

# Report on audit of the financial statements for 2013

## RAWLPLUG S.A.

### 1. Information about the Company

RAWLPLUG S.A. (the Company) was established on 6 December 1999, for an indefinite period of time. The Company's registered office is in Wrocław, ul. Kwidzyńska 6.

The Company's main economic activities are as follows:

- Manufacture of plastics products for the construction industry
- Wholesale of construction materials
- Manufacture of fixings, screws, chains and springs
- Wholesale of metal goods and hydraulic and heating products and additional equipment

The Company was registered on 27 August 2001 by the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6<sup>th</sup> Commercial Division of the National Court Registered, under number KRS 0000033537.

The Company has NIP number 895687880 and REGON number 932098397.

As at the end of the reporting period, i.e. as at 31 December 2013, the Company's share capital amounted to PLN 32 560 thousand. The Company's equity as at that date was PLN 281 261 thousand.

In accordance with note 11a of the additional information to the financial statements, the ownership structure of the Company's share capital as at 31 December 2013 was as follows:

Shareholder	Number of shares	Number of votes	Nominal value of shares	% share in capital
Amicus Polinae Sp. z o.o.	17 602 750	17 602 750	17 602 750	54.06%
PKO BP BANKOWY PTE	2 933 639	2 933 639	2 933 639	9.01%
ING OFE	2 842 138	2 842 138	2 842 138	8.73%
Radosław Koelner	2 044 750	2 044 750	2 044 750	6.28%
Other shareholders	7 136 723	7 136 723	7 136 723	21.92%
<b>Total</b>	<b>32 560 000</b>	<b>32 560 000</b>	<b>32 560 000</b>	<b>100.00%</b>

Based on information received from the Company on 18 March 2014, during the period 1 January – 31 December 2013 and from the end of the reporting period to the date on which the financial statements were signed, the following changes occurred in the Company's shareholding structure:

Shareholder	As at 18 March 2014 / number of shares (in 000s)	As at 18 March 2014 / % of total shares	As at 31 December 2013 / number of shares (in 000s)	As at 31 December 2013 / % of total shares	As at 31 December 2012 / number of shares (in 000s)	As at 31 December 2012 / % of total shares
Amicus Polinae Sp. z o.o.	17 603	54.06%	17 603	54.06%	19 103	58.67%
PKO BP BANKOWY PTE	2 934	9.01%	2 934	9.01%	-	-
ING OFE	2 842	8.73%	2 842	8.73%	2 842	8.73%
Arka BZ WBK FIO	-	-	-	-	2 578	7.92%
Radosław Koelner	2 045	6.28%	2 045	6.28%	545	1.67%
OFE Polsat	-	-	-	-	1 632	5.01%
Other shareholders	7 136	21.92%	7 136	21.92%	5 860	18.00%
<b>Total</b>	<b>32 560</b>	<b>100.00%</b>	<b>32 560</b>	<b>100.00%</b>	<b>32 560</b>	<b>100.00%</b>

The Company is the parent of RAWLPLUG Group. The Company's related parties are disclosed in note 6 of the introduction to the financial statements for the year ended 31 December 2013, audited by us.

As at 18 March 2014, the Company's Management Board comprised:

- Radosław Koelner – President of the Management Board
- Piotr Kopydłowski – Member of the Management Board responsible for finance

During the period 1 January 2013 – 18 March 2014, the composition of the Company's Management Board did not change.

## 2. Financial statements for the previous year

The Company's financial statements for the year ended 31 December 2012 (previous financial year) were audited by Grant Thornton Frąckowiak Sp. z o.o. sp.k., with Justyna Komer-Fabiś, register number 10964, acting on its behalf. The auditor issued an unqualified opinion, with a comment regarding the carrying amount of interests in subsidiaries.

The Company's financial statements for the year ended 31 December 2012 were approved by the General Meeting on 21 June 2013.

The Company's shareholders adopted a resolution on allocation of the 2012 profit, in the amount of PLN 2 764 thousand, to supplementary capital.

The Company's financial statements for the year ended 31 December 2012 (previous financial year), together with the auditor's opinion, a General Meeting resolution concerning approval of the financial statements and allocation of profit, and the management report on Group operations were submitted to the National Court Register on 28 June 2013.

### **3. Information on the entity authorised to audit financial statements and on the statutory auditor**

Grant Thornton Frąckowiak Sp. z o.o. Sp.k., based in Poznań, ul. Abpa Antoniego Baraniaka 88 E, is an entity authorised to audit financial statements, entered under number 3654 onto the list maintained by Poland's National Chamber of Statutory Auditors.

Statutory auditor Justyna Komer-Fabiś, register number 10964, led the audit of the Company's financial statements on behalf of Grant Thornton Frąckowiak Sp. z o.o. Sp.k.

Grant Thornton Frąckowiak Sp. z o.o. Sp.k. was appointed on 11 June 2013 to audit the Company's financial statements for the financial year ending 31 December 2013 by the Supervisory Board. The audit of the financial statements was carried out pursuant to an agreement with the Company's Management Board of 20 June 2013.

