

**The report of the independent statutory
auditor on the annual audit of the financial
statements
for the period 01.01.2018 - 31.12.2018**

Global Colors Polska S.A.

HLB M2 Spółka z ograniczoną odpowiedzialnością Tax & Audit Sp. k.

ul. Rakowiecka 41/27, 02-521 Warsaw, Poland www.hlbm2.pl

District Court for the Capital City of Warsaw, 13th Commercial Department of the National Court Register (KRS), KRS No. 0000380052

National Business Registry Number (REGON): 142839770, NIP (Tax ID No.): 521-359-69-82, The general partner: HLB M2 Sp. z o.o. Audit company number 3697

Managing Board of the General Partner: Maciej Czapiewski – the Chairman of the Managing Board, Marek Dobek – Vice-chairmen of the board, Aleksandra Motławska - Member of the Board.



Prepared for the Stockholders, the Supervisory Board and the Managing Board of
Global Colors Polska S.A.

Report on the audit of the annual financial statements

Opinion

We conducted the audit of the attached financial statements of Global Colors Polska S.A., (hereinafter referred to as: the Company or the Entity) with the headquarters in Kędzierzyn-Koźle, ul. Szkolna 15 (postal code: 47-225, Kędzierzyn-Koźle), consisting of the balance sheet prepared as at the 31st of December 2018 (with total assets and total liabilities and equity of: **64 983 326,49** PLN), the profit and loss account, (showing the net profit of **4 640 363,17** PLN), the statement of changes in equity (fund) (showing the equity value as at the end of the period of **44 383 202,54** PLN), cash flow statement for the year ended on that day (showing cash as at the end of the period of **2 816 252,78** PLN) as well as additional information and explanations (hereinafter referred to as the „financial statements”).

In our opinion, the attached annual financial statements:

- provides reliable and clearly stated information on the material and financial standing of the Company as at the 31st of December 2018 as well as cash flow statement for the year ended on that day in compliance with the applicable provisions of the Accounting Act of the 29th of September 1994 (hereinafter referred to as the "Accounting Act", Journal of Laws of 2017, item 2342) and the adopted accounting principles (policy),
- as to its form and content it is concordant with the legal regulations applicable to the Company and the articles of the Company,
- has been prepared on the basis of properly kept books of accounts, in accordance with the provisions of the chapter 2 of the Accounting Act.

Basis for opinion

We conducted our audit in accordance with the International Auditing Standards in the version adopted as the National Auditing Standards by the National Chamber of Statutory Auditors ("KSB") and pursuant to the Act of the 11th of May 2017 on statutory auditors, audit companies and on public supervision ("Act on Statutory Auditors" - Journal of Laws of 2017, item 1089). Our liability in accordance with these standards is further described in the section of our report entitled *Statutory Auditors' Responsibility for auditing the financial statements*.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants ("IFAC Code") adopted by the

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resolutions of the National Council of Statutory Auditors and other ethical requirements that apply to audits of financial statements in Poland. We have fulfilled our other ethical obligations resulting from these requirements and the IFAC Code. During the audit, the key statutory auditor and the audit company remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors.

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

The responsibility of the Management Board and persons exercising supervision for the financial statements

The Management Board of the Company is responsible for preparation, on the basis of properly maintained accounting books, the financial statements that show a reliable and clearly stated information on the material and financial standing and financial result of the Company in accordance with the provisions of the Accounting Act and the assumed accounting principles (policy) and with the legal regulations applicable to the Company and the articles of the Company, as well as internal control, which the Management Board deems necessary to enable the preparation of financial statements which are free from any material misstatement resulting from deceptions or errors.

When preparing the financial statements, the Management Board of the Company is responsible for assessment of the Company's going concern ability, for disclosing, if applicable, the issues related to going concern and for adopting the principle of going concern as an accounting basis, except when the Management Board intends either to liquidate the Company or to discontinue the business operations or there is no real alternative to liquidation or discontinuation of business operations.

