Deloitte Polska
Spółka z ograniczoną odpowiedzialnością Sp. k.
al. Jana Pawła II 22
00-133 Warszawa
Polska

Tel.: +48 22 511 08 11
Fax: +48 22 511 08 13

AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

To the Shareholders and Supervisory Board of Orbis S.A.

We have reviewed the attached condensed interim consolidated financial statements of the Orbis Capital Group with Orbis S.A. having its registered office in Warsaw, at Bracka 16, as the Parent Company, including a consolidated statement of financial position prepared as of 30 June 2016, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the period from 1 January 2016 to 30 June 2016 and notes, comprising a summary of significant accounting policies and other explanatory information.

Compliance of these condensed interim consolidated financial statements with the requirements laid down in IAS 34 "Interim Financial Reporting" as endorsed by the European Union ("MSR 34") and with other regulations in force is the responsibility of the Management Board and Supervisory Board of the Parent Company. Our responsibility was to review the financial statements.

Our review has been conducted in accordance with the national auditing standards issued by the National Council of Statutory Auditors. These Standards require that we plan and conduct the review in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

Our review has been conducted mainly based on an analysis of data included in the financial statements, examination of the accounting records as well as information provided by the management and the financial and accounting personnel of the Group.

The scope and methodology of a review of condensed interim financial statements differ significantly from an audit, which serves as the basis for expressing an opinion on compliance of annual financial statements with the applicable accounting principles (policy) and an opinion on their fairness and clarity. Therefore, no such opinion on the attached financial statements may be issued.

As presented in Note 1.1. to the financial statements, as at the date of first time adoption of International Financial Reporting Standards for preparation of the financial statements, the Management Board of the Parent considered various interpretations regarding IAS 17 and decided that perpetual usufruct of land acquired free of charge as a result of privatization of the Group companies should be recognized in the balance sheet in amounts determined in the course of independent valuation. As of 30 June 2016, 31 December 2015 and 30 June 2015, net value of perpetual usufruct of land as presented in fixed assets amounted to PLN 258,777 thousand, PLN 261,884 thousand and PLN 267,559 thousand, respectively, presented as investment property – to PLN 3,417 thousand, PLN 3,440 thousand and PLN 3,463 thousand, respectively, and presented as assets held for sale, to PLN 5,926 thousand, PLN 4,733 thousand and PLN 10,438 thousand respectively. At the same time, as at 30 June 2016, 31 December 2015 and 30 June 2015, the Group created a provision for deferred income tax related to titles acquired free of charge, in the amount of PLN 50,943 thousand, PLN 51,311 thousand and PLN 53,477 thousand, respectively.

In our opinion, due to the fact that the ownership title is not transferred to the Group upon contract termination, in line with IAS 17 such rights are regarded as operating lease and ought to be disclosed in off-balance sheet records. Had the perpetual usufruct of land acquired free of charge not been recognized in the balance sheet, the financial profit/loss for the 6 months ended 30 June 2016, 12 months ended 31 December 2015 and 6 months ended 30 June 2015 including deferred tax would have been PLN 1,456 thousand, PLN 10,667 thousand and PLN 1,429 thousand respectively higher, and the previous years' profit/loss as at 30 June 2016, 31 December 2015 and 30 June 2015 would have been PLN 218,633 thousand, PLN 229,413 thousand and PLN 229,412 thousand respectively lower.

Additionally, the Group recognized perpetual usufruct of land acquired for a charge and amounting to PLN 64,830 thousand as at 30 June 2016, PLN 65,241 thousand as at 31 December 2015 and PLN 65,836 thousand as at 30 June 2015 as property, plant and equipment. Additionally, the Group recognized as assets held for sale perpetual usufruct of land acquired for a charge amounting to PLN 187 thousand as at 30 June 2016 and 31 December 2015. In our opinion, such rights should have been classified as operating lease, in accordance with IAS 17 and the value of payment, as long-term accruals and settled over time.

Except for the effects of adjustments described above with regards to classification of the perpetual usufruct of land based on our review, we have not identified any issues which would prevent us from concluding that the condensed interim consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in IAS 34 “Interim Financial Reporting” as endorsed by the European Union.

Maciej Krasoń
Key certified auditor
conducting the review
No. 10149

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:

Maciej Krasoń – Vice-President 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, 27 July 2016

The above auditor’s report on the review is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.