

**IPF INVESTMENTS POLSKA SP. Z O.O.  
WARSAW, INFLANCKA 4A**

**FINANCIAL STATEMENTS  
FOR THE 2016 FINANCIAL YEAR**

**WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

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## AUDITOR'S OPINION

**To the Shareholder of IPF Investments Polska Sp. z o.o.**

### ***Auditor's report***

We have audited the attached financial statements of IPF Investments Polska Sp. z o.o. with its registered office in Warsaw, Inflancka 4A Street (hereinafter: the "Company"), including statement of financial position prepared as at 31 December 2016, statement of comprehensive income, statement of changes in equity, statement of cash flows for the financial year from 1 January 2016 to 31 December 2016 and notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

### ***Responsibility of the Company's manager for the financial statements***

The Management Board of the Company is responsible for the preparation of the financial statements, based on properly kept accounting records, and their fair presentation in accordance with the International Accounting Standards, International Financial Reporting Standards, related Interpretations published as European Commission regulations and applicable laws. It is also obliged to ensure internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Under the Accounting Act of 29 September 1994 (Journal of Laws of 2016 Item 1047 as amended), hereinafter referred to as the "Accounting Act" the Management Board of the Company is obliged to ensure that the financial statements meet the requirements of the Accounting Act.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit works.

We conducted our audit in accordance with Section 7 of the Accounting Act and the National Auditing Standards in line with the wording of the International Standards on Auditing adopted by Resolution No. 2783/52/2015 of the National Council of Statutory Auditors of 10 February 2015 as amended. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board of the Company, evaluating if accounting books based on which financial statements are prepared, are properly kept, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the attached financial statements:

- give a true and fair view of the economic and financial position of the Company as at 31 December 2016 and its financial performance for the financial year from 1 January 2016 to 31 December 2016 in accordance with the International Accounting Standards, International Financial Reporting Standards, related Interpretations published as European Commission regulations and the adopted accounting principles (policies),
- have been prepared based on properly kept accounting books,
- comply, with respect to their form and content, with the applicable provisions of law and the articles of association of the Company.

### **Report on other legal and regulatory requirements**

#### *Opinion on the Management Board report*

We do not express an opinion on the *Management Board* report.

It is the responsibility of the Management Board of the Company to prepare the *Management Board* report in accordance with the Accounting Act and other applicable laws. Moreover, the Management Board of the Company is obliged to ensure that the financial statements and the *Management Board* report meet the requirements of the Accounting Act.

When auditing the financial statements we were obliged to examine the *Management Board* report and indicate whether the information contained therein complies with Article 49 of the Accounting Act and is consistent with underlying information disclosed in the attached financial statements. Additionally, it was our responsibility to indicate whether we have detected any material misstatement in the *Management Board* report based on our knowledge of the Company and its business environment obtained in the course of the audit.

In our opinion, the information contained in the *Management Board* report complies with Article 49 of the Accounting Act and is consistent with underlying information disclosed in the attached financial statements. Moreover, based on our knowledge of the Company and its business environment obtained in the course of the audit, we have not detected any material misstatements in the *Management Board* report.

Dorota Snarska-Kuman  
Key certified auditor  
conducting the audit  
No. 9667

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Dorota Snarska-Kuman – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o.  
– which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 24 February 2017

**The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
OF IPF INVESTMENTS SP. Z O.O.  
FOR THE 2016 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Company**

The Company operates under the business name IPF Investments Polska Sp. z o.o. (hereinafter: the "Company"). The Company's registered office is located in Warsaw, Inflancka 4A Street.

The Company operates as a limited liability company. The Company is recorded in the Register of Entrepreneurs kept by the District Court in XII Commercial Division of National Court Register under KRS number 0000344995.

The Company operates based on the provisions of the Code of Commercial Companies.

As of 31 December 2016, the Company's share capital equaled PLN 45,000 and was divided into 100 ordinary shares with a face value of PLN 450 each.

In the audited period, the Company conducted activities mainly in the area of activities concerning the service of debt securities issued and loan granted to Provident Polska S.A.

Composition of the Management Board as of the date of the opinion:

- |                   |                                   |
|-------------------|-----------------------------------|
| - John Dahlgreen  | - Member of the Management Board, |
| - Alicja Kopeć    | - Member of the Management Board, |
| - Agnieszka Kłos  | - Member of the Management Board, |
| - Mark Sutherland | - Member of the Management Board. |

Changes in the composition of the Management Board during the audited period and until the date of the opinion:

- on 23 February 2016 David Broadbent resigned the office of Member of the Management Board, which he held since 8 December 2009.

**2. Information on the financial statements for the previous financial year**

The activities of the Company in 2015 resulted in a net profit of PLN 97,487.65. The financial statements of the Company for the 2015 financial year were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. The certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2015 financial year was held on 28 April 2016. The General Shareholders' Meeting decided to allocate the net profit for 2015 to a dividend to its only shareholder in the amount of PLN 97,487.65.

The financial statements for the 2015 financial year were submitted to the National Court Register (KRS) on 12 May 2016.

