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INDEPENDENT AUDITOR'S REPORT

To the General Meeting and Supervisory Board of Famur S.A.

Auditor's report on the full-year consolidated financial statements

Opinion

We have audited the full-year consolidated financial statements of the Famur Group (the "Group"), whose parent is Famur S.A. (the "Parent"), with its registered office at ul. Armii Krajowej 51, Katowice, Poland, comprising the consolidated statement of financial position as at December 31st 2018, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the period from January 1st to December 31st 2018, and a summary of the applied accounting policies and other explanatory notes (the "consolidated financial statements").

In our opinion, the consolidated financial statements:

- give a true and fair view of the Group's consolidated assets and financial position as at December 31st 2018 and its consolidated financial performance and consolidated cash flows for the period from January 1st to December 31st 2018 in accordance with the applicable International Financial Reporting Standards endorsed by the European Union and the applied accounting policies,

- comply in form and substance with the laws and regulations applicable to the Group and with the Parent's Articles of Association.

This opinion is consistent with the additional report for the Audit Committee that we issued on April 16th 2019.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing adopted by the National Council of Statutory Auditors as Polish Auditing Standards ("PAS"), and in accordance with the Polish Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017 (the "Statutory Auditors Act") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16th 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "EU Regulation"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of this Report.

We meet the criteria of independence of the Group companies in accordance with the International Federation of Accountants Code of Ethics (the "IFAC Code") adopted by resolutions of the National Council of Statutory Auditors, and with other ethical requirements that are relevant to audits of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code. During our audit, the lead auditor and the audit firm remained independent of the Group companies in compliance with the independence requirements set out in the Statutory Auditors Act and in the EU Regulation.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They are the most significant assessed risks of material misstatements, including those due to fraud. We addressed those matters in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. We have summarised our response to those risks and, where relevant, we presented key observations arising from those risks. We do not provide a separate opinion on these matters.

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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
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Goodwill impairment assessment

Why this is a key audit matter

As at December 31st 2018, the Group's net intangible assets amounted to PLN 272,202 thousand, of which PLN 222,038 thousand was goodwill.

In accordance with IAS 36 *Impairment of Assets,* the Parent carried out the annual impairment test for goodwill. The test was based on projected discounted cash flows in the cash generating units to which the goodwill was allocated.

Impairment testing requires the Parent's Management Board to adopt a number of assumptions resulting from the Group's growth strategy, including estimates of future revenue, costs, cash flows and weighted average cost of capital ("WACC"), potential effect of regulatory changes, including those pertaining to environmental protection, as well as expected macroeconomic conditions.

The matter was identified as key in the audit of the Group's consolidated financial statements considering the material estimates underlying the goodwill impairment test and the significant value of those assets in the consolidated statement of financial position.

Reference to disclosure in the financial statements

In Note 22.4 to the consolidated financial statements, the Parent disclosed the estimates used in the impairment test, and in Note 4 the Parent presented a summary of the adopted assumptions, estimates and judgements.

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Audit approach

Our procedures in relation to the key audit matter included:

- understanding the process and identifying the Parent's controls over asset impairment testing, and assessing the applied accounting policies, identification of cash generating units, assessment of indicators of impairment, identification of objective indicators of impairment and asset impairment tests,
- making enquiries of the responsible personnel and the Parent's Management Board regarding performance against the adopted assumptions, including the budget, and the validity of key estimates,
- comparing the assumed weighted average cost of capital with market data,
- verifying the mathematical accuracy of the DCF model and reconciling the source data to the operating budgets approved by the Parent's Management Board,
- assessing the sensitivity analysis of the tests performed,
- analysing and assessing the adequacy of impairment disclosures in the Group's consolidated financial statements, in accordance with International Accounting Standard 36 *Impairment of Assets*.

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Revenue from contracts with customers	*Audit approach*
Why this is a key audit matter In the financial year ended December 31st 2018, the Group's revenue from contracts with customers recognised as the Group satisfies performance obligations by transferring assets to customers ("long-term contracts") totalled PLN 1,253,245 thousand, accounting for 56% of total revenue. The Group recognises revenue using a method based on a relation of expenditure (costs) incurred to satisfy a performance obligation to total expected costs necessary to satisfy the performance obligation. Measurement of long-term contracts requires the Parent's Management Board to apply professional judgement and use estimates based on the knowledge held at the time of preparing the consolidated financial statements, with respect to, among other things, the progress in satisfying a performance obligation by the Group and total costs of contracts, including all the required estimates relating to identified risks. In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Parent's Management Board identifies and recognises the difference between costs of meeting the obligations under a long-term contract and the benefits expected to be received under it. The matter was identified as key in the audit of the consolidated financial statements considering the material estimates underlying contract measurement. *Reference to disclosure in the financial statements*	Our procedures in relation to the key audit matter included: • understanding the applied accounting policies and procedures, including the operation of internal controls over the process of verifying the criteria for classifying an obligation as a performance obligation satisfied over time, and contract recognition and measurement, • making enquiries of the personnel responsible for contract performance, control department employees and the Parent's Management Board, regarding the performance status of a sample of contracts, including the validity of key estimates, assessment of the key risks related to contract performance and whether they were reflected in contract measurement, • procedures performed on a sample of selected contracts, which included examination of contract terms, – – analysing the assumptions and estimates made by the Parent's Management Board in respect of contract revenue and costs, – testing the allocation of recognised revenue and costs to relevant contracts and reporting periods, – analysing changes in margins occurring during contract performance and making enquiries about deviations from the initial contract budget, – analysing and assessing the source documents provided, including the analyses of potential and existing risks and disputes related to contract performance in the possession of the Parent's Management Board, – analysing and assessing recognition of costs of warranties, contractual penalties and other contract-related costs for correctness and completeness, – analysing and assessing the accounting for the effect of contract measurement and the

For a description of the Group's accounting policy on contract measurement and recognition, see Note 7.1 to the consolidated financial statements. Moreover, in Note 13 the Parent's Management Board presented figures and information regarding uncertainty of estimates relating to the measurement of long-term contracts.	adequacy of contract measurement disclosures in the financial statements.

