

**IMPEXMETAL S.A. WARSZAWA,
UL. JAGIELLOŃSKA 76**

**FINANCIAL STATEMENT FOR
THE FINANCIAL YEAR 2016**

**WITH
THE OPINION OF THE STATUTORY
AUDITOR AND
REPORT ON THE AUDIT OF**

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FINANCIAL STATEMENT OF THE ACTIVITIES OF THE COMPANY FOR THE FINANCIAL YEAR 2016

THE OPINION OF THE INDEPENDENT STATUTORY AUDITOR

For the Shareholders and the Supervisory Board of Impexmetal S.A.

The report on the audit of the financial statement

We audited the attached financial statement of Impexmetal S.A. with its registered office in Warsaw, at ul. Jagiellońska 76 (hereinafter referred to as the "Company"), consisting of: the statement on financial situation developed on 31 December 2016, the statement on profit and loss account, the statement on comprehensive income, the statement of changes in equity, the statement on cash flow for the year from 1 January to 31 December 2016 and additional information, including information about the adopted accounting policies and other explanatory information.

Responsibility of the management of the Company and the supervisors for the financial statement

The Company's Management Board is responsible for the development of the financial statements on the basis of correctly kept accounting records, and for the fair presentation in accordance with the international accounting standards, the international financial reporting standards and related interpretations published in a form of regulations of the European Commission and other applicable laws. The Management Board is also responsible for internal control which it considers necessary to develop the financial statement which does not involve significant distortion due to fraud or error.

In accordance with the act of 29 September 1994 on accountancy (the Journal of Laws of 2016, item 1047 as amended), hereinafter referred to as the "Act on accounting", the Company's Management Board and members of the Supervisory Board are obliged to ensure that the financial statement complies with the requirements provided for in the Act on accounting.

Responsibility of the statutory auditor

We are responsible for the opinion on the financial statement based on the carried out audit.

The audit was carried out pursuant to the provisions of Chapter 7 of the Act on accounting and in accordance with the national standards on auditing as amended by the international standards adopted by resolution No. 2783/52/2015 of the National Chamber of Statutory Auditors of 10 February 2015, as amended. These standards require compliance with the ethical requirements as well as planning and carrying out the audit in such a way as to obtain reasonable assurance that the financial statement does not contain significant distortion.

The audit involved the implementation of the procedures to obtain an evidence in terms of the amounts and disclosures in the financial statement. The procedures were selected depending on the auditor's judgement, including the assessment of risks of significant distortion of the financial statement due to fraud or error. In making those risk assessments, the statutory auditor takes into account the activities of internal control in relation to the development and reliable presentation of the financial statement by the Company in order to design audit procedures appropriate in the circumstances, rather than expressing an opinion on the effectiveness of the Company's internal control. The audit also includes the assessment of the appropriateness of the adopted accounting principles (policy), reasonableness of estimates made by the management, as well as the assessment of the overall financial statement presentation.

We believe that our audit evidences are sufficient and appropriate basis for expressing an opinion.

Opinion on the financial statement

In our opinion, the attached financial statement:

- provides a fair and clear view of the Company's financial position as of 31 December 2016, as well as its financial result and cash flows for the period from 1 January 2016 to 31 December 2016 in accordance with the International Accounting Standards, the International Financial Reporting Standards and the related interpretations published in a form of regulations of the European Commission and accepted accounting principles (policy),
- was developed on the basis of the duly held accounting books;
- its form and content comply with the applicable laws and the Association of the Company;

The statement on other legal requirements and regulations

Opinion on the statement on the activities

Our opinion on the audit of the financial statement does not include the statement on business activities of the Company.

The Management Board is responsible for the development of the statement on business activities in accordance with the Act on accounting and other applicable laws. In addition, the Management Board and the members of the Supervisory Board are required to ensure that the statement on business activities complies with the requirements provided in the Act on accounting.

With reference to the audited statement, our responsibility was read the content of the statement and indicate whether the information contained therein includes the provisions of art 49 of the Act on accounting and Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (the Journal of Laws of 2014, item 133, as amended), are consistent with the information in the attached financial statement. Our duty was also to make a statement, whether according to our knowledge about the Company and its environment, obtained during the audit of the financial statement, we found any significant distortions in the statement on the activities.

In accordance with § 1.14.b of Regulation of the Minister of Finance of 25 May 2016 amending Regulation on current and periodic information provided by issuers of securities, and the conditions for the recognition of equivalent to the information required by the law of the Member State which is not a Member State, the company's Management Board developed the statement on the activities of the Company and Capital Group in a form of a single document.

