

PS-2019



# Consolidated financial statement

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## 1. General information

### 1.1. Information about the group

Apator Capital Group consists of the parent company Apator S.A. and its direct and indirect subsidiary and jointly controlled entities.

#### 1.1.1. Information about the parent company

The parent company Apator Spółka Akcyjna with the seat in Toruń (ul. Gdańska 4a lok C4) was established by the employees of liquidated state enterprise operating under the name Pomorskie Zakłady Aparatury Elektrycznej Apator in Toruń. The registration in the District Court in Toruń, V Commercial Division, took place on 14 January 1993 under the number RHB 1364. On 24 October 2001, an entry was made in the Register of Entrepreneurs of the District Court in Toruń, VII Commercial Division of the National Court Register under number 0000056456. The Company operates in the territory of Poland pursuant to the provisions of the Commercial Companies Code.

#### 1.1.2. Subject of activity of the parent company and the capital group

According to the articles of association of the parent company, the basic subject of activity is production and service activity in the field of switchgear and control gear of electricity, as well as sale of measurement equipment and systems. Shares of APATOR S.A. are listed on the basic market - sector according to classification of the Warsaw Stock Exchange "electrical machinery industry".

Entities within the capital group are generally focused on activities related to the companies of Apator Group focus their activity in the electrical engineering industry and their activity concentrates on production and sale of measuring instruments, control and measurement, distribution and control apparatus, SCADA class IT systems and cooperating with them telemechanics devices, protections and other network devices for distributed systems, providing the possibility of remote control and supervision of power network in full range of voltages and devices reading and transmitting the data.

#### 1.1.3. Composition of the Capital Group

In the first half of 2019 Apator Capital Group consisted of Apator S.A. and the following subsidiaries:

Apator Control Sp. z o. o. (Toruń) - subsidiary company of Apator SA<sup>1</sup>  
 Apator Mining Sp. z o. o. (Katowice) - subsidiary company of Apator SA  
 FAP Pafal SA (Świdnica) - subsidiary company of Apator SA  
 Apator Metrix S.A. (Tczew) - subsidiary company of Apator SA  
 Apator GmbH (Berlin (Germany) – subsidiary company of Apator S.A.  
 Apator Rector Sp. z o. o. (Zielona Góra) - subsidiary company of Apator SA  
 Apator Powogaz S.A. (Poznań) - subsidiary company of Apator SA  
 Apator Elkomtech S.A. (Łódź) - subsidiary company of Apator SA  
 Apator Telemetria Sp. z o. o. (Słupsk) - Apator Powogaz S.A.

<sup>1</sup>On the 1st April 2019th the District Court in Łódź, XX Commercial Division of the National Court Register, made the entry of the merger of Apator Elkomtech S.A. with Apator Control sp. z o.o. The merger was performed in the following manner  
 art. 492 § 1 point 1 of the Commercial Companies Code by transfer of all assets of Apator Control Sp. z o.o. to Apator Elkomtech S.A. in exchange for shares in increased share capital of Apator Elkomtech S.A. issued to the sole shareholder of Apator Control Sp. z o.o., i.e. Apator S.A.

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Apator Metroteks TOV (Kiev, Ukraine) – subsidiary company of Apator Powogaz S.A.  
Apator Metra s. r. o. (Sumperk, Czech Republic) - subsidiary company of Apator Powogaz S.A.  
Apator Miitors ApS (Aarhus (Denmark) – subsidiary company of Apator Powogaz S.A.  
George Wilson Industries Ltd. (Coventry (UK) – subsidiary company of Apator Metrix S.A.

Grupa Apator had the share in the following jointly controlled entities:

ZAO Teplovodomer (Mytishi, Russia) - unit co-controlled by Apator Powogaz S.A.  
Inda d.o.o. (Slovenia) - an entity jointly controlled by George Wilson Industries Ltd.

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## Entities within the capital group subject to full consolidation

Company	Office	Core business activity	Competent Court/ the authority keeping the registers	Share in capital	Method of consolidation	Comments
APATOR MINING Sp. z o.o.	Katowice	Manufacture of switchgear and control gear, electricity, electrical equipment, lifting equipment, pumps and compressors and related service activities	District Court in Katowice, 8th Commercial Division of the National Court Register; KRS 0000047770	100.00%	Full	Subsidiary
APATOR CONTROL Sp. z o.o. <sup>2</sup>	Toruń	Manufacture of switchgear and control gear, electrical equipment and services, as well as research and development in the field of technical sciences	District Court in Torun, VII Commercial Division of the National Court Register; KRS 0000016020	100.00%	Full	Subsidiary
APATOR METRIX S.A.	Tczew	Manufacture of instruments and appliances for measuring, checking, navigating and other purposes	District Court in Gdansk, IX Commercial Division of the National Court Register; KRS 0000046259	100.00%	Full	Subsidiary
FAP PAFAL SA	Świdnica	Manufacture of measuring and control equipment, electrical and electronic equipment, trading activities, maintenance services	District Court for Wrocław-Fabryczna in Wrocław, IX Division of the National Court Register Number: KRS 0000057162	100.00%	Full	Subsidiary
APATOR RECTOR Sp. z o.o.	Zielona Góra	Computer science, publishing, printing and reproduction of recorded media	District Court in Zielona Góra, VIII Commercial Division of the National Court Register; KRS 0000297413	100.00%	Full	Subsidiary
APATOR POWOGAZ S.A.	Poznań	Manufacture of instruments and appliances for measuring, checking, testing, navigating and other general purpose machinery	District Court of Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000028129	100.00%	Full	Subsidiary
Apator Elkomtech S.A.	Łódź	Manufacture of SCADA class IT systems and associated telemechanics, security and other network equipment for distributed systems	District Court for Łódź - Śródmieście in Łódź, XX Economic Division of the National Court Register; KRS 0000009308	100.00%	Full	Subsidiary
APATOR GmbH	Berlin	Sale of prepayment systems of electricity and gas meters	HRB 123670B Charlottenburg	100.00%	Full	Subsidiary
APATOR TELEMETRIA Sp. z o.o.	Słupsk	Manufacture of devices reading and transmitting data, production of system IT applications	District Court Gdańsk - North in Gdańsk, 8th Commercial Division of the National Court Register; KRS 0000290726	61.80%	Full	Indirect subsidiary Indirect share

