

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warszawa, Polska
Tel. +48 (22) 528 11 00
Faks +48 (22) 528 10 09
kpmg@kpmg.pl

*This document is a free translation of the Polish original.
Terminology current in Anglo-Saxon countries has been used
where practicable for the purposes of this translation in order to aid
understanding. The binding Polish original should be referred to in
matters of interpretation.*

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

To the Shareholders of Orbis S.A.

Introduction

We have reviewed the accompanying 30 June 2018 condensed interim separate financial statements of ORBIS S.A. (the "Company"), with its registered office in Bracka 16 in Warsaw ("the condensed interim separate financial statements"), which comprise:

- the condensed separate statement of profit or loss for the six-month period ended 30 June 2018,
- the condensed separate statements of other comprehensive income for six-month period ended 30 June 2018,
- the condensed separate statement of financial position as at 30 June 2018,
- the condensed separate statement of changes in equity for the six-month period ended 30 June 2018,
- the condensed separate statement of cash flows for the six-month period ended 30 June 2018, and
- notes to the condensed interim separate financial statements.

Management of the Company is responsible for the preparation and presentation of these condensed separate interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on these condensed interim separate financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the resolution dated 5 March 2018 of the National Council of Certified Auditors as the National Standard on Review 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing or International Standards on Auditing and consequently 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.

Basis for qualified conclusion

As presented in note 1.2 "Standpoint of Orbis S.A. Management Board concerning the qualified conclusion expressed by the audit firm in the report on review of the condensed separate interim financial statements" as of the date of transition to International Financial Reporting Standards, the Company has recognised perpetual usufruct of land acquired free of charge as a result of privatisation of the Company at fair value, determined based on independent valuation, in the separate statement of financial position. As of 30 June 2018, 31 December 2017 and 30 June 2017 the net carrying amount of those rights recognised in the statement of financial position as property, plant and equipment amount to PLN 237 275 thousand, PLN 245 836 thousand and PLN 250 794 thousand, respectively, as investment property amount to PLN 1 515 thousand, PLN 1 526 thousand and PLN 3 583 thousand, respectively, and as assets held for sale amount to PLN 10 063 thousand, PLN 4 402 thousand and PLN 1 193 thousand, respectively. In our view, those rights do not constitute items of property, plant and equipment, investment property or assets held for sale and consequently, in accordance with IFRS 1 *First-time adoption of International Financial Reporting Standards* as of the date of transition to International Financial Reporting Standards, should not be revalued to fair value.

If the perpetual usufruct of land acquired free of charge were not recognised in the statement of financial position as of 30 June 2018, 31 December 2017 and 30 June 2017, property, plant and equipment would be decreased by PLN 237 275 thousand, PLN 245 836 thousand and PLN 250 794 thousand, respectively, investment properties would be decreased by PLN 1 515 thousand, PLN 1 526 thousand and PLN 3 583 thousand, respectively, assets held for sale would be decreased by PLN 10 063 thousand, PLN 4 402 thousand and PLN 1 193 thousand, respectively, retained earnings would be decreased by PLN 203 928 thousand, PLN 210 636 thousand and PLN 210 636 thousand, respectively, deferred tax liability would be decreased by PLN 47 282 thousand, PLN 47 835 thousand and PLN 48 558 thousand, respectively, and net profit for the six month period ended 30 June 2018, for the year ended 31 December 2017 and for the six month period ended 30 June 2017 would be increased by PLN 2 357 thousand, PLN 6 707 thousand and PLN 3 624 thousand, respectively.

Additionally, as of 30 June 2018, 31 December 2017 and 30 June 2017 the Company has recognised the perpetual usufruct of land acquired for consideration in the amount of PLN 58 932 thousand, PLN 59 324 thousand and PLN 59 716 thousand, respectively, as property, plant and equipment. In our view, in accordance with IAS 17 *Leases*, those rights should be classified as operating leases and the amount paid at acquisition recognised as a non-current prepayment and amortised over the remaining term of the perpetual usufruct of land.

If the perpetual usufruct of land acquired for consideration were presented as non-current prepayments in the statement of financial position as of 30 June 2018, 31 December 2017 and 30 June 2017, property, plant and equipment would be decreased and non-current prepayments would be increased by PLN 58 932 thousand, PLN 59 324 thousand and PLN 59 716 thousand, respectively.

Qualified Conclusion

Based on our review, except for the effect of the matter described in *Basis for qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim separate financial statements as at 30 June 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union, and in accordance with the adopted accounting principles (policy).

Other matters

The separate financial statements of the Orbis S.A. as at and for the year ended 31 December 2017 were audited by another auditor who expressed a qualified opinion on those financial statements dated 20 February 2018 in respect of recognition of perpetual usufruct of land.

The condensed interim separate financial statements of the Orbis S.A. for the period ended 30 June 2017 were reviewed by another auditor who expressed a qualified conclusion on those financial statements dated 26 July 2017 in respect of recognition of perpetual usufruct of land.

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Zbigniew Libera
Key Certified Auditor
Registration No. 90047

25 July 2018

Signed on the Polish original

.....
Bogusław Kowal
Key Certified Auditor
Registration No. 90073