Responsibility of the Parent's Management Board and Supervisory Board for the consolidated financial statements

The Parent's Management Board is responsible for the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated assets and financial position and of its consolidated financial performance in accordance with International Financial Reporting Standards, as endorsed by the European Union, the adopted accounting policies, the laws applicable to the Group and the Parent's Articles of Association, and for such internal control as the Parent's Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Management Board is responsible for assessing the Group's (the Parent's and the significant entities') 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 Parent's Management Board intends to either liquidate the Group (the Parent or significant entities) or to cease operations, or has no realistic alternative but to do so.

The Parent's Management Board and members of its Supervisory Board are responsible for ensuring that the consolidated financial statements comply with the requirements stipulated in the Polish Accounting Act of September 29th 1994 (the "Accounting Act"). Members of the Parent's Supervisory Board are responsible for providing oversight of the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PAS 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 consolidated financial statements.

Under International Standard of Auditing 320.5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Accordingly, all opinions and statements contained in the auditor's report are made taking into account the qualitative and quantitative materiality level determined according to the auditing standards and the auditor's professional judgement.

The scope of audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the Parent's Management Board has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with PAS, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Management Board;

- conclude on the appropriateness of the Parent's Management Board's 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 Group'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 on the audit of the consolidated financial statements to the related disclosures in the consolidated 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 on the audit of the consolidated financial statements. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's Audit Committee regarding, 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.

We provide the Parent's Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent's Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including Directors' Report on the Group's operations

Other information comprises the Directors' Report on the Group's operations in the period from January 1st to December 31st 2018 (the "Directors' Report on the Group's operations"), and the corporate governance statement and the statement on non-financial information referred to in Art. 55.2b of the Accounting Act, which are separate parts of the Directors' Report (jointly the "Other Information").

Responsibility of the Parent's Management Board and Supervisory Board

The Parent's Management Board is responsible for the preparation of the Other Information in accordance with applicable laws.

The Parent's Management Board and members of its Supervisory Board are required to ensure that the Directors' Report on the Group's operations, including its separate parts, meet the requirements stipulated in the Accounting Act.

Auditor's responsibility

Our opinion on the audited consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement in the Other Information, we are required to report that fact. In accordance with the Statutory Auditors Act our responsibility was to issue an opinion on whether the Directors' Report on the Group's operations was prepared in accordance with applicable laws and whether the information given in Directors' Report is consistent with the consolidated financial statements.

In addition, we are required to report whether the Parent has prepared a statement on non-financial information and to issue an opinion on whether the Parent has included all required information in the corporate governance statement.

Opinion on the Directors' Report on the Group's operations

Based on the work undertaken in the course of our audit, in our opinion, the Directors' Report on the Group's operations:

- has been prepared in accordance with Art. 49 of the Accounting Act and Par. 71 of the Minister of Finance's Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (the "Current Information Regulation").
- is consistent with the consolidated financial statements.

Furthermore, based on our knowledge about the Group and its environment obtained in our audit, we have not identified material misstatements in the Directors' Report on the Group's operations.

Opinion on the corporate governance statement

In our opinion, the Group's corporate governance statement contains the information required under Par. 70.6.5 of the Current Information Regulation.

Furthermore, in our opinion, the information specified in Par. 70.6.5(c)–(f), (h) and (i) of the Current Information Regulation and contained in the corporate governance statement is consistent with applicable laws and with the financial statements.

Statement on non-financial information

As required under the Statutory Auditors Act, we report that the Parent has prepared a statement on non-financial information referred to in Art. 55.2b of the Accounting Act, forming a separate part of the Directors' Report on the Group's operations.

We have not performed any assurance procedures in relation to the separate statement on non-financial information and, accordingly, we do not express any assurance conclusion thereon.

Statement on provision of non-audit services

To the best of our knowledge and belief, the non-audit services we have provided to the Group are compliant with applicable laws and regulations in force in Poland, and we have not provided any non-audit services that are prohibited under Article 5(1) of the EU Regulation or Art. 136 of the Statutory Auditors Act. The non-audit services we provided to the Group during the audited reporting period are disclosed in the Directors' Report on the Group's operations.

Appointment of audit firm

We were appointed to audit the Group's consolidated financial statements for the first time by the Supervisory Board's resolution of July 1st 2015 and again by the Supervisory Board's resolution of June 27th 2018. Our period of total uninterrupted audit engagement is four consecutive years, starting from the financial year ended December 31st 2015.

Warsaw, April 16th 2019

Lead Auditor

(signed with qualified electronic signature)

Leszek Lerch
Auditor
Reg. No. 9886

acting on behalf of:
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
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entered in the register of audit firms under No. 130