### **4. Scope and timeframe of the audit**

The audit's objective was to express a written opinion, together with a report, on whether the financial statements for the year ended 31 December 2013 are correct, in all significant aspects, meaning that they comply with the adopted accounting principles (policy) and that they reliably and clearly present the financial situation, asset position and financial result of the Company.

In auditing the specific components of the financial statements and accounts, we used tests and samples, as appropriate to financial audit. Based on the results of such tests and samples, we considered the audited items to be correct. An audit limited to a certain number of selected samples was also carried out with respect to tax settlements and obligations, as a result of which differences could arise between our conclusions and the results of any audits by tax authorities.

The scope of our audit did not include identifying and explaining events that, should they arise, could constitute the basis for a criminal proceeding by the relevant authorities. The scope of the audit also did not include matters that could have arisen outside of the Company's accounting system, but which would not have an impact on the financial statements audited by us.

The audit of the Company's financial statements for the year ended 31 December 2013 was carried out between 25 November 2013 and 29 November 2013 and from 10 February 2014 to 21 February 2014.

### **5. Declaration of independence**

Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k., the members of the general partner's management board, the network to which the entity authorised to audit financial statements belongs, the statutory auditor leading the audit and other persons participating in the audit meet the conditions essential to issue an impartial and independent opinion on the audited financial statements of the Company, as specified in art. 56 of the Act of 7 May 2009 on statutory auditor and their self-governance, entities authorised to audit financial statements and on public oversight (Polish Journal of Laws no. 77, item 649, as amended).

## 6. Data availability and declarations received

The Company's Management Board provided us with a written declaration of 18 March 2014 on the completeness, reliability and correctness of the audited financial statements, as well as a declaration that between the end of the reporting period and the end of the audit no events took place such as could have a material impact on the Company's financial situation and asset position and which would have to be included in the financial statements. The Company's Management Board confirmed its responsibility for the signed financial statements and declared that it provided us with all financial statements of companies subject to consolidation, consolidation documentation, information and other essential documents, and that it provided us with the explanations necessary to issue an opinion on the financial statements.

We consider the received documents to constitute a sufficient basis for us to express an opinion on the financial statements, and therefore our audit was not limited in any manner.

## 7. Accounting system

The Company's accounts are maintained using a computer system – MFG from QAD – by Koelner Rawlplug IP Sp. z o.o., at the Company's registered office. The Company holds current documentation, as specified in art. 10 of the Polish Accounting Act, including its adopted accounting principles (policy). In our opinion, the adopted accounting principles presented in the introduction to the financial statements are suitable for this type of business.

The approved closing balances as at 31 December 2012 were correctly entered into the accounts as opening balances as at 1 January 2013.

Our audit did not disclose any substantial weaknesses such as could have an impact on the financial data and information contained in the audited financial statements, pertaining to:

- Commercial transaction documentation,
- Reliability, correctness and reviewability of the accounts,
- Compliance of accounting records with receipts and with the audited financial statements,
- Means of protecting access to data and the computer system used to process it,
- Protection of accounting documentation, accounts and financial statements.

## 8. Balance sheet

<b>ASSETS (in PLN 000s)</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
<b>A. NON-CURRENT ASSETS</b>	<b>393 883</b>	<b>395 227</b>	<b>424 356</b>
1. Intangible assets	1 635	2 490	1 812
2. Property, plant and equipment	70 768	75 517	82 618
3. Non-current receivables	297	286	625
4. Non-current investments	311 618	308 952	334 548
5. Non-current prepayments	9 565	7 982	4 753
<b>B. CURRENT ASSETS</b>	<b>202 955</b>	<b>198 777</b>	<b>225 216</b>
1. Inventory	97 365	101 600	120 251
2. Current receivables	96 366	85 597	87 815
3. Current investments	8 445	10 653	16 059
4. Current prepayments	779	927	1 091
<b>TOTAL ASSETS</b>	<b>596 838</b>	<b>594 004</b>	<b>649 571</b>

<b>EQUITY AND LIABILITIES (in PLN 000s)</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
<b>A. EQUITY</b>	<b>281 261</b>	<b>268 907</b>	<b>277 493</b>
<b>B. LIABILITIES AND LIABILITY PROVISIONS</b>	<b>315 577</b>	<b>325 097</b>	<b>372 078</b>
1. Liability provisions	3 498	11 416	11 615
2. Non-current liabilities	56 172	27 703	105 492
3. Current liabilities	255 317	283 116	253 093
4. Deferred revenues and accruals	590	2 862	1 878
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>596 838</b>	<b>594 004</b>	<b>649 571</b>

