

THE GROUP
where the holding company is
PCC Intermodal S.A.
ul. Hutnicza 16
81-061 Gdynia

Independent Auditor's Opinion and Report
on the consolidated financial statements
for the period from 1 January to 31 December 2016

INDEPENDENT AUDITOR'S OPINION

for Shareholders and Supervisory Board of PCC Intermodal S.A.

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PCC Intermodal Group, where the holding company is PCC Intermodal S.A. with its registered office at 81-061, Gdynia, ul. Hutnicza 16, consisting of:

- the consolidated statement of financial position prepared as at 31 December 2016,
- the consolidated profit and loss account for the period from 1 January to 31 December 2016,
- the consolidated statement of comprehensive income for the period from 1 January to 31 December 2016,
- the consolidated statement of changes in equity for the period from 1 January to 31 December 2016,
- the consolidated statement of cash flows for the period from 1 January to 31 December 2016,
- information on significant accounting policies and other explanatory information.

Responsibilities of Holding Company Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management is responsible for the preparation of the consolidated financial statements based on properly kept books of account, and for their fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as other binding legal regulations. The Holding Company's Management is also responsible for such internal controls as it considers necessary to ensure that the consolidated financial statements are free of material misstatements resulting from fraud or error.

In accordance with the Accounting Act, the Holding Company's Management and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act.

Responsibilities of the Auditor

Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We performed the audit in accordance with the provisions of Chapter 7 of the Accounting Act, and in accordance with the International Standards on Auditing adopted as National Standards on Auditing in Resolution No. 2783/52/2015 passed by the National Council of Certified Auditors on 10 February 2015, with subsequent amendments. These standards require us to comply with ethical requirements and to plan and perform the audit in a manner that allows us to obtain sufficient assurance that the consolidated financial statements are free of material misstatements.

The audit consisted of performing procedures aimed at obtaining audit evidence on the amounts and information disclosed in the consolidated financial statements. We choose the procedures based on our judgement, including an assessment of the risk of material misstatements in the consolidated financial statements due to fraud or error. In assessing this risk we consider the internal controls related to the preparation and fair presentation of the consolidated financial statements in order to plan our audit procedures, and not to express an opinion on the effectiveness of the Holding Company's internal controls. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the estimates made by the Holding Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the audited financial statements:

- a) give a true and fair view of the Group's financial position as at 31 December 2016, as well as of its financial result and cash flows for the period from 1 January to 31 December 2016, in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as the accounting methods (policies) adopted by the Holding Company,
- b) are consistent, in content and in form, with the requirements of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2016 Journal of Laws, item 860), as well as with other applicable laws and regulations and with the Holding Company's Statute.

Report on Other Legal and Regulatory Requirements

Opinion on Directors' Report on the Group's Activities

Our opinion on the consolidated financial statements does not cover the Directors' Report on the Group's activities.

In accordance with the Accounting Act and other binding regulations, the preparation of the Directors' Report on the Group's activities is the responsibility of the Holding Company's Management. The Holding Company's Management and members of its Supervisory Board are also responsible for ensuring that the Directors' Report on the Group's activities meets the requirements of the Accounting Act.

In connection with our audit of the consolidated financial statements our responsibility was to read the Directors' Report on the Group's activities and to indicate whether the information presented therein complies with the provisions of Article 49 of the Accounting Act and is consistent with the information presented in the accompanying consolidated financial statements. It was our responsibility to report whether, based on our knowledge obtained during the audit about the group and its environment, we have identified any material misstatements in the Directors' Report on the Group's activities.

In our opinion, the information contained in the Directors' Report on the Group's activities complies with the provisions of Article 49 of the Accounting Act and with the requirements of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2016 Journal of Laws, item 860), and is consistent with the information presented in the accompanying consolidated financial statements.

Furthermore, based on our knowledge obtained during the audit about the Group and its environment we have identified no material misstatements in the Directors' Report on the Group's activities.

In connection with our audit of the consolidated financial statements it was also our responsibility to read the Holding Company's declaration on the application of corporate governance, constituting a separate section of the Directors' Report on the Group's activities. In our opinion, the declaration contains the information required by the implementing provisions issued based on Article 60 par. of the Act on Trading in Financial Instruments of 29 July 2005 (2016 Journal of Laws, item 1639, with subsequent amendments). The information presented therein is consistent with the applicable regulations and with the information presented in the accompanying consolidated financial statements.

Poznań, 14 March 2017

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

On behalf of BDO Sp. z o.o.:

signed on the Polish original

signed on the Polish original

Edyta Kalińska
Certified Auditor No. 10336

Dr. André Helin
Managing Partner
Certified Auditor No. 90004

**Year-end Audit Report
on the consolidated financial statements of
THE GROUP
prepared by
PCC Intermodal S.A.**

for the financial year ended 31 December 2016

I. GENERAL INFORMATION

1. Information about the holding company

The holding company of the PCC Intermodal S.A. ("the Group") is PCC Intermodal S.A. [joint stock company] ("the Holding Company", "the Company").

