

**SELENA FM S.A.  
WROCLAW, STRZEGOMSKA 2-4**

**FINANCIAL STATEMENTS  
FOR THE 2014 FINANCIAL YEAR**

**WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

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### **FINANCIAL STATEMENTS FOR THE 2014 FINANCIAL YEAR**

1. Statement of Financial Position
2. Income statement
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### **REPORT ON THE ACTIVITIES OF THE COMPANY FOR THE 2014 FINANCIAL YEAR**

## AUDITOR'S OPINION

### **To the Shareholders and Supervisory Board of SELENA FM S.A.**

We have audited the attached financial statements of Selena FM S.A. with its registered office in Wrocław, at Strzegomska 2-4 (hereinafter: the "Company"), including statement of financial position prepared as of 31 December 2014, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement for the financial year from 1 January 2014 to 31 December 2014 and notes comprising a summary of significant accounting policies and other explanatory information, as required by the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013 item 330, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements give a true and fair view of the financial and economic position as well as the financial performance of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification - largely on a test basis - of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements in all material respects:

- give a true and fair view of the information material to evaluation of the economic and financial position of the Company as of 31 December 2014 as well as its financial performance in the financial year from 1 January 2014 to 31 December 2014,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations and in all matters not regulated in the standards - in accordance with the provisions of the Accounting Act and its executory provisions and based on properly kept accounting records,
- comply with the provisions of law and the articles of association of the Company, which affect the contents of the financial statements.

The Report on the activities of the Company for the 2014 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014 item 133) and consistent with underlying information disclosed in the audited financial statements.

Marcin Diakonowicz  
Key certified auditor  
conducting the audit  
No. 10524

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Marcin Diakonowicz – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, March 23<sup>rd</sup>, 2015

***The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.***

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
OF SELENA FM S.A.  
FOR THE 2014 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Company**

The Company operates under the business name Selena FM S.A. (hereinafter: the “Company”). The Company’s registered office is located in Wrocław, ul. Strzegomska 2-4.

The Company operates as a joint stock company. The Company is recorded in the Register of Entrepreneurs kept by the District Court, VI Business-Registry Division in Wrocław, under KRS number 0000292032.

The Company operates based on the provisions of the Code of Commercial Companies.

As of 31 December 2014, the Company’s share capital equaled PLN 1,141,700.00 and was divided into 22,834,000 ordinary shares with a face value of PLN 0.05 each. In the audited period, the Company conducted activities mainly in the area of wholesale of chemical products, consulting services in strategic management to subsidiaries.

Composition of the Management Board as of the date of the opinion:

- |                      |   |
|----------------------|---|
| – Jarosław Michniuk  | – President of the Management Board,      |
| – Krzysztof Kluza    | – Vice-President of the Management Board, |
| – Robert Konaszewski | – Vice-President of the Management Board, |
| – Andrzej Feruga     | – Member of the Management Board,         |
| – Marcin Macewicz    | – Member of the Management Board,         |

Changes in the composition of the Management Board during the audited period and until the date of the opinion:

- on 10 March 2014 Ms. Beata Pawłowska resigned the office of Vice-President of the Management Board – her mandate was revoked the very same day,
- on 5 September 2014 the Supervisory Board appointed Mr. Robert Konaszewski to hold the position of the Vice-President of the Management Board.
- On 24 September 2014 Mr. Kazimierz Przelomski resigned the office of Vice-President of the Management Board – his mandate was revoked on 30 September 2014,
- on 24 September 2014 the Supervisory Board appointed Mr. Krzysztof Kluza to hold the position of the Vice-President of the Management Board effective from 13 October 2014,
- on 24 September 2014 the Supervisory Board appointed Mr. Andrzej Feruga to hold the position of the Member of the Management Board effective from 1 October 2014,
- on 24 September 2014 the Supervisory Board appointed Mr. Marcin Macewicz to hold the position of the Member of the Management Board effective from 1 October 2014.

**2. Information on the financial statements for the previous financial year**

The activities of the Company in 2013 resulted in a net profit of TPLN 32,004. The financial statements of the Company for the 2013 financial year were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialności Sp. k. The certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2013 financial year was held on 9 June 2014. The General Shareholders' Meeting decided to distribute the net profit for 2013 in the following manner:

- dividends for shareholders – TPLN 6,393;
- transfer to reserve capital – TPLN 25,611.

The financial statements for the 2013 financial year were submitted to the National Court Register (KRS) on 26 June 2014.

The consolidated financial statements for the 2013 financial year were submitted to the National Court Register (KRS) on 26 June 2014.

### **3. Details of the authorized entity and the key certified auditor acting on its behalf**

The entity authorized to audit the financial statements was appointed by the Supervisory Board. The audit of the financial statements was performed based on the agreement of 18 June 2014 concluded between the Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Marcin Diakonowicz, key certified auditor, (No. 10524), in the registered office of the Company from 27 October to 31 October 2014, 23 February to 27 February 2015 and outside the Company's premises until the opinion date.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor conducting the audit confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009 No. 77, item 649 as amended) to express an unbiased and independent opinion on the financial statements of the Company.

