

INDEPENDENT AUDITOR'S REPORT

PMP PAL International s.r.o.

Logistický areál D8 park, Zdibsko 613, Klecany, PSČ: 250 67

IČ: 28446968

Opinion

We have audited the accompanying financial statements of PMP PAL International s.r.o. (hereinafter also the “Company”) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31.3.2018, and the income statement, statement of changes in equity and statement of cash flows from 1.9.2017 to 31.3.2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note I. to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of PMP PAL International s.r.o. as at 31.3.2018, and of its financial performance and its cash flows from 1.9.2017 to 31.3.2018 in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Managing Director is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Managing Director for the Financial Statements

The Managing Director is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Managing Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Managing Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and

regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Director.
- Conclude on the appropriateness of the Managing Director use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Managing Director among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prague 25.5.2018

Ing. Martina Kotrčová
odpovědný auditor
oprávnění č. 1311
Přemyslovská 40
Praha 3 – Žižkov



Czech Statutory Financial Statement Forms (in thousands of Czech crowns)
(Translation of financial statements originally issued in Czech)

BALANCE SHEET - LONG FORM

		Current year March 31, 2018			Prior Year August 31, 2017	Prior Year March 31, 2017
		Gross	Provisions	Net	Netto	Netto
TOTAL ASSETS		1 205 817	-616 879	588 938	517 070	438 691
A.	STOCK SUBSCRIPTION RECEIVABLE	0	0	0	0	0
B.	FIXED ASSETS	739 388	-602 638	136 750	111 951	111 019
B. I.	Intangible assets	41 059	-32 660	8 399	10 044	11 658
B. I. 1	Foundation and organization expenses	0	0	0	0	0
2	Research and development	0	0	0	0	0
3	Software	39 706	-32 660	7 046	9 247	10 861
4	Patents, royalties and similar rights	0	0	0	0	0
5	Goodwill	0	0	0	0	0
6	Other intangible assets	0	0	0	0	0
7	Intangible assets in progress	1 353	0	1 353	797	797
8	Advances granted for intangible assets	0	0	0	0	0
B. II.	Tangible assets	698 329	-569 977	128 352	101 908	99 361
B. II. 1	Land	0	0	0	0	0
2	Constructions	2 735	-597	2 138	2 218	2 275
3	Separate movable items and groups of movable items	429 788	-359 066	70 722	60 430	38 138
4	Perennial crops	0	0	0	0	0
5	Livestock	0	0	0	0	0
6	Other tangible assets	218 134	-210 314	7 820	8 439	9 243
7	Tangible assets in progress	43 301	0	43 301	22 466	23 718
8	Advances granted for tangible assets	4 371	0	4 371	8 355	25 986
9	Gain or loss on revaluation of acquired property	0	0	0	0	0
B. III.	Financial investments	0	0	0	0	0
B. III. 1	Subsidiaries	0	0	0	0	0
2	Associates	0	0	0	0	0
3	Other long-term securities and interests	0	0	0	0	0
4	Loans to subsidiaries and associates	0	0	0	0	0
5	Other long-term investments	0	0	0	0	0
6	Long-term investments in progress	0	0	0	0	0
7	Advances granted for long-term investments	0	0	0	0	0
C.	CURRENT ASSETS	464 059	-14 241	449 818	403 435	326 212
C. I.	Inventory	227 572	-10 821	216 752	202 940	134 584
C. I. 1	Materials	197 753	-10 821	186 932	179 258	109 262
2	Work in progress and semi-finished production	10 051	0	10 051	2 407	13 728
3	Finished products	16 216	0	16 216	17 730	8 106
4	Livestock	0	0	0	0	0
5	Goods	3 552	0	3 552	3 544	3 489
6	Advances granted for inventory	0	0	0	0	0
C. II.	Long-term receivables	0	0	0	0	0
C. II. 1	Trade receivables	0	0	0	0	0
2	Receivables from subsidiaries	0	0	0	0	0
3	Receivables from associates	0	0	0	0	0
4	Receivables from partners, co-operative members and participants in association	0	0	0	0	0
5	Unbilled revenue	0	0	0	0	0
6	Other receivables	0	0	0	0	0
7	Deferred tax asset	0	0	0	0	0
C. III.	Short-term receivables	190 817	-3 420	187 396	179 680	188 052
C. III. 1	Trade receivables	172 244	-3 420	168 824	168 642	180 293
2	Receivables from subsidiaries	0	0	0	0	0
3	Receivables from associates	0	0	0	0	0
4	Receivables from partners, co-operative members and participants in association	0	0	0	0	0
5	Social security and health insurance	0	0	0	0	0
6	Due from government - tax receivables	18 428	0	18 428	10 857	7 714
7	Other advances granted	0	0	0	0	0
8	Unbilled revenue	0	0	0	0	0
9	Other receivables	145	0	145	181	45
C. IV.	Short-term financial assets	45 670	0	45 670	20 815	3 575
C. IV. 1	Cash	58	0	58	98	99
2	Bank accounts	45 613	0	45 613	20 717	3 476
3	Short-term securities and interests	0	0	0	0	0
4	Short-term financial assets in progress	0	0	0	0	0
D.	OTHER ASSETS - TEMPORARY ACCOUNTS OF ASSETS	2 369	0	2 369	1 684	1 460
D. I.	Accrued assets and deferred liabilities	2 369	0	2 369	1 684	1 460
D. I. 1	Prepaid expenses	2 369	0	2 369	1 684	1 460
2	Prepaid expenses (specific-purpose expenses)	0	0	0	0	0
3	Unbilled revenue	0	0	0	0	0