In our opinion, this statement contains information about the activities, the scope of which is specified in § 49 of Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (the Journal of Laws of 2014, item 133, as amended), are consistent with the information in the attached financial statement. In addition, in the light of the knowledge about the Company and its environment obtained during our audit, we did not find any significant distortion in the statement on the activities.

Statement of the unit on applying corporate governance.

In connection with the audit of the financial statement, it was also our responsibility to read the statement of the Company on the application of corporate governance which is a part of the statement on the business activities of the Company. In our opinion, the statement includes the information required in accordance with the scope specified in the implementing principles pursuant to article 60 (2) of the act of 29 July 2005 on public offer and the conditions of introduction of financial instruments to organised trading system and public companies (the Journal of Laws of 2016, item 1639, as amended) or the regulations issued based on article 61 of this act. This information is consistent with the applicable provisions and the information included in the financial statement.



Piotr Niedziela
Key statutory auditor
carrying out the audit,
registration number 12523

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. - the entity authorised to audit financial statements entered in the list of authorised entities kept by the National Chamber of Statutory Auditors, registration no. 73:



Jacek Mateja – Vice-President of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 23 March 2017

**THE REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT OF
IMPEXMETAL S.A.
FOR THE FINANCIAL YEAR 2016**

I. GENERAL INFORMATION

1. The identity data of the audited Company

The company acts under the name: Impexmetal S.A. (hereinafter referred to as the "Company"). The registered office of the Company is in Warsaw, ul. Jagiellońska 76.

The Company acts in a form of a public limited-liability company. The Company is entered in the Register of Entrepreneurs kept by the District Court, 16th Commercial Department of the National Court Register under NCR number 0000003679.

The Company acts on the basis of the provisions of the commercial companies' code.

As of 31 December 2016, the share capital of the Company amounted to 94.661 thousand PLN, including 80.000 thousand PLN divided into 200.000.000 ordinary shares with a nominal value of 0.40 each and the hyperinflation revaluation in the amount of 14.661 thousand PLN.

During the period, the Company acted mainly in the production and sale of aluminium products and aluminium alloys.

On the day of the opinion, the Management Board of the Company was as follows:

- Małgorzata Iwanejko - President of the Management Board
- Jan Woźniak - Member of the Management Board

During the audited period and until the date of the opinion, no changes occurred in the composition of the Management Board of the Company.

2. Information about the financial statement for the previous financial year

In 2015, the activities of the Company closed with the net profit of 47.645 thousand PLN. The financial statement of the Company for 2015 was audited by a statutory auditor. The audit was carried out by the authorised entity, i.e. Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. The statutory auditor issued an unqualified opinion on that statement.

The General Meeting of Shareholders approving the financial statement for 2015 was held on 15 June 2016. The General Meeting of Shareholders decided to allocate the entire net profit gained in 2015 on the reserve capital.

The separate financial statement for 2015 was submitted in the National Court Register on 23 June 2016.

The consolidated financial statement for 2015 was submitted in the National Court Register on 23 June 2016.

3. The identity of the authorized entity and key statutory auditor carrying out the audit on its behalf

The Supervisory Board selected the authorised entity. The financial statement was audited on the basis of the agreement of 18 July 2016, concluded between the Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Warsaw, al. Jana Pawła II 22, entered on the list of entities authorised to audit financial statements under no. 73, kept by the National Chamber of Statutory Auditors. On behalf of the authorised entity, the audit of the statement of the Company was carried out under the supervision of the key auditor, Piotr Niedziela (registration no. 12523) from 21 November to 25 November 2016, from 6 February to 17 February 2017, and outside the registered office of the Company until the date of this opinion.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key statutory auditor carrying out the audit confirm that they are authorised to audit financial statements and comply with the conditions set out in art. 56 of the act on statutory auditors and their local government, entities authorised to audit financial statements and public supervision (the Journal of Laws of 2016, item 1000, as amended) to provide an unbiased and independent opinion on the financial statement of the Company.

4. The availability of data and statements of the management of the Company

There were no limitations in the scope of the audit.

In the course of the audit, the authorised entity and the key auditor were provided with the requested documents and data, as well as comprehensive information and explanations, which inter alia was confirmed in a written statement of the Management Board of the Company of 23 March 2017.

The analysis of the above values and ratios indicates the occurrence of the following tendencies in 2016:

- increased profitability ratios of sales and net return on the equity,
- decreased rotation of the assets,
- shortened receivables turnover in days,
- prolonged inventories and liabilities turnover in days,
- increase of the rate of the Company's debt with decrease of assets coverage with equity
- decreased the net working capital,
- decreased fluidity ratios.

