

# HELIO SPÓŁKA AKCYJNA BASED IN WYGŁĘDY

**THE AUDITOR'S REPORT**

**THE FINANCIAL STATEMENTS**

**THE MANAGEMENT REPORT**

*This translation was drawn up in accordance with the documents, which had been prepared in Polish.*

*The contents of these documents are decisive in case of dispute.*

**KATOWICE, OCTOBER 2018**



---

**THE INDEPENDENT AUDITOR'S REPORT  
FOR SHAREHOLDERS AND SUPERVISORY BOARD OF HELIO SPÓŁKA AKCYJNA  
BASED IN WYGLĘDY**

**Report on the Financial Statements**

We have audited the enclosed annual financial statements of HELIO Spółka Akcyjna based in Wyględy, comprising: the balance sheet as at 30 June 2018, the income statement, statement of changes in equity and cash flow statement for the financial year from 1 July 2017 to 30 June 2018 and additional information including the introduction to the financial statements and additional explanations, hereinafter referred to as "financial statements".

*Management's Responsibility for the Financial Statements*

The company's management is responsible for the preparation, based on properly run accounting books, of these financial statements and fair presentation in accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2018, item 395 with later amendments) hereinafter referred to as the 'Accounting Act' and issued on its basis implementing rules and other binding law regulations and the entity's agreement. The company's management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The company's management and members of supervisory board shall ensure that the financial statements meet the requirements set forth in the Accounting Act.

*Auditor's Responsibility*

Our responsibility was to express an opinion on whether the financial statements give a true and fair view of the asset and financial situation as well as the entity's financial result in accordance with the applicable provisions of the Accounting Act and the adopted accounting principles (policy).

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

- the Act of 11 May 2017 on Statutory Auditors, Audit Firms and public oversight (Journal of Laws of 2017, item 1089), hereinafter referred to as the "Act on auditors",
- National Standards on Auditing in the wording of International Standards on Auditing adopted by resolution No. 2041/37a/2018 of the National Chamber of Statutory Auditors of 5 March 2018.
- Regulation of the European Parliament and of the Council (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audits of financial statements of public-interest entities, repealing Commission Decision 2005/909/EC (Journal of Laws UE L 158 of 27.05.2014, p. 77 and Journal of Laws UE L 170 of 11.06.2014, p. 66), hereinafter referred to as 'Regulation 537/2014'.

These regulations require compliance with ethical requirements as well as planning and performing the audit in

such a way as to obtain reasonable assurance that the financial statements are free from material misstatement.

The purpose of the audit is to obtain reasonable assurance as to whether the financial statements as a whole have been prepared on the basis of properly maintained accounting books and do not contain material distortions caused by fraud or error, and issue an independent auditor's report containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that the audit carried out in accordance with the above-mentioned standards will always disclose the existing material misstatement. Distortions may arise as a result of fraud or error and are considered material if it can reasonably be expected that, individually or in aggregate, they could influence users' business decisions made on the basis of these financial statements. The risk of not recognizing a material misstatement due to fraud is higher than the risk of not recognizing a material misstatement due to an error, as it may involve collusion, falsification, deliberate omissions, misleading or circumventing internal control and may affect every area of law and regulations, not just this directly affecting the financial statements. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include assurance as to the future profitability of the audited entity nor the effectiveness or efficiency of conducting the entity's affairs by the entity's management now or in the future.

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

#### *Independence*

During the audit, the key statutory auditor and audit firm remained independent of the entity in accordance with the provisions of the Act on Certified Auditors, Regulation 537/2014 and the rules of professional ethics adopted by the resolutions of the National Council of Statutory Auditors.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited by art. 136 of the Act on Certified Auditors and art. 5 para. 1 of Regulation 537/2014.

*Choosing an auditing company*

We have been chosen to audit the entity's financial statements with the resolution of the Supervisory Board of November 11, 2017. The financial statements for the financial year ended 30 June 2018 are the first financial statements of the entity we have audited.

*Key audit matters*

In the course of the audit, we identified the described below key audit matters of material misstatement, including those caused by fraud, and we have developed appropriate audit procedures for these types of risks. In cases where we considered it appropriate to understand the identified risk and the auditing procedures performed by the auditor, we also included key observations related to these types of key audit matters.