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)
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BALANCE SHEET - LONG FORM

		Current Year	Prior Year	Prior Year
		March 31, 2018	August 31, 2017	March 31, 2017
TOTAL EQUITY & LIABILITIES		588 938	517 070	438 691
A.	EQUITY	63 441	79 697	100 177
A. I.	Basic capital	50 200	50 200	50 200
A. I. 1	Registered capital	50 200	50 200	50 200
2	Own shares and own ownership interests (-)	0	0	0
3	Changes in basic capital	0	0	0
A. II.	Capital funds	41 026	41 026	41 026
A. II. 1	Share premium (agio)	0	0	0
2	Other capital funds	41 026	41 026	41 026
3	Gain or loss on revaluation of assets and liabilities	0	0	0
4	Gain or loss on revaluation of company transformations	0	0	0
A. III.	Reserve funds, (indivisible fund) and other funds created from profit	0	0	0
A. III. 1	Legal reserve fund/Indivisible fund	0	0	0
2	Statutory and other funds	0	0	0
A. IV.	Profit (loss) for the previous years	-11 529	8 951	-22 290
IV. 1	Retained earnings for the previous years	8 951	8 951	0
2	Accumulated loss of previous years	-20 480	0	-22 290
A. V.	Profit (loss) for the year (+ / -)	-16 256	-20 480	31 241
B.	LIABILITIES	525 497	437 373	338 514
B. I.	Reserves	0	0	0
B. I. 1	Reserves created under special legislation	0	0	0
2	Reserve for pensions and similar obligations	0	0	0
3	Reserve for corporate income tax	0	0	0
4	Other reserves	0	0	0
B. II.	Long-term liabilities	0	0	0
B. II. 1	Trade payables	0	0	0
2	Liabilities to subsidiaries	0	0	0
3	Liabilities to associates	0	0	0
4	Liabilities to partners, co-operative members and participants in association	0	0	0
5	Advances received	0	0	0
6	Bonds payable	0	0	0
7	Notes payable	0	0	0
8	Unbilled deliveries	0	0	0
9	Other liabilities	0	0	0
10	Deferred tax liability	0	0	0
B. III.	Current liabilities	313 562	246 258	202 472
B. III. 1	Trade payables	249 607	152 950	141 656
2	Liabilities to subsidiaries	0	0	0
3	Liabilities to associates	0	0	0
4	Liabilities to partners, co-operative members and participants in association	0	0	0
5	Liabilities to employees	-4	-50	-21
6	Liabilities arising from social security and health insurance	3 281	2 695	2 483
7	Due to government – taxes and subsidies	917	750	623
8	Advances received	0	0	0
9	Bonds payable	0	0	0
10	Unbilled deliveries	54 239	85 267	53 450
11	Other liabilities	5 522	4 645	4 282
B. IV.	Bank loans and borrowings	211 935	191 115	136 042
B. IV. 1	Long-term bank loans	0	0	0
2	Short-term bank loans	167 075	145 064	62 415
3	Borrowings	44 860	46 051	73 627
C.	OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES	0	0	0
C. I.	Accrued liabilities and deferred assets	0	0	0
C. I. 1	Accruals	0	0	0
2	Deferred income	0	0	0