<sup>2</sup> Till 31st March 2019

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Company	Office	Core business activity	Competent Court/ the authority keeping the registers	Share in capital	Method of consolidation	Comments
APATOR METROTEKS TOV	Kiev Ukraine	Distribution of water and heat meters	State Register of Legal Entities, Individual Entrepreneurs and Public Associations, 1004357102	61.00%	Full	Indirect subsidiary Indirect share
APATOR METRA S. R. O.	Sumperk Czech Republic	Production of cost allocator system, thermometers and thermostats	Krajský soud v Ostravě, 268 34 073	100.00%	Full	Indirect subsidiary Indirect share
GEORGE WILSON INDUSTRIES Ltd	Coventry United Kingdom	Manufacture and sale of household and industrial gas meters; smart metering for gas metering	Companies House, 02873275	100.00%	Full	Indirect subsidiary Indirect share
APATOR Miitors ApS.	Aarhus Denmark	Design and development of ultrasonic technologies in the area of water and heat metering	The Central Business Register, 32763286	100.00%	Full	Indirect subsidiary Indirect share

## Jointly controlled entities subject to consolidation:

Company	Office	Core business activity	Competent Court/ the authority keeping the registers	Share in capital	Method of consolidation	Comments
Inda d.o.o.	Slovenia	Development work on electronic counters and communication technologies used in smart metering	Okrožno sodišče v Ljubljani, 1413554	35.00%	Valuation using the equity method	Indirectly jointly controlled Indirect share
ZAO „Teplovodomer“	Mytishi Russia	Manufacture and sale of water meters and heat meters, as well as their legalization and service	EGRUL, 1025003516603	50,00%	Valuation using the equity method	Indirectly jointly controlled Indirect share

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#### 1.1.4. Composition of the Executive Board and Supervisory Board

##### **The Executive Board**

Mirosław Klepacki – President of the Executive Board

Arkadiusz Chmielewski – Board Member (since January 1st 2019)

##### **The Supervisory Board**

Janusz Niedźwiecki – Chairman of the Supervisory Board

Mariusz Lewicki - Deputy Chairman of the Supervisory Board

Janusz Marzygliński – Member of the Supervisory Board

Danuta Guzowska - Member of the Supervisory Board

Marcin Murawski – Member of the Supervisory Board

Kazimierz Piotrowski – Member of the Supervisory Board

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## 2. Information on the basis of preparation of the condensed consolidated semi-annual financial statements, the reporting currency and the applied level of rounding

### 2.1. Basis for preparation of the condensed consolidated semi-annual separate financial statements

The presented condensed semi-annual consolidated financial statement of Grupa Apator as of the day and for the period ending on 30th June 2019 was prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" adopted by the European Union. The statement does not contain all the information required to be disclosed in the full financial statement and should be read together with the consolidated statement of Grupa Apator prepared on the day and for the financial year ending on 31st December 2018.

Abbreviated semi-annual consolidated financial statement of Grupa Apator covers the first half of 2019 and contains comparative data:

1. Condensed consolidated statement of financial position as at 31 December 2018;
2. Condensed consolidated statement of profit or loss and other comprehensive income - for the period of 3 months from 1 April to 30 June 2018 and for the period of 6 months ended 30 June 2018;
3. Condensed consolidated statement of cash flows - for the period of 6 months ended 30 June 2018;
4. Condensed consolidated statement of changes in equity - for the period from 1 January to 30 June 2018.

### 2.2. Accounting principles

The condensed consolidated semi-annual separate financial statements have been prepared in accordance with the historical cost principle (concept), except for the measurement of certain fixed assets (investment property) and financial instruments (derivatives), which are measured at fair value. The accounting principles adopted in the preparation of the condensed consolidated semi-annual financial statements are consistent with those adopted in the preparation of the annual financial statements for the financial year ended 31 December 2018.

### 2.3. Applied International Financial Accounting Standards

#### CHANGES IN THE INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON THE CONDENSED CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

While preparing the condensed semi-annual consolidated financial statements for the period from 1 January 2019 to 30 June 2019, the same accounting principles (policy) and calculation methods as in the last separate financial statements for the year ended 31 December 2018 were applied as a matter of principle. The exception is the amendments to IFRS 16 Leases, effective for annual periods beginning on or after 1 January 2019.

The implementation of the standard entails the following changes:

- in the condensed consolidated statement of financial position: an increase in the value of non-financial fixed assets and financial liabilities,
- in the condensed consolidated statement of profit or loss and other comprehensive income: reduction of operating costs (other than depreciation), increase in depreciation costs and financial costs.

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The detailed impact of the application of IFRS 16 is presented in Note 6.5 Rights to use assets, lease liabilities.

Other standards, which came into force on 1 January 2019, but do not have a significant impact on the preparation of the condensed semi-annual separate financial statements of the Group, are as follows:

- Amendments to International Financial Reporting Standards 2015-2017,
- IFRIC 23 Uncertainty Related to the Income Tax Treatment,
- Amendments to IAS 28 Investments in Associates and Joint Ventures,
- Amendments to IFRS 9 Contracts with features of prepayments with negative compensation,
- Amendments to IAS 19 Employee Benefits

#### STANDARDS PUBLISHED AND APPROVED BY THE EUROPEAN UNION NOT YET IN FORCE

The Group did not decide to apply in this report standards, interpretations or amendments which have been published but have not yet come into force.

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet effective for the periods ending on 30 June 2019 and have not been applied in the financial statements:

- Amendments to IFRS 3 Business Combinations - effective for the periods starting 1 January 2020, not endorsed by the EU till the date of approval of these financial statements.
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - effective for the periods starting 1 January 2020
- IFRS 17 Insurance Contracts - effective for the periods starting 1 January 2021
- Sale or Transfer of Assets between an Investor and an Affiliate or a Joint Venture (Amendments to IFRS 10 Separate Financial Statements and IAS 28 Affiliates) - the European Commission has decided to postpone the approval of these amendments for an indefinite period of time,

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## 2.4. Reporting and functional currency and the applied level of rounding

The reporting currency of these condensed consolidated financial statements is the Polish zloty, and all amounts are expressed in thousands of Polish zloty (unless stated otherwise).