The Holding Company's registered office is 81-061, Gdynia, ul. Hutnicza 16.

In accordance with the entry in the National Court Register and the Company's Statute the Holding Company's activities consist primarily of the provision of:

- intermodal transport services (transport in containers based on regular railway connections between reloading terminals and synchronized transport by truck), as well as
- freight forwarding services.

PCC Intermodal Spółka Akcyjna operates on the basis of:

- the Company's Statute prepared in the form of a notarial deed on 16 January 2008 (Rep. A No. 530/2008) with subsequent amendments,
- the Code of Commercial Partnerships and Companies.

On 24 January 2008 the Company was entered in the National Court Register at the Regional Court Gdańsk - Północ, VIII Business Division Registration Section, in number KRS 0000297665.

The Company has been assigned a tax identification number NIP 749-196-84-81, NIP-UE PL 749-196-84-81 as well as a statistical identification number REGON: 014854145.

As at 31 December 2016 the Holding Company's share capital amounted to 77 565 556,00 zł and consisted of 77 565 556 shares with a nominal value of 1 zł per share.

No changes were made in the Holding Company's share capital in the year 2016 or before the end of the audit.

The Company's shareholders as at 31 December 2016, as per the information provided by the Management Board:

Shareholder	Number of shares	% of votes at Shareholders Meeting
PCC SE	53 924 244	78,5 %
Hupac Ltd	10 809 000	9,8 %
Others	12 832 312	11,7 %
Total	77 565 556	100.0%

As at 31 December 2016 the Holding Company's equity totaled 86 683 thousand zł.

The function of group manager is exercised by the Management of the Holding Company.

As at 31 December 2016 the Holding Company's Management Board comprised:

- Dariusz Stefański - President of the Management Board
- Adam Adamek - Vice-President of the Management Board

No changes were made in the composition of the Holding Company's Management Board in the audited period or before the end of the audit.

2. Composition of the Group

The separate financial statements of the Holding Company for the financial year ended 31 December 2016 have been audited by BDO Sp. z o.o. and given an unqualified opinion.

As at 31 December 2016 the PCC Intermodal S.A. Group consisted of the following (direct and indirect) subsidiaries:

Company name	Auditor	Audit opinion	Consolidation method
PCC Intermodal GmbH	Not audited	Unqualified	Acquisition accounting

All of the consolidated entities had the same balance sheet date as the Holding Company.

3. Information about the authorized audit company and the auditor in charge

The consolidated financial statements of the Capital Group PCC Intermodal S.A. have been audited by BDO Sp. z o.o. with its registered office in Warsaw, ul. Postępu 12, an entity authorized to audit financial statements, registered with the National Chamber of Certified Auditors in number 3355.

The auditor was appointed by the Company's Supervisory Board by passing Resolution No. 11/2016 on 21 June 2016.

The audit was conducted based on an audit agreement signed on 16 June 2016, and performed under the direction of Edyta Kalińska (Certified Auditor No. 10336). The audit was performed at the Holding Company's registered office and at the offices of the subsidiaries, from 20 February 2015, intermittently until the issue of the audit opinion. It was preceded with a review of the consolidated financial statements for the 1st half of 2016.

We hereby declare that BDO Sp. z o.o., its management, the certified auditor and team performing the audit of the financial statements meet the conditions required to issue an objective and independent opinion on the audited financial statements - as provided for in Article 56 par. 3 and 4 of the Act on certified auditors and their self-government, entities authorized to audit financial statements and on public supervision (2009 Journal of Laws No. 77, item 649 with subsequent amendments).

The Holding Company's Management submitted all of the declarations, explanations and information requested by the auditor and necessary to perform the audit.

No limitations had been placed on the scope of the audit or on the methods selected by the auditor to perform the audit.

4. Information about the consolidated financial statements for the previous financial year

The Group's consolidated financial statements prepared for the period from 1 January to 31 December 2015 had been audited by BDO Sp. z o.o. and given an unqualified opinion.

The Group's consolidated financial statements for the period from 1 January to 31 December 2015 were approved in Resolution No. 5/2016 passed by the Shareholders Meeting of 4 June 2016.

The Group's consolidated financial statements for the year 2015 were filed with the National Court Register on 22 June 2016.

II. FINANCIAL ANALYSIS

Presented below are selected items from the consolidated statement of financial position, the consolidated profit and loss account and the consolidated statement of comprehensive income, as well as key financial ratios, compared to analogical amounts for the previous years.