III. DETAILED INFORMATION

1. Assessment of the accounting system

The Company has the documentation that describes the adopted accounting policies compatible in all material respects with the requirements of art. 10 of the Act on accounting. These principles were applied continuously and did not change in relation to the principles applicable in the previous year. The opening balance is based on the approved financial statement for the previous financial year, and was correctly entered in the accounting records of the audited period.

On the basis of tests carried out under audit procedures of the financial statement, we verified the accounting system, and did not find irregularities that would have an impact on the developed financial statement. The accounting system applied by the Company was not, however, as a whole, the subject of our audit.

The Company carried out an inventory of assets, equity and liabilities, to the extent necessary to confirm the existence of the presented assets, equity and liabilities.

2. Information identifying the audited financial statement

The audited financial statement was developed on 31 December 2016 and includes:

- The statement on financial position developed on 31 December 2016, which presents assets, equities and liabilities in the amount of 1.582.905 thousand PLN,
- The profit and loss account for the period from 1 January to 31 December 2016, showing a net profit in the amount of 95.191 thousand PLN,
- The summary of comprehensive income for the period from 1 January to 31 December 2016, showing a total income in the amount of 129.124 thousand PLN,
- The summary of changes in equity for the period from 1 January 2016 to 31 December 2016, showing an increase of equity by the amount of 127.605 thousand PLN,
- The statement on cash flow for the period from 1 January to 31 December 2016, showing an increase in cash by the amount of 1.680 thousand PLN,
- Additional information, including information about the adopted accounting policies and other explanatory information.

3. Information about the selected relevant positions of the financial statement

The structure of assets, equities and liabilities, and the position shaping the financial result was presented in the financial statement.

Tangible fixed assets

Tangible assets of the Company consist of:

- fixed assets in the amount of 323.082 thousand PLN,
- assets in progress in the amount of 8.235 thousand PLN,
- advance payments on fixed assets in the amount of 8.942 thousand PLN.

Additional information correctly describes the changes of fixed assets and fixed assets in progress, including the disclosure of any updating write-offs of the above assets components.

Long-term investments

Long-term investments in the Company include:

- shares and stocks in subordinated entities in the amount of 628.609 thousand PLN,
- available-for-sale financial assets in the amount of 106.910 thousand PLN.

Inventories

The structure of inventories and associated updating write-offs was correctly presented in the note explaining this item of the statement on financial position.

Receivables

The age structure of trade receivables was correctly presented in the note explaining this item of the statement on financial position, including updating write-offs.

Liabilities

The specifics of the taken credits with a description of their collateral and maturity are disclosed in the explanatory notes and information to the financial statement.

The age structure of trade liabilities was disclosed in the note explaining this item of the statement of financial position.

Accruals and reserves for liabilities

The structure of active and passive accruals and reserves for liabilities was in the explanatory notes.

4. Completeness and correctness of the development of additional information and explanations as well as the statements on the business activities of the Company

The Company confirmed the appropriateness of applying the principle of continuation of its activity in the development of the financial statement. The principles of valuation of assets, equity and liabilities, measurement of financial result and method of the development of the financial statement were correctly and completely described in the additional notes and explanations to the financial statement.

The notes and explanations to the financial statement accurately and completely described the relevant statement items and clearly presented other relevant information required by the IFRS.

The Management Board developed and attached the financial statement on the business activity of the Company in the financial year 2016. The statement on the business activity contains the information required by art. 49 (2) of the Act on accounting and the regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state (the Journal of Laws of 2014, item 133, as amended). We reviewed the statement in terms of the information presented therein, a direct source of which is the audited financial statement.

In accordance with § 1.14.b of Regulation of the Minister of Finance of 25 May 2016 amending Regulation on current and periodic information provided by issuers of securities, and the conditions for the recognition of equivalent to the information required by the law of the Member State which is not a Member State, the company's Management Board developed the statement on the activities of the Company and Capital Group in a form of a single document.

IV. FINAL REMARKS

Statement of the Management Board

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key statutory auditor received a written statement from the Management Board, in which the Management Board stated that in the audited period the Company complied with the law.



Piotr Niedziela
Key statutory auditor
carrying out the audit,
registration number 12523

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. - the entity authorised to audit financial statements entered in the list of authorised entities kept by the National Chamber of Statutory Auditors, registration no. 73:



Jacek Mateja – Vice-President of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 23 March 2017