The functional currencies of foreign subsidiaries are respectively:

- Apator GmbH - EUR,
- Apator Metra - CZK,
- Apator Metroteks - UAH,
- George Wilson Industries Ltd. - GBP,
- Miitors ApS. – DKK.

As at the reporting date, the assets and liabilities of these foreign subsidiaries are translated into the reporting currency of the Group at the exchange rate applicable at that date, and their statements of comprehensive income are translated at the weighted average exchange rate for a given financial year. Foreign exchange differences arising on such translation are recognised directly in equity as a separate component of equity. The functional currency of other companies is Polish zloty.

## 2.5. Duration of the activity of the group

The duration of the activity of the parent company Apator SA and the entities covered by consolidation is indefinite.

The condensed consolidated semi-annual financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. within a period not shorter than 12 months from the end of the reporting period.

## 2.6. Approval of the financial statement

These condensed consolidated semi-annual financial statements were approved and signed by the Executive Board of the parent company on 29 August 2019.

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### 3. Condensed consolidated financial statement of Grupa Apator

#### 3.1. Condensed consolidated statement of financial position

SPECIFICATION	NOTE	as of	
		30.06.2019	31.12.2018
<b>Fixed assets</b>		<b>478 130</b>	<b>455 068</b>
Intangible assets	6.2	95 748	95 289
Value of subsidiaries entities	6.3	120 009	120 245
Tangible fixed assets	6.4	182 089	182 955
Right to use assets	6.5	35 851	12 385
Investment property		1 404	1 405
Investments in jointly controlled entities consolidated with the equity method		2 219	2 782
Other long-term financial assets		272	82
- <i>in other entities</i>		272	82
Long-term receivables	6.8	6 259	6 433
- <i>from other entities</i>		6 259	6 433
Long-term accruals and prepayments		40	49
Assets by virtue of deferred income tax	6.14	34 239	33 443
<b>Current assets</b>		<b>382 078</b>	<b>384 122</b>
Stocks	6.6	176 258	165 625
Depreciated contractual asset		5 689	6 502
Commercial receivables	6.8	152 107	162 428
- <i>from related entities</i>		2 009	823
- <i>from other entities</i>		150 098	161 605
Receivables from corporate income tax	6.8	729	1 370
Receivables from other taxes, customs duties and social security	6.8	7 161	7 756
Other short-term liabilities	6.8	5 828	2 961
- <i>from other entities</i>		5 828	2 961
Other short-term financial assets		4 783	3 238
- <i>in other entities</i>		4 783	3 238
Short-term loans granted		50	50
- <i>other entities</i>		50	50
Cash and cash equivalents		24 897	29 331
Cash and cash equivalents with limited disposability		193	604
Short-term interim settlements		4 383	3 811
Non-current assets classified as held for sale	6.7	-	446
<b>TOTAL ASSETS</b>		<b>860 208</b>	<b>839 190</b>

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SPECIFICATION	NOTE	as of	
		30.06.2019	31.12.2018
<b>Equity capital</b>		<b>480 300</b>	<b>476 984</b>
<b>Equity capital attributable to equity holders of the parent company</b>		<b>474 351</b>	<b>471 391</b>
Share capital	6.9	3 311	3 311
Other capitals	6.10	484 784	448 197
Capital from the revaluation of a defined benefit plan		(194)	(194)
Capital from valuation of hedging transactions and foreign exchange differences from consolidation		(3 872)	(4 892)
Undistributed financial result		(9 678)	24 969
- undistributed result from previous years		(395 73)	(31 088)
- result of the current period		29 895	67 788
- write-offs from the current year's result		-	(11 731)
<b>Non-controlling interest</b>		<b>5 949</b>	<b>5 593</b>
<b>Liabilities</b>		<b>379 908</b>	<b>362 206</b>
<b>Long-term liabilities and provisions</b>		<b>68 254</b>	<b>54 769</b>
Long-term loans and borrowings	6.11	20 835	24 007
- from other entities		20 835	24 007
Long-term liabilities		7 882	12 790
- towards other entities		7 882	12 790
Long-term liabilities due to the right to use assets (IFRS 16)		24 238	5 643
Deferred income tax provision	6.14	7 175	4 223
Long-term liabilities arising from employee benefits	6.13	7 128	7 128
Other long-term provisions	6.13	996	978
<b>Short-term liabilities and provisions</b>		<b>311 654</b>	<b>307 437</b>
Short-term loans and borrowings	6.11	144 928	139 286
- from other entities		144 928	139 286
Commercial liabilities		82 605	86 607
- towards affiliated companies		918	278
- towards other entities		81 687	86 329
Contractual liabilities		4 433	2 049
Corporate income tax liabilities		1 875	2 681
Liabilities due to other taxes, customs duties and social security		16 392	16 079
Other short-term liabilities		28 157	32 476
- towards other entities		28 157	32 476
Short-term liabilities due to the right to use assets (IFRS 16)		8 005	3 959
Short-term liabilities arising from employee benefits	6.13	16 105	16 466
Other short-term provisions	6.13	9 154	7 834
<b>LIABILITIES TOTAL</b>		<b>860 208</b>	<b>839 190</b>

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### 3.2. Condensed consolidated statement of profit or loss and other comprehensive income

