



Report on the activity of the Supervisory Board of PCC Intermodal S.A. in 2015

This report was prepared in order to be submitted to the next Ordinary General Shareholders Meeting of PCC Intermodal S.A. ("the Company"), according to the following regulations:

- Art. 382 § 3 of the Commercial Companies Code.
- Good Practices of 2016 Stock Exchange Listed Companies ("Good Practices")
- § 17 cl. 2 letter a), b), c) and letter l) (i), (ii), (iii) of the Company's Articles of Association.

The report contains, among others:

- results of the assessment of the standalone and consolidated financial statement of PCC Intermodal S.A. for 2015 and the report of the Management Board on the activity of the Company and the Capital Group PCC Intermodal S.A.,
- results of the assessment of the Management Board's motion to use the total profit generated by the Company in 2015 to cover the losses from previous years,
- report on the Supervisory Board activities as of the Company's body in 2015 including among others the assessment of:
 - the Supervisory Board performance;
 - internal control system;
 - the system of management of risk significant to the Company;
 - the fulfilment of the Company's obligation to provide information on the application of the principles of corporate governance;
 - the information on the lack of sponsoring, charity or other activities close to the Company profile.

I. RESULTS OF THE ASSESSMENT OF THE STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS, THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITY OF THE COMPANY AND THE CAPITAL GROUP PCC INTERMODAL S.A. FOR 2015, AND THE MANAGEMENT REQUEST REGARDING THE PREVIOUS YEARS' LOSS COVERAGE BY THE PROFIT.

The Supervisory Board has analysed the standalone and consolidated financial statement of the Company for the period from 1 January 2015 to 31 December 2015. The standalone financial statement of the Company includes in particular:

- the standalone report on the financial situation as of 31 December 2015, with the balance of assets and liabilities of PLN 316 546 000;
- the standalone report on total income for the period from 1 January 2015 to 31 December 2015, with the balance of net profit of PLN 4 981 000;

- the standalone statement of changes in equity for the period from 1 January 2015 to 31 December 2015, with the increase in equity by PLN 4 980 000;
- the standalone report on cash flows for the period from 1 January 2015 to 31 December 2015, with the increase in net cash amount by PLN 907 000;
- additional information and explanations,
- the report of the Management Board on the activity and the Company's application of corporate governance principles.

The consolidated financial statement of the Company for the period from 1 January 2015 to 31 December 2015, contains, in particular:

- the consolidated report on the financial situation as of 31 December 2015, with the balance of assets and liabilities of PLN 317 077 000;
- the consolidated report on total income for the period from 1 January 2015 to 31 December 2015, with the balance of net profit of PLN 5 013 000;
- the consolidated statement of changes in equity for the period from 1 January 2015 to 31 December 2015, with the increase in equity by PLN 5 010 000;
- the consolidated report on cash flows for the period from 1 January 2015 to 31 December 2015, with the increase in net cash amount by PLN 298 000;
- additional information and explanations,
- the report of the Management Board on the activity of The Capital Group PCC Intermodal S.A. for 2015 and information on the Company's application of corporate governance principles.

The Supervisory Board assessed the above-mentioned reports for the financial year 2015 on the basis of the accounts of the Company and the report on the assessment of the financial statement together with the opinion dated 14 March 2016, issued by BDO Sp. z o.o. In the opinion of the Supervisory Board, both the consolidated and standalone financial statement of the Company is accurate and complete and consistent with books and documents. They present accurately and clearly all information essential for the assessment of the financial position and financial results of the Company and its Capital Group for the financial year from 1 January 2015 to 31 December 2015.

The Supervisory Board also found that the information contained in the reports of the Administration Board on the activity of the Company and the Capital Group PCC Intermodal S.A. is in accordance with the information contained in the financial statements for 2015 and reflects the current position of the Company and its Capital Group.

