks to credit limit policy for the parties to the agreement.

Liquidity risk

The liquidity risk is the risk related to difficulties in satisfying the obligations by the Company with regard to financial obligations which are settled by way of provision of cash or other financial assets. The management of liquidity by the Company is concerned with making sure the Company has sufficient liquidity allowing it to regulate the obligations both in normal and critical situation without exposure to unacceptable losses or questioning of Company's reputation. To do so, the Company monitors cash flows, maintains credit line and assures cash in the amount sufficient to cover expected operating expenses and current financial liabilities, keeps the assumed liquidity rates and uses "cash pool" systems under the Group.

Market risk

The market risk means that changes to market prices, such as exchange rates, interest rates, capital instruments prices will influence the result of the Company or on value of financial instruments. The purpose of managing the market risk is to keep and control the Company's exposure to market risk under the parameters adopted, with simultaneous intention to optimize the return on investment rate. In order to manage the market risk, the Company purchases and sells derivative instruments as well as takes over financial obligations.

a) Foreign exchange risk

The Company is exposed to foreign exchange risk as a result of sales, purchases which are expressed in a foreign currency, that is mainly USD, EUR, CHF. The Company does not secure itself against foreign exchange risk.

b) Interest rate risk

The Company is exposed to cash flow variability risk arising from interest rates related to assets and liabilities of variable interest rates.

27. 2 Specification of financial instruments

Portfolio	Specification (quantity)	Balance sheet value	Terms and deadlines influencing future cash flows
Cash	Cash	7 945 444,97	Future cash flows risk related to change of interest rates and exchange rates towards PLN
Loans granted	Cash pooling agreement concluded with Nordea Pankki Suomi Oyj bank	28 512 235,96	Future cash flow risk related to EUR exchange rate
Other financial liabilities	Loans from affiliated entities	50 138 638,89	Loan agreement concluded for definite period of time until 27.12.2023

27. 3 Information on interest rate risk

As of the balance sheet day, the debt securities take the following form:

	31.12.2018 Balance sheet value	31.12.2017 balance sheet value
Financial instruments		
- of variable interest rate		
Financial assets	7 945 444,97	14 904 470,36
Financial liabilities	78 650 874,85	50 000 000,00

The changes of the effective interest rate for instruments of variable interest rate occur in accordance with the changes of the market interest rate.

27. 4 Information on credit risk

Maximum exposure of the Company to credit risk corresponds to the balance sheet value of the following

	31.12.2018 balance sheet value	31.12.2017 balance sheet value
Financial assets:		
Trade receivables	110 985 037,98	80 805 080,93
Cash	7 945 444,97	14 904 470,36
	118 930 482,95	95 709 551,29

As of the balance sheet day there was no substantial concentration of credit risk related to the aforesaid financial assets.

28. Expert auditor's remuneration

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Remuneration paid or due:		
annual financial statement audit	101 747,00	94 733,00
group package audit	84 000,00	54 000,00
	185 747,00	148 733,00

29. Events after balance sheet day

After the balance sheet day and before the conclusion of this statement, there were no events not included in the financial statement.

Dariusz Abram

*President of the
Management Board*



Robert Pużuk

*Member of the
Management Board*

Wanda Jagieła

Chief accountant



Aneta Kiepas

*Member of the
Management Board*



Andreas
Heuser

*Member of the
Management Board*

Starachowice, 2019.07.17

As of the balance sheet day there was no substantial concentration of credit risk related to the aforesaid financial assets.

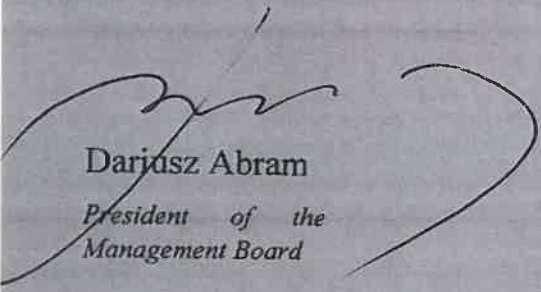
28. *Expert auditor's remuneration*

Remuneration paid or due:
annual financial statement audit
group package audit

01.01.2018 - 31.12.2018	01.01.2017 31.12.2016
101 747,00	94 733,00
84 000,00	54 000,00
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Wanda Jagieła

Chief accountant

Starachowice, 2019.07.17

Report of the Management Board on the operations in 2018

The year 2018 was for the Company a year of upward trend in terms of turnover, Company development and market position. In 2018, the company acquired new projects for SPG (Special Product Group) clients. At the same time, this is the direction chosen as the future one for the plant in Starachowice, mainly due to the extensive experience of employees, which enables the service of many smaller clients with the existing personnel resources. The main focus is on BUS Scania, Volvo, Daimler and MAN projects. In addition, unique production techniques for the engine bundles spark a lot of interest and orders from leading customers in the Track business. The future is also the production of HV high voltage bundles for leading customers such as Daimler and MAN.

In connection with the development strategy chosen, the Company significantly increases its production capacity by investing in new areas and technologies as well as equipment and staff.

The budget for 2018 predicted a 16% decrease in customer orders as compared to the previous year (in terms of value), however, in the end, net sales revenues in the entire year were nearly 41% higher than in 2017 and reached the level of over PLN 725 million. The higher level of sales was mainly influenced by higher orders performed as compared to budget assumptions for MAN customer by 79% (increase by 33% year by year) with annual turnover over PLN 292 million (40% share in the entire sales portfolio) and Scania customer by 147 % (increase of 32% year by year) with annual turnover of almost PLN 151 million (21% share in the entire sales portfolio).