SPECIFICATION	NOTA	for period			
		from	from	from	from
		01.04.2019	01.04.2018	01.01.2019	01.01.2018
		till	till	till	till
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
<b>Revenue from sales and services</b>		<b>210 782</b>	<b>202 299</b>	<b>423 261</b>	<b>384 536</b>
- to related entities		4 595	4 278	9 110	8 777
- other entities		206 187	198 021	414 151	375 759
<b>Cost of goods sold</b>		<b>(147 862)</b>	<b>(136 676)</b>	<b>(296 970)</b>	<b>(261 198)</b>
- to related entities		(2 933)	(2 908)	(6 001)	(5 817)
- other entities		(144 929)	(133 768)	(290 969)	(255 381)
<b>Gross sales profit (loss)</b>		<b>62 920</b>	<b>65 623</b>	<b>126 291</b>	<b>123 338</b>
Selling costs		(10 553)	(9 788)	(19 360)	(18 637)
General and administrative costs		(31 631)	(30 345)	(63 854)	(58 900)
<b>Profit (loss) from sales</b>		<b>20 736</b>	<b>25 490</b>	<b>43 077</b>	<b>45 801</b>
<b>Other operating revenues (costs), including:</b>		<b>(1 125)</b>	<b>(575)</b>	<b>(2 082)</b>	<b>(1 576)</b>
Revenue		1 427	2 702	1 838	2 890
Costs		(2 552)	(3 277)	(3 920)	(4 466)
- including result on impairment of receivables (IFRS 9)		43	(278)	(338)	(278)
<b>Share in profits of companies consolidated using the equity method</b>		<b>328</b>	<b>296</b>	<b>563</b>	<b>453</b>
<b>Profit (loss) from operating activities</b>		<b>19 939</b>	<b>25 211</b>	<b>41 558</b>	<b>44 678</b>
<b>Financial revenues (costs), including:</b>		<b>(597)</b>	<b>1 357</b>	<b>(389)</b>	<b>1 413</b>
Revenue	6.16	1 496	2 810	3 739	3 945
Costs	6.16	(2 093)	(1 453)	(4 128)	(2 532)
- including net impairment losses on financial assets (IFRS 9)		44	73	100	73
<b>Profit (loss) before taxes</b>		<b>19 342</b>	<b>26 568</b>	<b>41 169</b>	<b>46 091</b>
Current income tax	6.14	(3 534)	(5 081)	(8 582)	(9 512)
Deferred income tax	6.14	(409)	(67)	(1 761)	(555)
<b>Net profit (loss) on continuing operations</b>		<b>15 399</b>	<b>21 420</b>	<b>30 826</b>	<b>36 024</b>
<b>Discontinued operation</b>					
Profit (loss) after tax from discontinued operations		-	123	-	663
<b>Continued and discontinued operation</b>					
<b>Net profit (loss)</b>		<b>15 399</b>	<b>21 543</b>	<b>30 826</b>	<b>36 687</b>

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SPECIFICATION	NOTA	for period			
		from 01.04.2019	from 01.04.2018	from 01.01.2019	from 01.01.2018
		till 30.06.2019	till 30.06.2018	till 30.06.2019	till 30.06.2018
<b>Other comprehensive income / (expenses)</b>					
<b>Other comprehensive income / (expenses) net</b>		<b>(375)</b>	<b>(1 587)</b>	<b>1 018</b>	<b>(1 695)</b>
Foreign exchange gains/losses on translation of foreign operations		(1 712)	2 290	(368)	3 160
Result on hedge accounting with tax effect		1 337	(3 877)	1 386	(4 855)
<b>Total comprehensive income</b>		<b>15 024</b>	<b>19 956</b>	<b>31 844</b>	<b>34 992</b>
<b>Net profit (loss), of which attributable to:</b>		<b>15 399</b>	<b>21 543</b>	<b>30 826</b>	<b>36 687</b>
company's shareholders		14 685	20 241	29 895	34 590
non-controlling shareholders		714	1 302	931	2 097
<b>Total comprehensive income, including accrued income:</b>		<b>15 024</b>	<b>19 956</b>	<b>31 844</b>	<b>34 992</b>
company's shareholders		14 306	18 639	30 915	32 853
non-controlling shareholders		718	1 317	929	2 139
<b>Net profit (loss) per ordinary share:</b>					
<b>from continued operations</b>					
- basic		0.50	0.69	1.02	1.17
- diluted		0.50	0.69	1.02	1.17
<b>Weighted average number of shares</b>		<b>29 392 824</b>	<b>29 496 428</b>	<b>29 392 824</b>	<b>29 496 428</b>

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### 3.3. Condensed consolidated statement of changes in equity capital

SPECIFICATION	Share capital	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	Total	NON-CONTROLLING INTEREST	TOTAL EQUITY CAPITAL
Balance as at 01.01.2019	3 311	448 197	(194)	(4 892)	24 969	471 391	5 593	476 984
<b>Changes in equity during the period from 01.01.2019 to 30.06.2019</b>								
<b>Comprehensive income:</b>								
Net profit for the period from 01.01.2019 to 30.06.2019	-	-	-	-	29 895	29 895	931	30 826
Distribution of profit/loss to supplementary capital	-	38 426	-	-	(38 426)	-	-	-
Coverage of losses from supplementary capital	-	(319)	-	-	319	-	-	-
<b>Other comprehensive income:</b>								
<b>Items that can be reclassified in the future:</b>								
Result on hedge accounting with tax effect	-	-	-	1 386	-	1 386	-	1 386
<b>Items that will not be reclassified to profit or loss in the future:</b>								
Net exchange differences translated from financial statement to currency presented	-	-	-	(366)	-	(366)	(2)	(368)
<b>Total other comprehensive income</b>	-	-	-	1 020	-	1 020	(2)	1 018
<b>Total comprehensive income recognised in the period from 01.01.2019 to 30.06.2019</b>	-	38 107	-	1 020	(8 212)	30 915	929	31 844
<b>Transactions with owners recognised directly in equity:</b>								

