

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

**FINANCIAL STATEMENTS
FOR THE 2015 FINANCIAL YEAR**

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

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FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR

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REPORT ON THE ACTIVITIES OF THE COMPANY FOR THE 2015 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 Wroclaw, at Strzegomska 2-4 (hereinafter: the "Company"), including statement of financial position prepared as of 31 December 2015, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement for the financial year from 1 January 2015 to 31 December 2015 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 2015 as well as its financial performance in the financial year from 1 January 2015 to 31 December 2015,
- 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 2015 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 21th, 2016

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 2015 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 in Wrocław, Commercial Division of National Court Register under KRS number 0000292032.

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

As of 31 December 2015, 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, |
| – 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 21 September 2015 the Supervisory Board dismissed Mr. Robert Konaszewski from the position of the Vice-President of the Management Board.

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

The activities of the Company in 2014 resulted in a net loss of TPLN 21,448. The financial statements of the Company for the 2014 financial year were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. The certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders’ Meeting which approved the financial statements for the 2014 financial year was held on 29 May 2015. The General Shareholders’ Meeting decided to cover the net loss from capital reserves.

The financial statements for the 2014 financial year were submitted to the National Court Register (KRS) on 22 June 2015.

The consolidated financial statements for the 2014 financial year were submitted to the National Court Register (KRS) on 22 June 2015.

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 26 October to 30 October 2015, 22 February to 26 February 2016 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 21 March 2016.

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>2015</u>	<u>2014</u>
Sales revenue	352,359	405,347
Operating expenses	(350,323)	(396,661)
Operating profit (loss)	(25,530)	(7,562)
Net profit (loss)	43,498	(21,448)

Main items from the statement of financial position (PLN '000)

Inventory	3,234	3,873
Trade receivables	133,399	149,544
Current assets	168,154	183,524
Total assets	494,548	410,562
Equity	273,700	236,596
Short-term liabilities (including short-term provisions and accruals)	154,217	120,811
Trade liabilities	78,490	89,041
Total liabilities and provisions	220,848	173,966

<u>Profitability and efficiency ratios</u>	<u>2015</u>	<u>2014</u>
– return on sales	-7.25%	-1.87%
– net return on equity	18.90%	-8.31%
– assets turnover ratio	0.71	0.99
– receivables turnover in days	145	129
– liabilities turnover in days	86	82
– inventory turnover in days	4	3

Liquidity/Net working capital

– debt ratio	45%	42%
– equity to fixed assets ratio	55%	58%
– net working capital (PLN '000)	13,937	62,713
– current ratio	1.09	1.52
– quick ratio	1.07	1.49

An analysis of the above figures and ratios indicated the following trends in 2015:

- decrease of return on sales and increase of net return on equity;
- decrease of assets turnover ratio;
- increase of receivables, liabilities and inventory turnover ratios;
- decrease of net working capital;
- decrease of liquidity ratios;

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, equity and liabilities within the scope necessary to confirm the existence of the presented assets, equity and liabilities.

2. Information identifying the audited financial statements

The audited financial statements were prepared as of 31 December 2015 and include:

- statement of financial position prepared as of 31 December 2015, with total assets and liabilities plus equity of TPLN 494,548,
- income statement for the period from 1 January 2015 to 31 December 2015, with a net gain of TPLN 43,498,
- statement of comprehensive income for the period from 1 January 2015 to 31 December 2015 with a total comprehensive income of TPLN 43,498,
- statement of changes in equity for the period from 1 January 2015 to 31 December 2015, disclosing a increase in equity of TPLN 37,104,
- cash flow statement for the period from 1 January 2015 to 31 December 2015, showing a cash inflow of TPLN 765,
- 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, equity 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 3,062,

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 148,824,
- long-term portion of loans granted in the amount of TPLN 98,128.

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 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, equity, 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 2015 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 21th, 2016