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INCOME STATEMENT

		Current Year	Prior Year	Prior Year
		9/2017 - 3/2018	4/2017 - 8/2017	4/2016 - 3/2017
I.	Revenue from sale of goods	3 534	10 258	44 254
A.	Cost of goods sold	1 813	2 893	11 618
+	Gross margin	1 721	7 365	32 636
II.	Production	676 570	361 332	786 182
II. 1	Revenue from sale of finished products and services	670 441	363 028	779 231
2	Change in inventory produced internally	6 129	-1 696	6 951
3	Own work capitalized			
B.	Production related consumption	607 739	339 103	661 012
B. 1	Consumption of material and energy	458 314	235 645	510 830
B. 2	Services	149 425	103 459	150 182
+	Value added	70 552	29 594	157 807
C.	Personnel expenses	63 762	41 472	84 738
C. 1	Wages and salaries	47 020	30 271	61 492
C. 2	Bonuses to members of company or cooperation bodies			
C. 3	Social security and health insurance	15 419	10 196	20 866
C. 4	Other social costs	1 323	1 004	2 380
D.	Taxes and charges	110	69	159
E.	Amortization and depreciation of intangible and tangible fixed assets	17 567	11 354	21 776
III.	Revenue from sale of intangible and tangible fixed assets and materials	13 024	8 893	47 636
III. 1	Revenues from sale of intangible and tangible fixed assets			
2	Revenue from sale of materials	13 024	8 893	47 636
F.	Net book value of intangible and tangible fixed assets and materials sold	13 622	8 512	51 871
F. 1	Net book value of intangible and tangible fixed assets sold			
F. 2	Materials sold	13 622	8 512	51 871
G.	Change in reserves and provisions relating to operations and in prepaid expenses (specific-purpose expenses)	8 868		-763
IV.	Other operating revenues	1 091	32	1 299
H.	Other operating expenses	946	8	587
V.	Transfer of operating revenues			
I.	Transfer of operating expenses			
*	Profit or loss on operating activities	-20 209	-22 896	48 374
VI.	Revenue from sale of securities and interests			
J.	Securities and interests sold			
VII.	Income from financial investments	0	0	0
VII. 1	Income from subsidiaries and associates			
2	Income from other long-term securities and interests			
3	Income from other financial investments			
VIII.	Income from short-term financial assets			
K.	Expenses related to financial assets			
IX.	Gain on revaluation of securities and derivatives			
L.	Loss on revaluation of securities and derivatives			
M.	Change in reserves and provisions relating to financial activities			
X.	Interest income			0
N.	Interest expense	1 488	1 031	8 143
XI.	Other finance income	27 697	35 097	13 648
O.	Other finance cost	22 256	31 650	17 464
XII.	Transfer of finance income			
P.	Transfer of finance cost			
*	Profit or loss on financial activities	3 953	2 417	-11 958

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INCOME STATEMENT

		Current Year	Prior Year	Prior Year
		9/2017 - 3/2018	4/2017 - 8/2017	4/2016 - 3/2017
Q.	Tax on profit or loss on ordinary activities	0	0	5 175
Q. 1	- due			5 175
Q. 2	- deferred			
**	Profit or loss on ordinary activities after taxation	-16 256	-20 480	31 241
XIII.	Extraordinary gains			
R.	Extraordinary losses			
S.	Tax on extraordinary profit or loss	0	0	0
S. 1	- due			
S. 2	- deferred			
*	Extraordinary profit or loss	0	0	0
	Transfer of share of profit or loss to partners (+/-)			
***	Profit or loss for the year (+/-)	-16 256	-20 480	31 241
	Profit or loss before taxation	-16 256	-20 480	36 416

Sestaveno dne:	Podpis statutárního orgánu nebo fyzické osoby, která je účetní jednotkou:   PMP PAL International s.r.o. Zdišsko 613 250 67 Klecany IČ: 28446968
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PMP PAL International s.r.o. - March 31, 2018
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)
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CASH FLOW STATEMENT

For the year ended March 31, 2018

		Current Year	Prior Year	Prior Year
		March 31, 2018	August 31, 2017	March 31, 2017
Cash flows from operating activities				
Z.	Profit or loss on ordinary activities before taxation (+/-)	-16 256	-20 480	36 416
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating	107 169	90 688	24 587
A. 1. 1.	Depreciation and amortization of fixed assets, write-off of receivables and adjustment	18 510	11 354	21 839
A. 1. 2.	Change in provisions	87 171	78 303	-5 394
A. 1. 3.	Change in reserves			
A. 1. 4.	Foreign exchange differences			
A. 1. 5.	(Gain)/Loss on disposal of fixed assets			
A. 1. 6.	Interest expense and interest income	1 488	1 031	8 142
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)			
A *	Net cash from operating activities before taxation, changes in working capital and extraordinary items	90 913	70 208	61 003
A. 2.	Change in non-cash components of working capital	56 748	37 760	-4 760
A. 2. 1.	Change in inventory	-24 632	-71 738	-7 393
A. 2. 2.	Change in trade receivables	-4 546	9 660	-5 284
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	-8 220	-3 502	-2 774
A. 2. 4.	Change in trade payables	96 657	11 294	884
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	-2 511	92 045	9 808
A **	Net cash from operating activities before taxation, interest paid and extraordinary items	147 661	107 967	56 243
A. 3.	Interest paid	-1 488	-1 031	-8 143
A. 4.	Tax paid	-6 023	-4 481	-7 938
A. 5.	Gains and losses on extraordinary items			
A ***	Net cash provided by (used in) operating activities	140 150	102 456	40 163
Cash flows from investing activities				
B. 1.	Purchase of fixed assets	-115 295	-85 216	-43 511
B. 2.	Proceeds from sale of fixed assets			
B. 3.	Interest received			0
B. 4.	Dividends received			
B ***	Net cash provided by (used in) investing activities	-115 295	-85 216	-43 511
		0	0	0
Cash flows from financing activities				
C. 1.	Change in long-term liabilities and long-term loans			
C. 2. 1.	Effect of changes in basic capital on cash			
C. 2. 2.	Dividends or profit sharing paid			
C. 2. 3.	Effect of other changes in basic capital on cash	0	-0	-0
C ***	Net cash provided by (used in) financing activities	0	-0	-0
F.	Net increase (decrease) in cash	24 855	17 240	-3 348
P.	Cash and cash equivalents at beginning of year	20 815	3 575	6 923
R.	Cash and cash equivalents at end of year	45 670	20 815	3 575