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SPECIFICATION	Share capital	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from	Undistributed financial result	Total	NON-CONTROLLING INTEREST	TOTAL EQUITY CAPITAL
Dividends	-	-	-	-	(38 166)	<b>(38 166)</b>	(573)	<b>(38 739)</b>
Settlement of the advance dividend from the previous year	-	-	-	-	11 731	<b>11 731</b>	-	<b>11 731</b>
Purchase of treasury shares	-	(1 520)	-	-	-	<b>(1 520)</b>	-	<b>(1 520)</b>
Decrease in supplementary capital	-	3 753	-	-	-	<b>3 753</b>	-	<b>3 753</b>
Increase in reserve capital	-	(3 753)	-	-	-	<b>(3 753)</b>	-	<b>(3 753)</b>
<b>Balance as at 30.06.2019</b>	<b>3 311</b>	<b>484 784</b>	<b>(194)</b>	<b>(3 872)</b>	<b>(9 678)</b>	<b>474 351</b>	<b>5 949</b>	<b>480 300</b>

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SPECIFICATION	Share capital	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	Total	NON-CONTROLLING INTEREST	TOTAL EQUITY CAPITAL
<b>Balance as at 01.01.2018</b>	<b>3 311</b>	<b>426 825</b>	<b>273</b>	<b>(3 661)</b>	<b>24 245</b>	<b>450 993</b>	<b>4 505</b>	<b>455 498</b>
Changes in the accounting principles	-	-	-	-	386	<b>386</b>	-	<b>386</b>
<b>Balance after changes made</b>	<b>3 311</b>	<b>426 825</b>	<b>273</b>	<b>(3 661)</b>	<b>24 631</b>	<b>451 379</b>	<b>4 505</b>	<b>455 884</b>
<b>Changes in equity during the period from 01.01.2018 to 30.06.2018</b>								
<b>Comprehensive income:</b>								
Net profit for the period from 01.01.2018 to 30.06.2018	-	-	-	-	34 590	<b>34 590</b>	2 097	<b>36 687</b>
Distribution of profit/loss to supplementary capital	-	34 035	-	-	(34 035)	-	-	-
<b>Other comprehensive income:</b>								
<b>Items that can be reclassified in the future:</b>								
Result on hedge accounting with tax effect	-	-	-	(4 855)	-	<b>(4 855)</b>	-	<b>(4 855)</b>
<b>Items that will not be reclassified to profit or loss in the future:</b>								
Net exchange differences translated from financial statement to currency presented	-	-	-	3 118	-	<b>3 118</b>	42	<b>3 160</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 737)</b>	<b>-</b>	<b>(1 737)</b>	<b>42</b>	<b>(1 695)</b>
<b>Total comprehensive income recognised in the period from 01.01.2018 to 30.06.2018</b>	<b>-</b>	<b>34 035</b>	<b>-</b>	<b>(1 737)</b>	<b>555</b>	<b>32 853</b>	<b>2 139</b>	<b>34 992</b>

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SPECIFICATION	Share capital	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from	Undistributed financial result	Total	NON-CONTROLLING INTEREST	TOTAL EQUITY CAPITAL
<b>Transactions with owners recorded directly in shareholder equity</b>								
Dividends	-	(5 734)	-	-	(35 409)	<b>(41 143)</b>	(193)	<b>(41 336)</b>
Settlement of the advance dividend from the previous year	-	-	-	-	10 247	<b>10 247</b>	-	<b>10 247</b>
Advances paid for dividends	-	5 734	-	-	-	<b>5 734</b>	-	<b>5 734</b>
Purchase of treasury shares	-	(270)	-	-	-	<b>(270)</b>	-	<b>(270)</b>
Creation of the reserve capital	-	(20 000)	-	-	-	<b>(20 000)</b>	-	<b>(20 000)</b>
Release of reserve capital	-	20 000	-	-	-	<b>20 000</b>	-	<b>20 000</b>
<b>Balance as at 30.06.2018</b>	<b>3 311</b>	<b>460 590</b>	<b>273</b>	<b>(5 398)</b>	<b>24</b>	<b>458 800</b>	<b>6 451</b>	<b>465 251</b>

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### 3.4. Condensed consolidated statement of cash flows

SPECIFICATION	NOTA	for period	
		from 01.01.2019	from 01.01.2018
		till 30.06.2019	till 30.06.2018
<b>Cash flow from operating activities</b>			
<b>Profit before tax (continued operations)</b>		<b>41 169</b>	<b>46 929</b>
<b>Adjustments:</b>		<b>26 056</b>	<b>23 279</b>
Depreciation of intangible assets	6.2	7 486	5 515
Depreciation of property, plant and equipment	6.4	17 185	14 861
Impairment losses on property, plant and equipment		(50)	110
Profit on sale of property, plant and equipment and intangible assets		(628)	(641)
(Profits) losses due to change in fair value of derivative instruments		5	(431)
Cost of interest		2 344	2 040
Shares in profits of associated companies		(563)	(453)
Acquisition of control over a subsidiary (negative goodwill)		-	-
Interest revenue		(23)	(23)
Other adjustments	6.18	(700)	2 301
<b>Cash flows from operating activities before changes in working capital</b>		<b>66 225</b>	<b>70 208</b>
Change in inventories		(10 633)	(43 431)
Change in the state of a depreciated contractual asset		813	-
Change in receivables	6.18	8 559	27 094
Change in liabilities	6.18	(8 696)	14 090
Changes in provisions		977	(14 163)
Change in cash and cash equivalents with restricted use		412	-
Changes in prepayments and accruals		(619)	(2 652)
Other adjustments	6.18	(11)	474
<b>Cash generated in the course of operating activity</b>		<b>57 027</b>	<b>51 620</b>
Income tax paid		(9 412)	(11 381)
<b>Net cash flows from operating activities</b>		<b>47 615</b>	<b>40 239</b>
<b>Cash flows from investing activities</b>			
Expenses related to acquisition of intangible assets	6.18	(7 782)	(8 966)
Inflows from sales of intangible assets		640	-
Expenditures for the acquisition of property, plant and equipment and lease assets	6.18	(15 823)	(11 609)
Proceeds from the sale of fixed assets	6.18	1 242	3 559
Expenditures for the acquisition of investment property		-	(13)
Proceeds from the sale of financial assets held for trading		-	216
Investments in subsidiaries		-	(4 374)
Loans granted		-	(120)
Interest received		-	71
Dividends received		1 332	1 021
Other inflows (expenses)		354	(2 454)
<b>Net cash provided by investing activities</b>		<b>(20 037)</b>	<b>(22 669)</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares		(1 520)	(271)
Redemption of debt securities		-	23
Inflows from loans and borrowings taken out		14 100	23 169
Repayment of loans and credits		(11 427)	(21 340)
Interest paid		(1 902)	(1 773)
Dividends paid		(26 335)	(25 257)