Description of the type of key audit matter	Auditor procedures in response to the key audit matters and key observations related to these types of risk
<p>In the audited financial year, there was a significant concentration of sales to one recipient.</p> <p>There is a qualitative risk for the statement that information about the concentration of sales and its scale will not be disclosed in the financial statements.</p>	<p>We discussed the issue of concentration of sales and disclosures in the financial statements with the entity, we verified the information on the concentration of sales disclosed in the financial statements, we agreed the presented data to the accounting records and we considered whether the disclosed disclosure allows us to state that the financial statements present true and fair view.</p> <p>Disclosures regarding the concentration of sales are included in the explanatory note to notes 14a and 15a of the income statement.</p>
<p>The risk of incorrect recognition of revenues in the financial year.</p> <p>This risk applies in particular to:</p> <ul style="list-style-type: none"> <li>- completeness of the presentation and correct presentation as a reduction in revenue of fees resulting from commercial terms with networks,</li> <li>- recognition of adjustments of revenues resulting from invoices correcting sales issued after the balance sheet date.</li> </ul>	<p>We documented our understanding of the revenue recognition process, identified control mechanisms in this area, discussed with the entity's management and other responsible persons contractual issues arising from agreements concluded with key recipients, we assessed the adopted accounting policy in terms of revenue recognition and presentation, we conducted detailed reliability procedures based on the analysis of source documents (agreements with contractors, sales invoices), we reviewed the transactions at the turn of the year and the analysis of invoices correcting sales issued after the balance sheet date.</p>

### *Opinion*

In our opinion attached financial statements:

- Give a true and fair view of asset and financial entity 's situation as at 30 June 2018 as well as its financial result for the financial year from 1 July 2017 to 30 June 2018, according to the accounting act regulations and applied accounting rules (policy),
- were prepared based on properly run accounting books in accordance with the provisions of Chapter 2 of the Accounting Act,
- are consistent in form and content with the binding regulations for the entity and entities 'articles of association.

### *Other issues*

The financial statements have not been prepared in accordance with the provisions of art. 45 par. 1g. of the Accounting Act, i.e. in the logical structure and format made available in the Public Information Bulletin on the website of the office servicing the minister responsible for public finance, this matter was explained by the Management Board in point 10 of the introduction to the financial statements.

## **Report on Other Legal and Regulatory Requirements**

### *Opinion on management report*

Our opinion on the financial statements does not cover the management report.

The company's management is responsible for preparing the management report consistent with the Accounting Act and other applied law in force.

Moreover, the company's management and members of the supervisory board shall ensure that the management report meet the requirements set forth in the Accounting Act.

Our responsibility in accordance with the requirements of the Act on statutory auditors was to issue an opinion on whether the management report was prepared in accordance with the law and that it is consistent with the information contained in the annual financial statements. It was also our responsibility to make a statement whether in the light of our knowledge of the entity and its environment obtained during the audit of the financial statements, we identified material misstatement in management report and indicate what each of material misstatement relies on.

---

*Opinion on the statement on the application of corporate governance*

The company's management is responsible for preparing a statement on the application of corporate governance in accordance with the law. In addition, the company's management and members of the supervisory board of the entity are obliged to ensure that the statement on the application of corporate governance meets the requirements provided for by law.

In connection with the audit of the financial statements, our responsibility in accordance with the requirements of the Act on statutory auditors was to issue an opinion on whether the issuer is obliged to submit a statement on the application of corporate governance, constituting a separate part of the management report. The statement includes information required by law and in relation to certain information indicated in these regulations or regulations, determining whether they comply with the applicable regulations and information contained in the annual financial statements.

In our opinion, in the statement on the application of corporate governance, the entity has specified information described in paragraph 70, paragraph 6 point 5 letter. a, b, g, j, k, l and letter. m Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757), hereinafter referred to as the "Regulation". Information indicated in paragraph 70, paragraph 6 point 5 letters c-f, h and letter 'i' the Regulations contained in the corporate governance statement comply with the applicable regulations and information contained in the annual financial statements.

Key statutory auditor:

Wojciech Berek

entered in the register of Statutory Auditors with no. 11540

Kancelaria Porad Finansowo - Księgowych  
dr Piotr Rojek Spółka z ograniczoną odpowiedzialnością  
40-155 Katowice, Konduktorska 33;  
entered on the list of auditing companies under No. 1695

Katowice, October 26, 2018