

Only the Polish version of this document shall be binding,  
however every effort has been made to ensure the accuracy of this translation

**ARCUS S.A.**  
**KOLEJOWA 5/7 ST.**  
**01-217 WARSAW**

OPINION  
OF THE INDEPENDENT CERTIFIED AUDITOR  
ON THE AUDIT OF THE FINANCIAL STATEMENT  
FOR THE PERIOD OF 1 JANUARY – 31 DECEMBER 2016  
TOGETHER WITH THE REPORT ON THE AUDIT  
OF THIS FINANCIAL STATEMENT

**TPA Sp. z o.o.**

District Court for the City of Poznań / 8<sup>th</sup> Commercial Division of the National Court Register / KRS 0000245198 / NIP: 778-143-20-33 / REGON: 300184858

Share capital: PLN 981 500.00

Młyńska 12 St., 61-730  
**Poznań**  
Telephone No +48 61 36 00 500  
[office@tpa-group.pl](mailto:office@tpa-group.pl)

Przyokopowa 33, 01-208  
**Warszawa**  
Telephone No + 48 22 64 79 700  
[www.tpa-group.pl](http://www.tpa-group.pl)

Staromiejska 13a St., 40-013  
**Katowice**  
Telephone No +48 32 73 20 000  
[www.tpa-group.com](http://www.tpa-group.com)

Albania / Austria / Bulgaria / Croatia / Czech Republic / Poland / Romania / Serbia / Slovakia / Slovenia / Hungary

Independent Member of Baker Tilly Europe Alliance

## **OPINION OF THE INDEPENDENT CERTIFIED AUDITOR**

**For the Shareholders and the Supervisory Board of ARCUS S.A.**

### **Subject of the audit**

We have audited the attached financial statement of ARCUS S.A. (hereinafter ‘the Company’) with its registered office in Warsaw consisting of:

- statement of financial position prepared as at 31 December 2016;
- profit and loss account for the financial year of 1 January 2016 – 31 December 2016;
- statement of comprehensive income for the financial year of 1 January 2016 – 31 December 2016;
- statement of changes in equity for the financial year of 1 January 2016 – 31 December 2016;
- cash flow statement for the financial year of 1 January 2016 – 31 December 2016;
- additional information on accounting principles applied and other explanations.

### **Responsibility of the Management and Supervisory Boards for the preparation of the financial statement**

The Company's Management Board is responsible for the preparation, based on properly maintained accounting records, of the financial statement and for its fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations, published in the form of European Commission Regulations, and other applicable laws. The Company's Management Board is also responsible for the internal control, which the Management considers necessary for the preparation of financial statement that is free from material misstatement arising from fraud or error.

The Management Board and the Supervisory Board of Arcus S.A. are obliged to ensure that the financial statement and the report on the Company's business activities meet the requirements set out in the Accounting Act of 29 September 1994 (Journal of Laws of 2016, item 1047, as amended), hereinafter referred to as “the Accounting Act”.

### **Responsibility of the independent auditor**

Our responsibility was to audit the financial statement and express an opinion on the compliance of mentioned financial statement with applicable accounting rules (policy), on whether this financial statement presents fairly and clearly in all material aspects, the financial situation of the Company and its financial result, as well as on the correctness of books of account being the basis of financial statement preparation.

We have audited the financial statement in accordance with the provisions of Chapter 7 of the Accounting Act and National Auditing Standards as amended by the International Standards on Auditing adopted by the Resolution no 2783/52/2015 of the National Chamber of Statutory Auditors in Poland of 10 February 2015, as amended.

Mentioned standards require us to act in line with ethical rules and to plan and conduct the audit of the financial statement to the procedure ensuring that we obtain a reasonable assurance, that the financial statement and books of account being the basis of mentioned statement preparation, do not contain any significant irregularities.

The audit consisted in performing procedures aimed at obtaining an evidence of the audit of amounts and disclosures in the financial statement. The selection of procedures depends on the auditor's judgment and

on the assessment of the risk of material misstatement of the financial statement arising from fraud or error. In assessing that risk, the auditor shall take into consideration the internal control procedures in respect of preparation and fair presentation of the financial statement by Arcus S.A., in order to select audit procedures appropriate under particular circumstances, and not to express an opinion on the effectiveness of the Company's internal control systems. The audit also includes evaluating the appropriateness of accounting rules (policy), the reasonableness of accounting estimates made by the Management Board, the accuracy of the accounting records being the basis for the preparation of the audited financial statement, and the assessment of the overall presentation of the financial statement.

In our opinion, the evidence obtained by us during the audit shall be a sufficient basis for expressing a relevant opinion.

### **Opinion on the financial statement**

In our opinion, the audited financial statement, in all material respects:

- has been prepared on the basis of properly kept books of account,
- provides a true and fair view of the Company's financial position as at 31 December 2016 as well as its financial results and cash flows for the financial year from 1 January 2016 to 31 December 2016, in accordance with International Financial Reporting Standards and related interpretations published in the form of the European Commission regulations ("IAS"), and to the extent not regulated by IAS - in accordance with the provisions of the Accounting Act and implementing regulations issued on the basis thereof,
- is consistent, in all respects, with the laws applicable to the Company, including with the requirements of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws of 2016, item 860) as well as with other applicable legal regulations and provisions of the Company's Articles of Association.