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SPECIFICATION	NOTA	for period	
		from 01.01.2019	from 01.01.2018
		till 30.06.2019	till 30.06.2018
Repayment of lease liabilities		(4 415)	(2 577)
Other inflows (expenses)		(513)	(135)
<b>Net cash from financial operations</b>		<b>(32 012)</b>	<b>(28 161)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(4 434)</b>	<b>(10 591)</b>
<b>Opening balance of cash and cash equivalents</b>		<b>29 331</b>	<b>41 602</b>
<b>Closing balance of cash and cash equivalents</b>		<b>24 897</b>	<b>31 011</b>

#### 4. Basic judgments and bases for estimating uncertainty

The main judgments and estimates of the Executive Board of Grupa Apator concerning the application of accounting principles and the main sources of information used to establish the above mentioned estimates are the same as adopted in the preparation of the condensed consolidated financial statement of Grupa Apator as of the day and for the financial year ending on 31st December 2018.

#### 5. Information on the seasonality of activities

In Grupa Apator the seasonality of sales is not significant, although in the last few years the tendency to increase the turnover in the last quarter was noticeable.

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## 6. Explanatory notes to the condensed consolidated financial statements

### 6.1. Operating segments

The activity of Grupa Apator is concentrated in three basic segments:

- ✓ Electricity
- ✓ Gas
- ✓ Water and heating

The Executive Board analyses the results of each segment at the level of individual results, i.e. gross sales result, sales result, operating result and EBITDA.

Activities conducted outside these segments are presented as other.

SPECIFICATION	CONTINUED OPERATION					Discontinued operations	Total
	Electricity	Gas	Water and heating	Unalloyed	Total		
<b>Financial results of operating segments for the period from 01.01.2019 to 30.06.2019</b>							
Sales revenue	185 111	111 219	126 931	-	423 261	-	423 261
Cost of goods sold	133 948	85 218	77 804	-	296 970	-	296 970
<b>Gross sales profit</b>	<b>51 163</b>	<b>26 001</b>	<b>49 127</b>	<b>-</b>	<b>126 291</b>	<b>-</b>	<b>126 291</b>
Selling costs	8 299	2 837	8 033	191	19 360	-	19 360
General and administrative costs	29 781	12 277	20 253	1 543	63 854	-	63 854
<b>Sales profit</b>	<b>13 083</b>	<b>10 887</b>	<b>20 841</b>	<b>(1 734)</b>	<b>43 077</b>	<b>-</b>	<b>43 077</b>
Result on other operating activities	(659)	(36)	(1 387)	-	(2 082)	-	(2 082)
Share in profits of associated companies	-	-	563	-	563	-	563
<b>Operating income</b>	<b>12 424</b>	<b>10 851</b>	<b>20 017</b>	<b>(1 734)</b>	<b>41 558</b>	<b>-</b>	<b>41 558</b>
<b>Depreciation</b>	<b>12 267</b>	<b>7 891</b>	<b>4 513</b>	<b>-</b>	<b>24 671</b>	<b>-</b>	<b>24 671</b>
<b>EBITDA*</b>	<b>24 691</b>	<b>18 742</b>	<b>24 530</b>	<b>(1 734)</b>	<b>66 229</b>	<b>-</b>	<b>66 229</b>
<b>Financial results of operating segments for the period from 01.01.2018 to 30.06.2018</b>							
Sales revenue	174 599	94 169	115 768	-	384 536	11 540	396 076
Cost of goods sold	121 438	70 137	69 623	-	261 198	10 382	271 580
<b>Gross sales profit</b>	<b>53 161</b>	<b>24 032</b>	<b>46 145</b>	<b>-</b>	<b>123 338</b>	<b>1 158</b>	<b>124 496</b>
Selling costs	8 342	2 648	7 527	120	18 637	110	18 747
General and administrative costs	29 213	11 394	16 945	1 348	58 900	210	59 110
<b>Sales profit</b>	<b>15 606</b>	<b>9 990</b>	<b>21 673</b>	<b>(1 468)</b>	<b>45 801</b>	<b>838</b>	<b>46 639</b>
Result on other operating activities	(762)	21	(835)	-	(1 576)	-	(1 576)
Share in profits of associated companies	-	13	440	-	453	-	453
<b>Operating income</b>	<b>14 844</b>	<b>10 024</b>	<b>21 278</b>	<b>(1 468)</b>	<b>44 678</b>	<b>838</b>	<b>45 516</b>
<b>Depreciation</b>	<b>10 434</b>	<b>6 063</b>	<b>3 879</b>	<b>-</b>	<b>20 376</b>	<b>-</b>	<b>20 376</b>
<b>EBITDA*</b>	<b>25 278</b>	<b>16 087</b>	<b>25 157</b>	<b>(1 468)</b>	<b>65 054</b>	<b>838</b>	<b>65 892</b>

\* - EBITDA is operating profit plus depreciation and amortization for a given period.

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## Geographic information

Apator Capital Group has separated the following three areas of activity:

- Country - including domestic sales
- European Union - sales in European Union countries
- Export - sales in other countries

SPECIFICATION	CONTINUED OPERATION				Discontinued operations	TOTAL
	Country	Export	Union	Total		
<b>Sales revenues in geographical segments since 01.01.2019 till 30.06.2019</b>						
<b>Total revenue</b>	<b>220 962</b>	<b>52 486</b>	<b>149 813</b>	<b>423 261</b>	-	<b>423 261</b>
Sales outside	220 962	43 376	149 813	414 151	-	414 151
Sales to subsidiaries	-	9 110	-	9 110	-	9 110
<b>Sales revenues in geographical segments since 01.01.2018 till 30.06.2018</b>						
<b>Total revenue</b>	<b>204 581</b>	<b>45 931</b>	<b>134 024</b>	<b>384 536</b>	<b>11 540</b>	<b>396 076</b>
Sales outside	204 581	37 154	134 024	375 759	11 530	387 289
Sales to subsidiaries	-	8 777	-	8 777	10	8 787

## 6.2. Intangible assets

The main increases in intangible assets during the first half of 2019 were related to expenditures on development work.