### **4. Availability of data and management's representations**

The scope of our audit was not limited.

During the audit necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 23 March 2015.

## II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items from the income statement and statement of financial position as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

<u>Main items from the income statement (PLN '000)</u>	<u>2014</u>	<u>2013</u>
Sales revenue	405,347	417,640
Operating expenses	(396,661)	(408,692)
Operating profit (loss)	(7,562)	(5,674)
Net profit (loss)	(21,448)	32,004
<u>Main items from the statement of financial position (PLN '000)</u>		
Inventory	3,873	2,573
Trade receivables	149,544	139,947
Current assets	183,524	214,314
Total assets	410,562	407,984
Equity	236,596	264,437
Short-term liabilities (including short-term provisions and accruals)	120,811	128,568
Trade liabilities	89,041	92,595
Total liabilities and provisions	173,966	143,547
<u>Profitability and efficiency ratios</u>	<u>2014</u>	<u>2013</u>
– return on sales	-1.87%	-1.36%
– net return on equity	-8.31%	13.77%
– assets turnover ratio	0.99	1.02
– receivables turnover in days	129	100
– liabilities turnover in days	82	79
– inventory turnover in days	3	2
<u>Liquidity/Net working capital</u>		
– debt ratio	42%	35%
– equity to fixed assets ratio	58%	65%
– net working capital (PLN '000)	62,713	85,748
– current ratio	1.52	1.67
– quick ratio	1.49	1.65

An analysis of the above figures and ratios indicated the following trends in 2014:

- decrease of return on sales and net return on equity;
- decrease of assets turnover ratio;
- increase of receivables, liabilities and inventory turnover ratios;
- increase of debt ratio.

### III. DETAILED INFORMATION

#### 1. Evaluation of the accounting system

The Company has valid documentation describing the adopted accounting principles, complying in all material respects with Article 10 of the Accounting Act. The principles have been applied consistently and did not change compared to the principles applied in the prior year. The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

Based on tests performed during the audit procedures, we have verified the adopted accounting system and found no misstatements that would affect the financial statements. Our audit did not include, though, the entire accounting system used by the Company.

The Company performed a physical count of assets and liabilities within the scope necessary to confirm the existence of the presented assets and liabilities.

#### 2. Information identifying the audited financial statements

The audited financial statements were prepared as of 31 December 2014 and include:

- statement of financial position prepared as of 31 December 2014, with total assets and liabilities plus equity of TPLN 410,562,
- income statement for the period from 1 January 2014 to 31 December 2014, with a net loss of TPLN 21,448,
- statement of comprehensive income for the period from 1 January 2014 to 31 December 2014 with a total negative comprehensive income of TPLN 21,448,
- statement of changes in equity for the period from 1 January 2014 to 31 December 2014, disclosing a decrease in equity of TPLN 27,841,
- cash flow statement for the period from 1 January 2014 to 31 December 2014, showing a cash outflow of TPLN 29,948,
- notes, comprising a summary of significant accounting policies and other explanatory information.

#### 3. Information about selected material items of the financial statements

The structure of assets and liabilities as well as items affecting the financial result have been presented in the financial statements.

##### Tangible fixed assets

Tangible fixed assets of the Company include:

- fixed assets in the amount of TPLN 2,466,
- fixed assets under construction in the amount of TPLN 865.

Additional information correctly describe changes in fixed assets and fixed assets under construction, including disclosure of any impairment losses on such assets.

##### Long-term investments

Long-term investments of the Company include:

- shares in controlled entities in the amount of TPLN 148,973,



– long-term portion of loans granted in the amount of TPLN 66,483.

Additional information correctly describes changes in investments during the financial year.

#### Inventory

The structure of inventory has been properly presented in the respective explanatory note to the statement of financial position.

#### Receivables

Ageing of trade receivables has been properly presented in the respective explanatory note to the statement of financial position, including the information related to the write-downs.

#### Liabilities

The nature of contracted loans, security and maturity has been presented in the notes to the financial statements.

Ageing of trade liabilities has been disclosed in the relevant explanatory note to the statement of financial position.

#### Prepayments, accruals and provisions for liabilities

The structure of prepayments, accruals and provisions for liabilities is presented in notes.

#### **4. Completeness and correctness of drawing up the introduction to the financial statements, notes and explanations and the report on the activities of the Company**

The Company confirmed the validity of the going concern principle in the preparation of the financial statements. The notes and explanations give a correct and complete description of measurement principles regarding assets, liabilities, financial result and principles of preparation of the financial statements.

The notes to the financial statements give a correct and complete description of the reporting items and clearly present other information required under IFRS.

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2014 financial year. The report contains information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014 item 133). We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

#### IV. FINAL NOTES

##### Management Board's Representations

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

Marcin Diakonowicz  
Key certified auditor  
conducting the audit  
No. 10524

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

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Warsaw, March 23<sup>rd</sup>, 2015