The Management Board of the Company and members of the Supervisory Board of the Entity are obliged to ensure that the financial statements meet the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for supervision over the financial reporting process of the Company.

The responsibility of the statutory auditor for the audit of the financial statements

Our goal is to obtain reasonable assurance that the financial statements as a whole do not contain material distortions/misstatements caused by fraud or error, and to issue a report on the audit containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that an audit carried out in accordance with the National Chamber of Statutory Auditors (KSB) will always detect the existing significant distortion. Distortions/misstatements may arise as a result of a fraud or error and are considered material if it can be reasonably expected that, individually or altogether, they could influence users' business decisions made on the basis of these financial statements.

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

We exercise professional assessment and maintain professional scepticism during the audit, in accordance with the National Auditing Standards (KSB), as well as:

- we identify and assess the risks of material misstatement/distortion of the financial statements caused by fraud or error, we design and conduct audit procedures that address these risks, and we obtain audit evidence that is sufficient and adequate to provide the basis for our opinion. The risk of failure to recognize a significant distortion due to fraud is higher than the risk of failure to recognize a material distortion due to an error, as it may involve collusion, falsification, intentional omissions, misleading or circumventing internal control;
- we gain an understanding of the internal control suitable to the audit in order to design audit procedures that are appropriate under the circumstances, but not in order to express an opinion on the effectiveness of the Company's internal control;
- we assess the appropriateness of the accounting principles (policy) used and the legitimacy of accounting estimates and related disclosures made by the Company's Management Board;
- we draw a conclusion on the appropriateness of the going concern principle used by the Company's Management Board as an accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is significant uncertainty, we are required to emphasize in our report of the statutory auditor the related disclosures in the financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on audit evidence obtained until the date of our report of the statutory auditor, however future events or conditions may cause the Company to cease its operations;
- we assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements show the underlying transactions and events in a manner that ensures a reliable presentation;
- we hereby submit to the Supervisory Board the information about, among others, the planned scope and time of the audit and significant findings of the audit, including any significant weaknesses of internal control system that we are going to identify during the audit.

Other information, including the Directors' Report

Other information is included in the report on the Company's business activities for the financial year ended on the 31st of December 2018 ("Directors' Report")

Responsibility of the Management Board

The Management Board of the Company are responsible for the preparation of the Directors' report (report on business activities) in accordance with the applicable laws.

The Management Board of the Company and members of the Supervisory Board are obliged to ensure that the Directors' report meets the requirements specified in the Accounting Act.

Responsibility of the statutory auditor

Our opinion based on the audit of financial statements does not cover the Report on the company's activities (Director's Report).

In connection with the audit of the financial statements, it is our responsibility to read the Directors' Report and to examine whether it is not materially inconsistent with the financial statements or our knowledge gained during the audit, or if it seems otherwise materially distorted. If, based on the work done, we find significant distortions/misstatements in the Directors' Report, we are required to inform about it in our report on the audit. In accordance with the requirements of the Act on Statutory Auditors, our responsibility is also to issue an opinion as to whether the Directors' Report was prepared in accordance with the provisions of law and if it is consistent with the information contained in the financial statements.

Opinion on the Directors' Report

Based on the work carried out during the audit, in our opinion, the Directors' Report:

- was prepared in accordance with art. 49 of the Accounting Act;
- is consistent with the information contained in the financial statements.

Moreover, in the light of the knowledge on the Company and its business environment, obtained during the audit, we have not found any material misstatements/distortions in the Director's Report.

Monika Szymczyk

Aleksandra Motławska

Key Statutory Auditor
performing the audit
on behalf of HLB M2 Spółka z ograniczoną
odpowiedzialnością Tax & Audit Sp. k.
entered into the register of certified
auditors under number 11662

Member of the Managing Board of the
General Partner
HLB M2 Spółka z ograniczoną
odpowiedzialnością Tax & Audit Sp. k.
Audit company entered into the register of
certified audit companies under number
3697

Warsaw, on the 27th of June 2019