Data concerning intangible assets are presented in the tables below.

SPECIFICATION	as of	
	30.06.2019	31.12.2018
Customer Relationships	16 444	17 845
Patents and licenses, computer software	11 968	11 970
Development costs	59 057	57 019
Other intangible assets	8 222	8 346
Advances for intangible assets	57	109
<b>Total</b>	<b>95 748</b>	<b>95 289</b>

SPECIFICATION	CUSTOMER RELATIONS	PATENTS AND LICENSES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
<b>Net value as at 01.01.2019</b>	<b>17 845</b>	<b>11 970</b>	<b>57 019</b>	<b>8 346</b>	<b>109</b>	<b>95 289</b>
Increases on account of	-	871	2 792	6	-	<b>3 669</b>
Increase in own production	-	224	4 608	-	-	<b>4 832</b>
Advance payments for tangible fixed assets	-	-	-	-	16	<b>16</b>
Decrease due to liquidation	(61)	(371)	-	-	-	<b>(432)</b>
Decrease due to reclassification - other	-	-	(224)	-	-	<b>(224)</b>
Settlement of prepayments for intangible assets	-	-	-	-	(68)	<b>(68)</b>
Depreciation	(1 340)	(1 066)	(4 919)	(161)	-	<b>(7 486)</b>
Decrease in the current depreciation due to	-	371	-	-	-	<b>371</b>

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SPECIFICATION	CUSTOMER RELATIONS	PATENTS AND LICENSES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
liquidation						
Net exchange differences translated from financial statement to currency presented	-	-	(41)	31	-	(10)
Other changes - gross	-	(48)	(239)	-	-	(287)
Other changes - amortization	-	17	61	-	-	78
<b>Net value as at 30.06.2019</b>	<b>16 444</b>	<b>11 968</b>	<b>59 057</b>	<b>8 222</b>	<b>57</b>	<b>95 748</b>
<b>Status as of 30.06.2019</b>						
Gross value	30 514	27 424	89 220	15 266	57	162 481
Total depreciation and revaluation write-offs to date	(14 070)	(15 456)	(30 163)	(7 044)	-	(66 733)
<b>Net value</b>	<b>16 444</b>	<b>11 968</b>	<b>59 057</b>	<b>8 222</b>	<b>57</b>	<b>95 748</b>

### 6.3. Value of subsidiaries entities

Data concerning the company's value are presented in the tables below.

NAME OF SUBSIDIARY	as of	
	30.06.2019	31.12.2018
Apator Control Sp. z o. o.	-	75
Apator Rector Sp. z o. o.	43 106	43 106
Apator Elkomtech S.A.	34 506	34 431
Apator Powogaz S.A.	17 855	17 855
Apator Telemetria Sp. z o. o.	1 832	1 832
Apator Metra s. r. o.	683	683
TOV Apator Metroteks	137	131
George Wilson Industries Ltd.	3 368	3 408
Miitors ApS	18 522	18 724
<b>Net goodwill</b>	<b>120 009</b>	<b>120 245</b>

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 31.12.2018
<b>Gross goodwill at the beginning of the period</b>	<b>120 580</b>	<b>119 977</b>
Net exchange differences translated from financial statement to currency presented	(236)	603
<b>Gross goodwill at the end of the period</b>	<b>120 344</b>	<b>120 580</b>
<b>Impairment loss at the beginning of the period</b>	<b>(335)</b>	<b>(335)</b>
<b>Impairment loss at the end of the period</b>	<b>(335)</b>	<b>(335)</b>
<b>Net goodwill at the end of the period</b>	<b>120 009</b>	<b>120 245</b>

In Grupa Apator, the centres generating cash are the direct subsidiaries of Apator S.A. or the group of companies whose parent entities are the direct subsidiaries from Apator S.A., and which is characterized by homogeneous base of assets used for the performance of operating activity,

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(except Apator Elkomtech S.A., Apator Rector Sp. z o.o. and Apator Control Sp. z o.o. <sup>3</sup>(hereinafter referred to collectively as Network Automation Centre), as described below.

This approach is justified in particular by the high level of operational integration resulting from the complementarity of the offer as well as significant changes that took place in 2017 and 2018 in the scope of conducting business by the companies.

Starting from 2017 the companies Apator Elkomtech S.A. and Apator Rector Sp. z o.o. perform the sale of services through common sales department and jointly make offers for provision of comprehensive services. Such an approach results primarily from the complementarity of the offer of both entities and significantly facilitates the acquisition of new projects. Additionally, in 2018 the decision on merger of Apator Elkomtech S.A. and Apator Control Sp. z o.o. was made. The companies also plan further works on joint products in the future.

On the 1st April 2019th the District Court in Łódź, XX Commercial Division of the National Court Register, made the entry of the merger of Apator Elkomtech S.A. with Apator Control sp. z o.o. The merger was performed pursuant to art. 492 § 1 point 1 of the Commercial Companies Code by transfer of all assets of Apator Control Sp. z o.o. to Apator Elkomtech S.A. in exchange for shares in the increased share capital of Apator Elkomtech S.A. issued to the sole shareholder of Apator Control Sp. z o.o., i.e. Apator S.A. The merger was performed within the framework of strategic plan of Grupa Apator, which intention is to consolidate within cash generating centres.

The Executive Board analysed market, external and internal factors to determine whether there is any evidence of impairment of goodwill and other assets in the Group. No evidence of any indication of a test to be carried out at 30 June 2019 has been identified. Therefore, in accordance with IAS 36, the test will be performed as at 31 December 2019.

## 6.4. Property, plant and equipment

The most significant expenditures on property, plant and equipment during the first half of 2019 were investments in machinery and equipment and other property, plant and equipment.

There were no indications of impairment of property, plant and equipment.

