

## Report on review of the interim condensed consolidated financial statements

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To the Shareholders of PBG S.A.

### *Introduction*

We have been appointed to review the accompanying interim condensed consolidated financial statements of the Group in which the parent company is PBG S.A. ("Parent"), with its registered office in Wysogotowo near Poznań, ul. Skórzewska 35, comprising the condensed consolidated statement of financial position as at June 30th 2018, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the period from January 1st 2018 to June 30th 2018 and selected notes to the financial statements.

The Parent's Management Board is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, issued in the form of the European Commission's regulations.

Our responsibility was to express a conclusion, based on our review, on the interim condensed consolidated financial statements.

### *Scope of review*

We conducted our review in accordance with Polish Financial Auditing Standard 2410 compliant with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, adopted by Resolution No. 2041/37a/2018 of the National Council of Statutory Auditors dated March 5th 2018. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The scope of a review is substantially narrower than the scope of an audit performed in accordance with the Polish Financial Auditing Standards compliant with the International Standards on Auditing adopted by Resolution No. 2041/37a/2018 of the National Council of Statutory Auditors dated March 5th 2018.

Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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*Reasons for disclaimer of opinion*

In Note 2.3 of the interim condensed consolidated financial statements as at June 30th 2018, the Parent's Management Board presented the circumstances with a bearing on the going concern assumption for the Group companies, including: the legal situation concerning the arrangement approved by the District Court for Poznań-Stare Miasto of Poznań, 11th Commercial Insolvency and Restructuring Division and concluded by the Parent with its creditors, the Parent's current financial standing, strategy for raising financing for the performance of arrangement obligations, and risks and uncertainties which could have an effect on the performance under the arrangement. Given the steps taken and the adopted strategy, the Parent's Management Board has assessed that the Parent is able to obtain sufficient funds to meet the arrangement obligations, as well as funds enabling the Parent to continue its operations; accordingly, the Board has resolved to prepare the consolidated financial statements on the assumption that the parent would continue as a going concern in the foreseeable future, i.e. for at least 12 consecutive months after the reporting date. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and do not contain any effects of applying such other principles of measurement and presentation of assets and liabilities which might be necessary if the interim condensed consolidated financial statements were not prepared on the going concern basis.

In our opinion, during the review, we did not obtain sufficient evidence which would make probable the assumptions adopted by the Parent's Management Board in the cash flow plan, which serves as basis for the identification of sources of financing the Parent's liabilities during the arrangement implementation. Therefore, we were not able to assess the soundness of the going concern assumption made by the Parent's Management Board in preparing of the consolidated financial statements. If the consolidated financial statements were prepared on the assumption that the Parent would not continue as a going concern, recognition and measurement of individual items of assets, liabilities and financial performance could be different and we are not able to assess the effect of change in measurement and recognition methods on the presented consolidated financial statements.

In Note 13 to the interim condensed consolidated financial statements as at June 30th 2018, the Parent's Management Board disclosed information on the equity interests in Energopol Ukraina, accounted for using the equity method, with a carrying amount of PLN 26.4m. We were provided no documents which would confirm the measurement of the investment. Due to the lack of access to the relevant documentation and the uncertain local economic situation, we are not able to express an opinion on the correctness of measurement and presentation of these assets in the consolidated financial statements as at June 30th 2018.

In the consolidated financial statements prepared as at June 30th 2018, the Group disclosed disputed receivables of PLN 39.2m, with no impairment recognised in respect of them. In Note 15 'Long-term contract receivables and amounts due from customers for construction contract work' and Note 24 'Long-term contract obligations and provisions' to the interim condensed interim consolidated financial statements prepared as at June 30th 2018, the Management Board of the Parent presented the facts of the dispute and the reasons for the method adopted to present the disputed amounts in the consolidated financial statements. In our opinion, we have not obtained sufficient evidence to ascertain that the amounts presented in the consolidated financial statements were measured and recognised correctly. Due to uncertainty as to the effects the final resolution of the dispute could have on the Group, we are not able to assess the impact of the issue at hand on the Group's financial statements.

In the consolidated financial statements, the goodwill arising from the acquisition of subsidiary RAFAKO S.A. was determined based on provisional data. The Management Board of the Parent has not finally accounted for the acquisition. Therefore, we are not able to certify that the carrying amount of the goodwill is correct.

In Note 7 to the interim condensed consolidated financial statements as at June 30th 2018, the Parent's Management Board presented the results of an impairment test that served as the basis for recognising an impairment loss on the goodwill. Please note that the validity of the assumptions underlying the test depends on certain future events, including primarily the Company winning new contracts.

In Note 26 to the interim condensed consolidated financial statements, the Management Board of the Parent presented the current status of the court dispute with Mostostal Warszawa S.A. concerning a claim filed by RAFAKO S.A. for the payment of PLN 8,042 thousand. As at the date of preparation of these condensed half-year financial statements, the final outcome of the dispute is uncertain.

*Disclaimer of opinion*

Due to a significant limitation of scope, as described in the *Reasons for disclaimer of opinion*, we are unable to express a conclusion whether, on the basis of our review, anything has come to our attention that would cause us to believe that the accompanying interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued in the form of regulations of the European Commission.

Jan Letkiewicz

Qualified Auditor Reg. No. 9530  
Lead auditor performing the review on behalf of  
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,  
Poznań, ul. Abpa Antoniego Baraniaka 88 E, audit firm Reg. No. 4055

Poznań, October 1st 2018.