



INDEPENDENT AUDITOR'S REPORT ON THE YEAR-END FINANCIAL STATEMENTS

for the General Meeting and Supervisory Board of PCC Intermodal S.A.

Report on the Audit of the Year-end Financial Statements

We have audited the accompanying year-end financial statements of PCC Intermodal S.A. ("the Company") with its registered office in Gdynia, ul. Hutnicza 16, consisting of:

- the statement of financial position prepared as at 31 December 2017,
- the profit and loss account for the period from 1 January 2017 to 31 December 2017,
- the statement of comprehensive income for the period from 1 January 2017 to 31 December 2017,
- the statement of changes in equity for the period from 1 January 2017 to 31 December 2017,
- the statement of cash flows for the period from 1 January 2017 to 31 December 2017,
- additional information on significant accounting policies and notes to the financial statements ("the financial statements").

Responsibilities of the Company's Management Board and Supervisory Board for the Financial Statements

The Company's Management Board is responsible for the preparation of the financial statements on the basis of 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 and the Company's Statute. The Company's Management Board is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In accordance with the Accounting Act, the Company's Management Board 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 was to express an opinion whether the financial statements present truly and fairly the Company's financial position and financial result in accordance with the applicable International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as with the Company's accounting methods (policies).



We performed the audit of the financial statements in accordance with the provisions of:

- 1) the Act of 11 May 2017 on certified auditors, audit firms and on public supervision (2017 Journal of Laws, item 1089) (*"the Certified Auditors Act"*),
- 2) National Standards on Auditing in the wording of International Standards on Auditing, adopted in Resolution No. 2783/52/2015 passed by the National Council of Certified Auditors on 10 February 2015 with subsequent amendments,
- 3) Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Official Journal of the EU L 158 of 27 May 2014, page 77 and Official Journal of the EU L 170 of 11 June 2014, page 66) (*"Regulation 537/2014"*).

These regulations 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 financial statements are free from material misstatements.

The objective of an audit is to obtain sufficient assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Sufficient assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the above standards will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in aggregate, could influence the economic decisions of users made on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or circumvention of internal controls, and may pertain to every area of law and regulations, not just those that have a direct impact on the financial statements.

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

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our opinion is consistent with the additional report for the Audit Committee issued on 19 March 2018.



Independence

During the audit the auditor in charge and the audit firm remained independent of the audited entity in accordance with the provisions of the Certified Auditors Act, Regulation 537/2014 and the ethical standards adopted by the National Council of Certified Auditors.

To the best of our knowledge and belief we declare that we have provided no non-audit services forbidden by the provisions of Article 136 of the Certified Auditors Act and Article 5 point 1 of Regulation 537/2014.

Selection of Auditor

We were selected as the auditor of the Company's financial statements in Resolution No. 7/2017 passed by the Supervisory Board of PCC Intermodal S.A. on 23 March 2017. We have audited the Company's financial statements continually since the financial year ended 31 December 2008, of which as a public interest entity since the financial year ended 31 December 2011 (counting in accordance with the interpretation of the European Commission from the first financial year after the year, in which the entity was given the status of a public interest entity); i.e. for 10 consecutive years, of which 7 years as a public interest entity.

Most significant types of risk

In the course of the audit we identified the below described most significant types of risk of material misstatement, including from fraud, and have designed audit procedures appropriate for those types of risk.

Risk of material misstatement	Audit procedures performed in response to the risk
<i>Selected aspects of valuation of tangible assets</i>	
<p>In its separate statement of financial position the Company lists 257 643 thousand zł in tangible assets, constituting 81,6% of its total assets.</p> <p>The details of the Company's accounting policies on the valuation of tangible assets, including on the performance of impairment write downs and calculation of depreciation charges are disclosed in Note 12.2 to the financial statements.</p> <p>The matter has been classified as a risk of material misstatement due to the very high percentage of tangible assets in the Company's total assets, as well as the significant impact of management's judgement and estimates on the value of the assets.</p>	<p>Our audit procedures included in particular:</p> <ul style="list-style-type: none">- analyzing the process of identifying indications of tangible asset impairment and recognizing the resulting impairment write downs,- checking a sample of tangible asset additions to verify the validity of the adopted depreciation rates,- analyzing the costs capitalized on fixed assets under construction accounts,- obtaining additional statements, explanations and documents on the continuation of ongoing investment projects and the resulting future economic benefits, and performing their critical evaluation,- performing an analytical completeness and correctness test of depreciation.