1. Main items from the consolidated statement of financial position, the consolidated profit and loss account and the consolidated statement of comprehensive income (in '000 zł)

	31.12.2016	% balance sheet total	31.12.2015	% balance sheet total	31.12.2014	% balance sheet total
Non-current assets	267 470	82,9	270 239	85,2	169 620	78,8
Current assets	55 135	17,1	46 838	14,8	45 556	21,2
Total assets	322 605	100,0	317 077	100,0	215 177	100,0
Equity	86 683	26,9	86 541	27,3	81 532	37,9
Liabilities and cost provisions	235 922	73,1	230 536	72,7	133 645	62,1
Total liabilities and equity	322 605	100	317 077	100,0	215 177	100,0
Profit and loss account	01.01.2016-31.12.2016	% revenues	01.01.2015-31.12.2015	% revenues	01.01.2014-31.12.2014	% revenues
Sales revenues	269 834	100,0	215 815	100,0	185 322	100,0
Operating costs	(265 974)	(98,6)	(210 117)	(97,4)	(178 847)	(96,5)
Sales profit/loss	3 860	1,4	5 699	2,6	6 475	3,5
Profit/loss on other operating activities	3 193	1,2	1 368	0,6	603	0,3
Profit/loss on financial activities	(7 654)	(2,8)	(2 759)	(1,3)	(86)	(0,0)
Gross profit/loss	(601)	(0,2)	4 308	2,0	6 991	3,8
Income tax	(758)	(0,3)	(705)	(0,3)	(452)	(0,2)
Net profit/loss	157	0,1	5 013	2,3	7 442	4,0

2. Key financial ratios

	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Profitability ratios			
Gross sales profitability	1,4%	2,6%	3,5%
Net sales profitability	0,1%	2,3%	4,0%
Return on assets	0,1%	1,6%	3,5%
Liquidity ratios			
Current ratio	1,1	1,1	1,4
Quick ratio	1,0	1,1	1,4
Operating ratios			
Receivables days	39	41	37
Debt ratios			
Payable days	41	36	29
Debt rate	73,1%	72,7%	62,1%

3. Remarks

In the audited period Capital Group PCC Intermodal S.A. generated a net profit in the amount of 157 kPLN. The net profit for the period from 1 January 2016 to 31 December 2016 was shaped by the following results:

- Sales profit in the amount of kPLN 3 860, i.e. by kPLN 1 839 lower than last year,
- Profit on other operating activities in the amount of kPLN 3 193,
- Loss on financial activities in the amount of kPLN (7 654),
- Corporate income tax and deferred tax in the amount of kPLN (758).

Major trends and changes:

- Tangible assets constituted 82,9% of the balance sheet total at the end of period, which is by 3,3 percentage points lower than previous year,
- Fixed assets represent 82.9% of total assets at the end of the period considered, and their share in total assets fell from 85.2% at the end of 2015
- The share of current assets in total assets increased in 2016 to 17.1% from 14.8% in 2015,
- Revenues from sales in 2016 increased by 25.0%, but costs rose faster because 26.6%
- The gross margin ratio declined in 2016 to 1.4%, compared to 2.6% in 2015,
- The current ratio remained at the level of 2015, ie. 1.1
- Quick ratio level fell slightly in the reporting year (from 1.1 in 2015 to 1.0)
- Shortened the receivables days (from 41 days to 29) and extended the payable days (from 36 days to 41)
- The debt ratio increased slightly from 72.7% in 2015 to 73.1% (ie. An increase of 0.4 p.p.)

In the course of the audit of the consolidated financial statements we found no indications that as a result of discontinuing or significantly limiting its operations the Holding Company will not be able to continue as a going concern in at least the next reporting period.

III. DETAILED INFORMATION

1. Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Capital Group PCC Intermodal S.A. have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

2. Completeness and correctness of consolidation documentation

Consolidation documentation has been prepared in accordance with the requirements of the Minister's of Finance Decree of 25 September 2009 on the detailed methods used by entities other than banks, insurers and re-insurers to prepare the consolidated financial statements of groups (2009 Journal of Laws No. 169, item 1327).

In the course of the audit we found no un-remedied misstatements in the consolidation documentation with a significant effect on the audited consolidated financial statements, including with regard to the fulfilment of the requirements that consolidation documentation should comply with.

3. Methods used to value assets, liabilities and equity

The entities covered by the Group's consolidated financial statements apply consistent accounting principles and methods in the valuation of their assets and liabilities.

4. Information about consolidated financial statements items

The structure of the Group's assets, liabilities and equity is presented in the consolidated financial statements for the financial year ended 31 December 2015.

The data disclosed in the Group's consolidated financial statements are consistent with the consolidation documentation.

5. Additional information

The information presented in the notes to the consolidated financial statements, containing a description of significant accounting policies and other explanatory information, has been presented completely and correctly in all material respects.

6. Management's Declaration

The Holding Company's Management submitted a written declaration about the completeness of the books of account and disclosure of all contingent liabilities and absence of significant post-balance sheet events.

Poznań, 14 March 2017

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