The Supervisory Board gives its positive opinion on the motion of the Administration Board regarding the use of the total profit generated by the Company in 2015 to cover the losses from the previous years. The Supervisory Board agrees with the Administration Board that it is appropriate for the Ordinary General Meeting of Shareholders to adopt a resolution on using the total profit generated by the Company in 2015 to cover the losses from the previous years, as according to the resolutions of the General Meeting of Shareholders adopted to date, the losses previously reported by the Company were to be covered by profits reported in the future accounting periods.

II. OVERALL OPINION ON THE COMPANY'S CONDITION

Economic condition of the Company

In 2014, the Company's revenue amounted to PLN 215 815 000. Revenue from sales increased by 16,5 % in comparison to the previous year. The company reported a 20% increase in the number of containers carried in 2015 as compared to the previous year. The number of containers transported over the entire 2015 amounted to 112.1 thousand units (174.4 thousand TEU), compared to 93.5 thousand units (144 thousand TEU) in 2014.

The prime costs of sale incurred in 2015 were 18% higher than in the past year, while their structure did not change significantly. The depreciation value increased noticeably due to the project in Kutno terminal completed at the end of 2014, and projects accepted in Brzeg Dolny, Gliwice and Frankfurt terminals in 2015.

A more dynamic increase in the revenue from sales than from the operations had a positive effect on the Company's core business performance in 2015. The Company achieved the gross profit on sales amounting to PLN 18 999 000, by 5.1% higher than in the previous year. The Company closed the year 2015 with the profit on operations of PLN 7 032 000 and net profit PLN 4 981 000 (in 2014 respectively PLN 7 061 000 and 7 430 000 PLN).

Due to the fact that in 2015 the Company generated a lower income than in 2014, the profitability indicators worsened. In 2015, gross sale profitability amounted to 8.8%, compared to 9.8% in the corresponding period last year. The operating profit in 2015 (PLN 7 032 000) was comparable to that of 2014 (PLN 7 061 000). However, due to the increasing cost of external financing, the net profit of 2015 was 33% lower than that of the previous year.

Due to the large-scale investments carried out, financed to a large extent by foreign capital, the Company bears high interest costs – in 2015 they amounted to nearly PLN 2.3 million (compared to PLN 226 thousand in 2014). The use of external sources of Company financing (loans, subsidies with mainly long-term character) is also reflected in the increased debt rates - the overall debt rate increased from 62.1% on 31/12/2014 to 72.7% on 31.12.2015, while the debt to equity ratio from 163.8% to 266%. Despite the significant increase in debt rates, the net working capital is positive which, combined with relatively stable liquidity indicators, proves there are no solvency problems experienced.

The system of internal control and management of risk significant to the Company

a) Internal control system;

The Management Board of the Company is responsible for the functioning of the internal control system and prevention and detection of inconsistencies. The Supervisory Board, while preparing the assessment of the Company's position for the period ending 31 December 2015, took into consideration the procedures of the internal control systems in the scope required to issue a relevant opinion on the Company. The procedures also applied in the previous years. The financial statement preparation process was supervised by the Financial Director of the Company. Expenditure documents submitted to the Company are subjected to at least two-phase verification and only after they have been accepted are they eligible for settlement. The system used allows the Company to supervise and monitor the Company's liabilities on an ongoing basis. After closing the accounts for a given month, the Administration Board Members receive reports containing analysis of the financial data key for the Company. The financial data constituting the basis for financial statements and interim reports is taken from the financial and accounting system, in which documents are registered in accordance with IAS and IFRS. Budgets are stored on a reasonable basis arising from in-depth analyses of the previous and subsequent periods of the Company. Employees of the Head Office of the Company's Management Board are responsible for the preparation of current reports and their submission to the Financial Supervision Commission, and monitoring of changes in the legal provisions and external regulations in relation to stock exchange reporting. Additionally, the Company has formal procedures in place for documenting the co-operation with suppliers and recipients. Consequently, in the opinion of the Supervisory Board, a functional internal control system is in place in PCC Intermodal S.A.

b) Risk Management System and Compliance

All key risks are defined in both the standalone and the consolidated annual financial statement for 2015. Effective management of risks linked to the activity of the Company is a direct responsibility of the Administration Board of PCC Intermodal S.A., which monitors and defines the established risks constantly and on an ongoing basis. Furthermore, the Management staff and the Company Solicitor continuously monitor the general provisions related to the Company business and are responsible for ensuring the Company's operations with the provisions of law.