In connection with the change of the operational model from Toll Manufacturing to Contract Manufacturing, as of August 2018 PKC Group Poland sells materials and components for the production of bundles to PKC Wiring Systems Doo in Serbia, and buys finished products, which it later sells to end customers as commercial goods. Therefore, in the operating expenses the item "value of goods and materials sold" increased significantly to the amount of PLN 163 million. The margin on the sale of commercial goods is at the level of approx. 2%, which affects the increase in the cost of materials for sales ratio from approx. 63% before the change of the model to 76% as of August 2018.

In 2018, the profit on sales improved compared to the previous year by nearly PLN 19 million to the level of loss on sales of PLN 7.3 million.

Unfortunately, as in the previous year, also in 2018, the Company incurred additional costs related to the delivery of components by one of the strategic suppliers, TE Connectivity. TE failed to adjust upward the prognosis of global demand for components that they produce and, as a result, related problems also affected the PKC Group to a large extent. Delayed deliveries or lack of them and, as a consequence, the need to buy at higher prices on the market, outlays on overtime production work and special transport costs, in order to keep binding delivery dates to PKC customers in case of production delays, resulted in significant additional costs. The company charged the costs that resulted through the fault of TE

Connectivity to the supplier, but not all claims were recognized and paid by TE Co. The amount of the write-off for rejected or overdue receivables arising from claims against TE Co. amounted in 2018 to over PLN 6.5 million (Other operating expenses, item: Revaluation of non-financial assets).

The operating result was also negatively affected by the increase in "Other operating costs" by nearly PLN 3.7 million as compared to 2017 (mainly the provision for price differences with MAN PLN 3.5 million, mathematical reserve PLN 1.5 million).

The company closed the year 2018 with a loss of PLN 17.1 million on the operating result, which constitutes -2.4% of net revenues from sales. This result in comparison to 2017 was better by PLN 2.8 million (improvement by 14% compared to the previous year).

In 2018, the NPI (New Product Introduction) department, responsible for the preparation of new project launches, in line with the production development direction for SPG customers, organized and actively supported the production of Volvo Coach in Starachowice. NPI prepared and supervised the production of RIM bundles prototypes for the new generation of Scania CBE engines. Last year, preparations for the production of HV bundles for Daimler EvoBus electric buses also began. The NPI department also developed many tool plans for new offers, potentially new PKC clients, such as CNHI, Polaris and Daimler BUS. In 2018, the production of bundles for the client Polaris, Cebi began. The NPI department organized the launch of these projects, the production of prototypes and the production of PPAP.

As every year, also in 2018, the Company positively passed the certification supporting audits of ISO 9001 and ISO 14001 as well as the certification audit of the new standard for automotive clients IATF 16949: 2016.

In 2018, new MAN MY19 projects were implemented, in which unique production technology was used, which was positively verified by the customer during the process approval and new MAN BUS, Volvo Couch and BUS projects were launched.

Despite many new launches, despite the unaccomplished company quality goal, it was possible to significantly reduce their value after the stabilization of the production process. In the event that the set goals were not met, a detailed action plan was developed to improve quality in this area. After implementing this plan, a significant improvement is visible in the first months of the new year 2019.

Launching in 2019 a new initiative promoting the increase of quality awareness in the company is a good prognosis for the future.

In 2019, we hope to maintain positive assessments of the recertification audit in the scope of the new IATF 16949: 2016 release and audits supporting the certification of ISO 9001 requirements: 2015 i ISO 14001: 2015.

Foreign exchange risk

The company incurred foreign exchange risk with respect to revenues, costs, receivables, liabilities and cash expressed in EUR. The overwhelming majority of purchases related to fixed costs is made in the national currency, so the foreign exchange risk in relation to purchase transactions is limited. The Company did not hedge against foreign exchange risk in the case of transactions, especially sale transactions, expressed in foreign currencies, however, in this case a protective mechanism in the form of "natural hedging" works here, because the volume of purchases of materials in EUR is more or less similar to sales in euros.

Interest rate risk

The company uses short- and long-term external financing in the form of loans from related parties, which are subject to the risk of interest rate changes. The cost of financing is based on the market interest rate. The company does not hedge against interest rate risk.

Credit risk

The transactions that potentially expose the Company to credit risk mainly consist of trade receivables. Credit risk related to trade receivables is limited, as most sales is made to companies from the MAN, Paccar and Volvo groups. The level of overdue trade receivables is constantly controlled, and the collectability of receivables is close to 100%. Other sales is carried out to related entities.

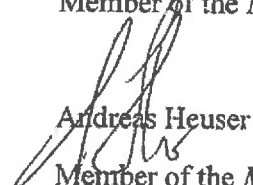
Dariusz Abram

President of the Management Board



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Aneta Kiepas

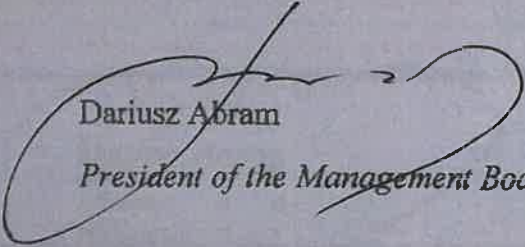

Member of the Management Board

Interest rate risk

The company uses short- and long-term external financing in the form of loans from related parties, which are subject to the risk of interest rate changes. The cost of financing is based on the market interest rate. The company does not hedge against interest rate risk.

Credit risk

The transactions that potentially expose the Company to credit risk mainly consist of trade receivables. Credit risk related to trade receivables is limited, as most sales is made to companies from the MAN, Paccar and Volvo groups. The level of overdue trade receivables is constantly controlled, and the collectability of receivables is close to 100%. Other sales is carried out to related entities.



Dariusz Abram

President of the Management Board

Robert Pużuk

Member of the Management Board

Aneta Kiepas

Member of the Management Board

Andreas Heuser

Member of the Management Board