### **Clarifications**

At the same time, we draw the attention to the matter presented by the Management Board of ARCUS S.A. in explanatory note no 31 to the financial statement hereof and in the Management Board's report on activities of ARCUS S.A. In accordance with information disclosed therein, ARCUS S.A. and its subsidiary – T-matic Systems S.A. ("TS") are the parties to the dispute with Energa-Operator ("EOP") as regards the execution of three agreements in respect of the delivery of metering infrastructure, intermediate infrastructure and delivery and monitoring of vehicles based on GPS (hereinafter "the Agreements").

In December 2014, ARCUS S.A. and TS submitted to EOP a claim for payment (PLN 4.7 million) for additional works performed within the execution of the Agreements. In May 2015, ARCUS S.A. received from EOP a claim against ARCUS S.A. and TS for payment of the amount of PLN 23.1 million for the delay in execution of the Agreements. Additionally in November 2015, EOP informed ARCUS S.A. on calculation of contractual penalties at the total amount of PLN 156 million for the delay in execution of the Agreements.

Furthermore on 3 March 2017, at the request of EOP, a payment was performed as a result of execution of performance bond granted by insurer ERGO Hestia S.A. to EOP in the amount of PLN 9.6 million in connection with the implementation of Agreements described above. On 13 April 2017, the Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division (hereinafter "the Court") issued a Decision ("the Decision") granting a conditional security for a claim paid out to EOP. On the basis of mentioned Decision, EOP was obliged to reimburse to Ergo-Hestia S.A. an amount received within 30 days of the date of the Decision. The condition for reimbursement is issuing by ERGO Hestia S.A. of a new guarantee for the full amount that

EOP could use in the event the future litigation is settled to its satisfaction. As at the date of this opinion, the Company was negotiating the terms of a new guarantee for EOP.

In opinion of the Management Board of ARCUS S.A., penalties claimed by EOP are unjustified and shall not be awarded by the court. Moreover, in the opinion of the Management Board of the Company, the risk of failure to receive by the Company of an insurance guarantee from ERGO Hestia S.A. referred to in the above mentioned Decision, is minimal. However, according to the Company's legal advisor, there shall be a likelihood of changing the Decision and rejecting the application for collateral. At the moment, however, it is not possible to estimate the results of the above activities.

The litigation described above is multi-threaded and as at the date of preparation of the financial statement, it is not possible to determine the future results and the closing date of the dispute. Consequently, the Company did not create provisions for claims of EOP. Due to the complex nature of the issue, and expected lengthy judicial proceedings it may not be excluded that finally, the financial results of the issue described above would differ from current estimates of ARCUS S.A. Management Board assumed for the purposes of financial statement hereof preparation.

In addition, we draw attention to the estimates (described in detail in the explanatory note no. 3.5.3) made by the Management Board of Arcus S.A. in respect of financial projections prepared for the purposes of impairment test of shares in subsidiaries. The projections prepared by the Management Board are based on expected future cash flows that are uncertain and dependent on future events. The total value of shares in subsidiaries disclosed in the financial statement, with regard to which the impairment tests were performed, amounted to PLN 19,465 thousand as at 31 December 2016.

In particular, the Management Board has prepared the projections for the purposes of the impairment tests of the shares in the subsidiary - T-matic System S.A. The disclosed book value of the shares in a subsidiary amounts to PLN 9,005 thousand. Moreover, as at 31 December 2016, the Company discloses other assets in the form of bonds and loans granted to T-matic Systems S.A. at the total amount of PLN 17,745 thousand. As a result, in the case of non-implementation of planned cash flows by T-matic Systems S.A., the total value of assets exposed to impairment, disclosed by ARCUS S.A. in the separate financial statement amounts to PLN 26,750 thousand.

### **Opinion on the report on business activities**

Our responsibility, in connection with the performance of the audit of the financial statement, was to review the report on business activities and state whether the information contained therein is consistent with the provisions of art. 49 of the Accounting Act and Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state ("Regulation on current and periodic information") and whether it is consistent with the information in the attached financial statement. Our responsibility was also to declare whether – in the light of the knowledge gained during the audit in respect of the Company and its environment – we have found any significant irregularities.

In our opinion, the report on business activities of Arcus S.A. for the financial year ended on 31 December 2016, is complete within the meaning of art. 49 of the Accounting Act and the Regulation on current and periodic information, and the information contained therein and derived from the audited financial statement, is consistent with this financial statement. Furthermore, in the light of the knowledge gained during the audit in respect of the Company and its environment, we have not found any significant irregularities in the report on business activities.

In connection with the performed audit of the financial statement, it was also our responsibility to review the company's corporate governance statement, which forms a separate part of the report on business activities. In our opinion, in this statement, the company has included the information required in accordance with the scope specified in the implementing regulations issued pursuant to art. 60.2 of the Act

of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and on Public Companies. This information is consistent with the applicable regulations and the information contained in the financial statements.

**Bartosz Seweryn**

Key certified auditor  
performing the audit  
reference no 12896

**Krzysztof Dziekoński**

Certified auditor, reference no 10089  
Representative of the entity

**TPA Sp. z o.o. sp. k.**

**12 Młyńska St.**

**61-730 Poznań**

**Entity authorised to audit the financial statements entered into the list of licensed entities under registration number 3082**

**Poznań, 28 April 2017**