After completing the analysis of the results achieved and the overall financial position of the Company, the Supervisory Board of PCC Intermodal S.A. is of an opinion that the position of the Company is stable and its further operation is not threatened.

III. POSITION OF THE SUPERVISORY BOARD REGARDING ACKNOWLEDGEMENT OF FULFILMENT OF DUTIES BY THE MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY

The Supervisory Board finds that the Management Board correctly implemented the financial policy. The financial results reported by the Company, completion of terminal projects in Kutno, Brzeg Dolny and Gliwice, as well as the implementation of the long-term Company development strategy are evaluated positively by the Supervisory Board. Consequently, the Supervisory Board is of an opinion that the Company is managed in a reliable and professional manner. The Supervisory Board therefore recommends to the General Meeting of Shareholders to acknowledge the fulfilment of duties of both Company's Administration Board Members: the Administration Board President – Mr Dariusz Stefański and the Administration Board Vice-President – Mr Adam Adamek – in relation to their duties carried out in the financial year 2015.

IV. MOTIONS AND OPINIONS TO BE SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS

1. The Supervisory Board, based on the assessment of the standalone and the consolidated financial statement and the reports of the Administration Board on the activity of the Company and the Capital Group PCC Intermodal S.A. for 2015, issues a positive opinion on all of the statements, considering them in accordance with the accounts and documentation of the Company and with the facts and requests the General Meeting of Shareholders to approve them.

2. The Supervisory Board gives its positive opinion on the motion of the Administration Board regarding the use of the total net profit (PLN 4 981 000) generated by the Company in 2015 to cover the losses from the previous years.
3. The Supervisory Boards recommends the General Meeting of Shareholders to acknowledge the fulfilment of duties of the President of the Administration Board – Mr Dariusz Stefański and the Vice-President of the Administration Board – Mr Adam Adamek – in relation to their duties carried out in the period from 1 January 2015 to 31 December 2015. The recommendation is justified in item III of this report.
4. The Supervisory Boards recommends the General Meeting of Shareholders to acknowledge the fulfilment of duties of all Members of the Supervisory Board who held those posts in 2015. The recommendation is justified in item V of this report.

V. REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD IN 2015

Members of the Supervisory Board and changes in its composition in 2015.

As of 31 December 2015 the Supervisory Board was composed of the following persons:

- Alfred Pelzer – Chairman of the Supervisory Board,
- Wojciech Paprocki – Vice Chairman of the Supervisory Board,
- Artur Jędrzejewski - Member of the Supervisory Board,
- Daniel Ozon - Member of the Supervisory Board.
- Peter Weber – Member of the Supervisory Board.

On 21 August 2015, the Extraordinary General Meeting of Shareholders of the parent company resolved on the removal of Mr Thomas Hesse from the post of a Member of the Supervisory Board. The Extraordinary General Meeting of Shareholders of PCC Intermodal S.A. resolved on the appointment of Mr Peter Weber on the post of a Member of the Supervisory Board in lieu of the removed Mr Hesse. The change was made at request of the shareholder Hupac S.A.

Currently, among the appointed members of the Supervisory Board, Mr Wojciech Paprocki, Mr Daniel Ozon and Mr Artur Jędrzejewski in the opinion of the Company fulfil the criteria to be considered independent members of the Supervisory Board of PCC Intermodal S.A.

In the opinion of the Supervisory Board, its composition over the entire 2015 reflected the care exercised to achieve the greatest possible diversification among its Members, in terms of both professional experience and acquired knowledge and skills. Among the Members of

the Supervisory Board are representatives of the world of science and of the world of business. All Supervisory Board Members holding their posts in 2015 have appropriate qualifications and experience necessary to fulfil the assigned functions.