Reasons for Qualified Opinion

In its financial statements prepared as at 31 December 2017 the Company presented long-term credit liabilities in the amount of 26 888 thousand zł. Some of the credit agreement conditions have not been met as at the balance sheet date. In accordance with the credit agreement, failure to comply with the conditions may make the credit immediately payable on demand.

In accordance with the provisions of Paragraph 74 of International Accounting Standard 1 *Presentation of Financial Statements*, when an entity breaches a provision of a long-term loan agreement on or before the end of the reporting period, with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender agreed after the reporting period and before the approval of the financial statements for publication, not to demand payment despite the breach.

On 16 March 2018 the Company received a letter from its bank stating that the bank does not intend to exercise its option to terminate the credit agreement due to the Company's anticipated failure to comply with the contractual ratios as at the end of 2017. The Company's Management Board has selected not to reclassify the credits as current. This constitutes a breach of the above mentioned provisions of International Accounting Standard 1.

Qualified Opinion

In our opinion, except for the above qualification, the accompanying year-end financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2017, as well as of its financial result for the period from 1 January to 31 December 2017, 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 adopted accounting methods (policies),
- have been prepared on the basis of books of account properly kept in accordance with the provisions of Chapter 2 of the Accounting Act,
- 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 provided 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 Company's Statute.

Report on Other Legal and Regulatory Requirements

Opinion on the Directors' Report on the Company's Activities

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

The Management Board of PCC Intermodal S.A. and members of its Supervisory Board are responsible for the preparation of the Directors' Report on the Company's activities in accordance with binding regulations.



In accordance with the requirements of the Certified Auditors Act, our responsibility was to issue an opinion whether the Directors' Report on the Company's activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the year-end financial statements. It was also our responsibility to report whether, based on our knowledge obtained during the audit about the entity and its environment, we have identified any material misstatements in the Directors' Report on the Company's activities, as well as to indicate the nature of each such misstatement.

In our opinion, the Directors' Report on the Company's activities has been prepared in accordance with binding regulations and is consistent with the information presented in the year-end financial statements. Furthermore, based on our knowledge obtained during the audit about the Company and its environment we have identified no material misstatements in the Directors' Report on the Company's activities.

Opinion on the Declaration on the Application of Corporate Governance

The Company's Management Board and members of its Supervisory Board are responsible for the preparation of a declaration on the application of corporate governance in accordance with binding regulations.

In connection with our audit of the financial statements it was our responsibility under the Certified Auditors Act to express an opinion on whether an issuer required to file a declaration on the application of corporate governance, which constitutes a separate section of the Directors' Report on the Company's activities, included in this declaration the information required by legal regulations, and - with respect to certain information indicated in the regulations - to report on whether this information is consistent with the applicable regulations and with the information contained in the year-end financial statements.

In our opinion, the Company's declaration on the application of corporate governance contains the information specified in paragraph 91 section 5 point 4 letters a, b, g, j, k and l of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information provided 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 (2014 Journal of Laws, item 133 with subsequent amendments) ("*the Decree*"). The information indicated in paragraph 91 section 5 point 4 letters c-f, h and i of the Decree contained in the declaration on the application of corporate governance is consistent with the applicable regulations and with the information contained in the year-end consolidated financial statements.

signed on the Polish original

Edyta Kalińska
Auditor in charge
Certified Auditor No. 10336

signed on the Polish original

Dr. André Helin
Managing Partner
Certified Auditor No. 90004

Acting on behalf of:

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entered on the list of audit firms in number 3355

Warsaw, 20 March 2018