**3. Details of the authorized entity and the key certified auditor acting on its behalf**

The entity authorized to audit the financial statements was appointed by the Shareholders' Meeting. The audit of the financial statements was performed based on the agreement of 17 January 2017 concluded between the Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw, al. Jana Pawła II 22, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Dorota Snarska-Kuman key certified auditor, (No. 9667), in the registered office of the Company from 10 to 21 October 2016, 17 January to 3 February 2017 and outside the Company's premises until the opinion date.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor conducting the audit confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on certified auditors and their self-government, entities authorized to audit financial statements and public supervision (Journal of Laws of 2016 Item 1000 as amended) to express an unbiased and independent opinion on the financial statements of the Company.

**4. Availability of data and management's representations**

The scope of our audit was not limited.

During the audit, necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 24 February 2017.

**II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY**

Presented below are the main items from the statement of comprehensive income as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

<u>Main items from the statement of comprehensive income (PLN)</u>	<u>2016</u>	<u>2015</u>
Interest income	12,277,379.77	16,621,316.63
Financial expenses	(12,074,401.95)	(16,402,378.16)
Operating expenses	(98,220.80)	(98,594.29)
Income tax	(20,029.00)	(22,865.53)
Net profit	84,728.02	97,478.65
Total comprehensive income	84,728.02	97,478.65

<u>Main items from the statement of financial position (PLN)</u>	<u>2016</u>	<u>2015</u>
Current assets	1,189,343.52	1,449,001.00
Total assets	201,190,464.51	201,450,148.99
Equity	234,654.26	499,926.24
Short-term liabilities (including short-term provisions and accruals)	955,810.25	950,222.75
Total liabilities and provisions	200,955,810.25	200,950,222.75

<u>Profitability ratios</u>	<u>2016</u>	<u>2015</u>
- gross profit margin	0.9%	0.7%
- net profit margin	0.7%	0.6%
- net return on equity	57%	24%

Liquidity/Net working capital

- debt ratio	99.88%	99.75%
- net working capital (PLN)	233,533	498,778
- current ratio	1.24	1.52

An analysis of the above figures and ratios indicated the following trends in 2016:

- Increase in gross profit margin calculated as gross profit to sales revenues (Interest Income),
- Increase in net return on equity calculated as net profit (loss) to equity less net profit (loss),
- Increase in debt ratio calculated as total liabilities to total assets,
- decrease in net working capital calculated as the difference between current assets and short-term liabilities,
- decrease in current ratio calculated as current assets to short-term liabilities.



### **III. DETAILED INFORMATION**

#### **1. Evaluation of the accounting system**

The Company has valid documentation describing the adopted accounting principles, complying in all material respects with Article 10 of the Accounting Act. The principles have been applied consistently and did not change compared to the principles applied in the prior year. The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

Based on tests performed during the audit procedures, we have verified the adopted accounting system and found no misstatements that would affect the financial statements. Our audit did not include, though, the entire accounting system used by the Company.

The Company performed a physical count of assets, equity and liabilities within the scope necessary to confirm the existence of the presented assets, equity and liabilities.

#### **2. Information identifying the audited financial statements**

The audited financial statements were prepared as of 31 December 2016 and include:

- statement of financial position prepared as of 31 December 2016, with total assets and liabilities plus equity of PLN 201,190,464.51,
- statement of comprehensive income for the period from 1 January 2016 to 31 December 2016 with a net profit of PLN 84,728.02 and total comprehensive income of PLN 84,728.02,
- statement of changes in equity for the period from 1 January 2016 to 31 December 2016, disclosing an decrease in equity of PLN 265,271.98,
- statement of cash flows for the period from 1 January 2016 to 31 December 2016, showing a cash outflow of PLN 259,789.13,
- notes to the financial statement, comprising a summary of significant accounting policies and other explanatory information.

#### **3. Information about selected material items of the financial statements**

The structure of assets, equity and liabilities as well as items affecting the financial result have been presented in the financial statements.

##### Receivables

Ageing of receivables has been correctly presented in the respective explanatory note to the statement of financial position, together with related potential impairment losses.

Key items of the Company's receivables include:

- loan granted to Provident Polska S.A. in the amount of PLN 200,934,767.10.

##### Liabilities

Structure of liabilities have been correctly presented in the respective explanatory note to the statement of financial position.

Key items of the Company's liabilities include:

- long-term liabilities arising from issuance of debt securities in the amount of PLN 200,919,323.70.

The nature of liabilities arising from issuance of debt securities has been presented in respective note to the statement of financial position.

The audited sample did not include past-due or redeemed liabilities.

Prepayments, accruals and provisions for liabilities

The structure of prepayments, accruals and provisions for liabilities is presented in notes.

**4. Completeness and correctness of drawing up the notes to the financial statement and the Management Board report**

The Company confirmed the validity of the going concern principle in the preparation of the financial statements. The notes to the financial statement give a correct and complete description of measurement principles regarding assets, equity, liabilities, financial result and principles of preparation of the financial statements.

The notes to the financial statements give a correct and complete description of the reporting items and clearly present other information required under International Financial Reporting Standards.

The financial statements have been supplemented with the Management Board report on the activities of the Company in the 2016 financial year. The report contains information required under Article 49.2 of the Accounting Act. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

**IV. FINAL NOTES**

Management Board's Representations

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

Dorota Snarska-Kuman  
Key certified auditor  
conducting the audit  
No. 9667

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Dorota Snarska-Kuman – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o.  
– which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 24 February 2017