Activities and the Supervisory Board in 2015 and self-assessment of its work

Pursuant to the Provisions of the Commercial Companies Code and the provisions of the Articles of Association of PCC Intermodal S.A., the Supervisory Board provided ongoing supervision over the Company's activities. The special powers of the Supervisory Board exercised in 2015 included among others:

- evaluation of the financial statements and reports of the Company Management and PCC Intermodal SA Capital Group (standalone and consolidated statements) for 2014;
- evaluation of the Management Board's motion to use the total profit generated by the Company in 2014 to cover the losses from previous years;
- adoption of the report of the Supervisory Board for 2014;
- recommendation to the General Meeting of Shareholders of the Company to acknowledge the fulfilment of duties of the Administration Board's President and Vice-President carried out in the accounting year 2014;
- approving liabilities to be incurred by the Company in relation to the conclusion of the annex on co-funding the investment in the terminal in Kutno as a part of the Operational Programme for Infrastructure and Environment;
- giving the consent for conclusion with Millenium Leasing Sp. z o.o. an operating lease contract and establishment of security for the performance of obligations under the agreement;
- to choose the auditor authorized to review and audit the financial statements of the Company for the period from 1 January 2015 to June 30, 2015. and for the period from 1 January 2015 to 31 December 2015;
- giving the consent for conclusion with BZ WBK Lease SA an operating lease contract and establishment of security for the performance of obligations under the agreement;
- approving the operational budget of the Company for 2016;
- giving the consent for real estate located in Dębica.

Detailed activities of the Supervisory Board are reflected in the minutes of its meeting, which are stored at the Company's office.

In 2015, four meetings of the Company's Supervisory Board took place. All the meetings were convened in a manner consistent with the Regulations of the Supervisory Board,

therefore the Supervisory Board was able to adopt important resolutions during each of them. Legal provisions on quorum were always observed. In 2015, 14 resolutions were adopted (at meetings and in writing).

No standing committees, including the audit committee, were appointed within the Supervisory Board. According to the Resolution of the Supervisory Board no. 8/2010, the functions of the audit committee were carried out directly by the Company's Supervisory Board. The Supervisory Board, on the basis of the information received from the Administration Board of the Company, interim reports and assessments of the expert auditor, monitored the efficiency of the internal control system, the internal audit and the system of risk management within the Company on an ongoing basis. In accordance with the principle of III.Z.6 of Best Practices, the Supervisory Board states that, the supervisory authority of the Company consisting of five members is sufficient, there is no need to extract an audit committee.

To summarise, it should be stated that the Supervisory Board fulfilled its tasks with due diligence, controlling the management of the company on behalf of its shareholders, and acting in the Company's best interest. The meetings were organised at a frequency allowing for all matters within its competence to be dealt with on an ongoing basis. Both the composition of the Supervisory Board and the knowledge and experience of its individual Members facilitated a proper and effective functioning of the Supervisory Board and its supervision over the Company's activity. The Supervisory Board followed the applicable legal provisions, in particular the scope of its competence defined by the provisions of the Commercial Companies Code, the Company's Articles of Association and the Regulations of the Supervisory Board. Therefore, the Supervisory Boards of PCC Intermodal S.A. recommends the General Meeting of Shareholders to acknowledge the fulfilment of duties of all Members of the Supervisory Board who held those posts in 2015.

The fulfilment of the Company's obligation to provide information on the application of the principles of corporate governance

The Supervisory Board believes that the Company fulfils its reporting obligations and the principles of corporate governance in a manner appropriate to the size of the Company's activities and its organizational structure. In 2014, the Company sent through the EIB system the report on the failure to comply with corporate governance rules in a sustainable manner. Following the introduction in 2016 of revised corporate governance principles, the Company published another report on non-compliance in a sustainable manner with some of the recommendations and principles described in the Best Practices. The Supervisory Board believes that the information contained in the report on the non-compliance with current

corporate governance rules clearly indicate which of the existing rules and recommendations are not followed, and the reasons for failure are complete.

Conducting by the Company sponsoring, charity or other similar activities.

At present, the Company does not carry out any sponsoring, charity or other similar activities, therefore its has no policy in this respect in place.