## 9. Statement of profit and loss

<b>REVENUE AND EXPENSES (in PLN 000s)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
1. Net revenue from sales	285 248	314 130	305 545
2. Cost of operating activities	284 663	317 766	288 590
<b>3. Profit (loss) on sales</b>	<b>585</b>	<b>(3 636)</b>	<b>16 995</b>
4. Other operating revenues	12 637	10 398	6 658
5. Other operating expenses	9 820	12 366	11 421
<b>6. Operating profit (loss)</b>	<b>3 402</b>	<b>(5 604)</b>	<b>12 192</b>
7. Finance income	21 146	20 170	16 248
8. Finance costs	13 715	15 508	15 353
<b>9. Profit (loss) before tax</b>	<b>10 833</b>	<b>(942)</b>	<b>13 087</b>
<b>10. Extraordinary events</b>	-	-	-
<b>11. Gross profit (loss)</b>	<b>10 833</b>	<b>(942)</b>	<b>13 087</b>
<b>12. Income tax</b>	<b>(1 521)</b>	<b>(3 101)</b>	<b>984</b>
<b>13. Other mandatory profit reductions (increases of loss)</b>	-	-	-
<b>14. Net profit (loss)</b>	<b>12 354</b>	<b>2 159</b>	<b>12 103</b>

## 10. Information on certain items in the financial statements

The Company's asset and liability structure is presented in the financial statements audited by us for the financial year ended 31 December 2013.

An inventory of the Company's assets, including the inventories of materials, products and goods, was done in accordance with the Accounting Act. Any differences between the value of these assets in the accounts and those resulting from the above inventory were explained and settled in the accounts in 2013.

Revenue, and the associated expenses, was recorded in the accounts with consideration given to the accruals and commensurability principles.

## 11. Financial highlights and ratios

Presented below are selected financial data and ratios for 2011, 2012 and 2013, depicting the Company's situation during that period. All indicators were calculated based on data contained in the Company's financial statements for the years ended 31 December 2013 and 31 December 2012.

<b>Ratio</b>	<b>Methodology</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Revenue from sales (in PLN 000s)		285 248	314 130	305 545
Net profit or loss** (in PLN 000s)		12 354	2 159	12 103
Equity** (in PLN 000s)		281 261	268 907	277 493
Total assets (in PLN 000s)		596 838	594 004	649 571
Return on assets (%)	Net profit or loss / total assets at the end of period	2.1%	0.4%	1.9%
Return on equity (%)	Net profit or loss / equity at the beginning of period	4.6%	0.8%	4.6%
Sales margin (%)	Net profit on sales / revenue from sales	0.2%	-1.2%	5.5%
Liquidity ratio I	Total current assets / current liabilities	0.8	0.7	0.9
Liquidity ratio III	Cash / current liabilities	0.0	0.0	0.0
Receivables turnover (in days)	Trade and other receivables* x 365 / revenue from sale of products and goods for resale	115	96	100
Payables turnover (in days)	Trade and other payables x 365 / cost of sales	121	138	136
Inventory turnover (in days)	Inventory x 365 / cost of sales	154	160	203
Financing structure	(Equity + non-current liabilities) / total equity and liabilities	57.1%	50.5%	60.7%
Liabilities to equity	(Total equity and liabilities – equity) / total equity and liabilities	52.9%	54.7%	57.3%
Inflation:				
Yearly average (%)		0.9	3.7	4.3
From December to December (%)		0.7	2.4	4.6

\* Without trade receivables / payables over 12 months.

\*\* Before impairment.

## 12. Going concern

In note 8 of the introduction to the audited financial statements of the Company for the year ended 31 December 2013, the Company's Management Board disclosed that the Company's financial statements were prepared on the assumption that the companies will continue as a going concern for a period of at least 12 months from 31 December 2013 and that there are no indications of a threat to the going concern of the Company.

During the audit, we did not observe any significant circumstances that could lead us to believe that the Company is not able to continue as a going concern for a period of at least 12 months from the end of the reporting period, i.e. from 31 December 2013, as a result of an intended or forced discontinuation or substantial limitation of its current operations.

## 13. Additional information

Additional information to the financial statements for the year ended 31 December 2013, comprising an introduction and additional information and explanations, was prepared, in all

significant aspects, in accordance with the Polish Accounting Act and the Ordinance of the Minister of Finance of February 19, 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognising information required by the law of a non-member state as equivalent (Polish Journal of Laws of 2009, no. 33, item 259).

#### **14. Management report on Company operations**

We reviewed the Management Board report on the Company's operations for the year ended 31 December 2013. The information contained in the management report taken from the financial statements for the year ended 31 December 2013 audited by us are in compliance with said financial statements. The management report on Company operations complies with art. 49, sec. 2 of the Polish Accounting Act and the Ordinance of the Minister of Finance of February 19, 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognising information required by the law of a non-member state as equivalent.

#### **15. Legal compliance**

In a written declaration received by us, the Management Board confirmed that, to the best of its knowledge, the Company abided by all legal regulations, the infringement of which could have a material impact on the financial statements audited by us.

This report contains 8 pages.

Justyna Komer-Fabiś

[signature]

Statutory auditor no. 10964

Lead statutory auditor conducting the audit on behalf of Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp. k., based in Poznań, ul. Abpa Antoniego Baraniaka 88 E, an entity authorised to audit financial statements, entry number 3654.

Poznań, 18 March 2014