Data concerning property, plant and equipment are presented in the tables below.

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER NON-CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES ON PROPERTY, PLANT AND EQUIPMENT	TOTAL
<b>Net value as at 01.01.2019</b>	<b>93 084</b>	<b>40 115</b>	<b>1 599</b>	<b>36 990</b>	<b>10 783</b>	<b>384</b>	<b>182 955</b>
Increases on account of	-	6 128	71	3 206	-	-	<b>9 405</b>
Increase in the balance due to modernisation	558	204	-	1 361	-	-	<b>2 123</b>
Increase in own production	-	76	-	66	-	-	<b>142</b>
Increase resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	501	1 119	-	-	<b>1 620</b>
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	12 885	1 818	<b>14 703</b>
Decrease due to disposal	-	(85)	(648)	(262)	(1 299)	-	<b>(2 294)</b>
Decrease due to liquidation	-	(656)	(113)	(2 814)	-	-	<b>(3 583)</b>

<sup>3</sup> Till 31.03.2019

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SPECIFICATION	LAND, BUILDINGS AND STRUCTURE S	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER NON- CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTIO N	ADVANCES ON PROPERTY, PLANT AND EQUIPMENT	TOTAL
Decrease resulting from reclassification - from property, plant and equipment to the right to use leased assets	-	(1 035)	-	-	-	-	(1 035)
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	-	(11 339)	(1 245)	(12 584)
Depreciation	(1 749)	(5 619)	(323)	(5 555)			(13 246)
Increase in the current depreciation due to reclassification - from the right to use assets under lease to property, plant and equipment	-	-	(370)	(320)	-	-	(690)
Reduction of the existing disposal write-offs	-	84	647	252	-	-	983
Decrease in the current depreciation due to liquidation	-	628	113	2 799	-	-	3 540
Decrease in the current depreciation due to reclassification - to assets held for sale	38	1	-	11	-	-	50
Decrease in the current depreciation due to reclassification - from property, plant and equipment to the right to use leased assets	-	173	-	-	-	-	173
Net exchange differences translated from financial statement to currency presented	(2)	(46)	-	16	-	-	(32)
Settlement of subsidies for property, plant and equipment from deferred income	-	-	-	-	-	-	-
Other changes	(5)	(4)	(1)	-	(1)	-	(11)
Other changes - amortization	1	5	(136)	-	-	-	(130)
<b>Net value as at 30.06.2019</b>	<b>91 925</b>	<b>39 969</b>	<b>1 340</b>	<b>36 869</b>	<b>11 029</b>	<b>957</b>	<b>182 089</b>
<b>Status as of 30.06.2019</b>							
Gross value	130 785	149 309	8 124	156 885	11 029	957	457 089
Total depreciation and revaluation write-offs to date	(38 860)	(109 340)	(6 784)	(120 016)	-	-	(275 000)
<b>Net value</b>	<b>91 925</b>	<b>39 969</b>	<b>1 340</b>	<b>36 869</b>	<b>11 029</b>	<b>957</b>	<b>182 089</b>

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## 6.5. Right to use assets, lease liabilities

The right to use assets includes leasing assets in accordance with the requirements of IFRS 16. The standard was applied for the first time in 2019, a simplified method of its implementation was adopted (without retrospective recognition), and therefore the impact on equity is not recognised.

The following presentation simplifications have been adopted:

- no lease contracts for low-value assets (below PLN 20 thousand) are activated,
- contracts that will be terminated during the current year are omitted.

The value of the lease liability was calculated based on the following assumptions:

- in the case of perpetual usufruct of land, perpetual usufruct was established,
- in the case of forward contracts, the maximum period for which a liability can be generated is assumed,
- in the case of contracts concluded for an indefinite period of time, an individual business analysis determining the assumed useful life was carried out,
- the discount rate is 2.4%.

The Group classified the activated lease objects as held for trading:

- the right of perpetual usufruct of land,
- lease of office space and production building - period of use - 2-3 years,
- means of transport - useful life 3-4 years.

Data concerning the right to use assets under lease are presented in the tables below.

SPECIFICATION	as of	
	30.06.2019	31.12.2018
Land, buildings and structures	23 088	-
Machinery and equipment	6 850	6 134
Means of transport	4 044	4 149
Other non-current assets	1 869	2 102
<b>Total</b>	<b>35 851</b>	<b>12 385</b>

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER NON-CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
<b>Net value as at 01.01.2019</b>	-	<b>6 134</b>	<b>4 149</b>	<b>2 102</b>	-	<b>12 385</b>
Increase due to the effective date of IFRS 16	24 611	-	-	-	-	<b>24 611</b>
Increase due to leasing acceptance	508	556	808	741	-	<b>2 613</b>
Increase resulting from reclassification - from property, plant and equipment to the right to use leased assets	-	1 035	-	-	-	<b>1 035</b>
Increase due to reclassification - other	-	-	178	-	-	<b>178</b>
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	2 613	<b>2 613</b>
Decrease due to disposal	-	-	(283)	-	-	<b>(283)</b>
Decrease due to liquidation	-	(119)	(71)	-	-	<b>(190)</b>
Decrease resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	(501)	(1 119)	-	<b>(1 620)</b>
Decrease due to reclassification - other	-	(6)	-	-	-	<b>(6)</b>

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SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER NON- CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	-	(2 613)	<b>(2 613)</b>
Depreciation	(2 031)	(688)	(1 045)	(175)	-	<b>(3 939)</b>
Increase in depreciation resulting from reclassification - from property, plant and equipment to the right to use leased assets	-	(173)	-	-	-	<b>(173)</b>
Reduction of the existing disposal write-offs	-	-	253	-	-	<b>253</b>
Decrease in the current depreciation due to liquidation	-	119	70	-	-	<b>189</b>
Decrease in current depreciation resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	370	320	-	<b>690</b>
Decrease in current write-offs due to reclassification - other	-	-	(46)	-	-	<b>(46)</b>
Net exchange differences translated from financial statement to currency presented	-	(8)	-	-	-	<b>(8)</b>
Other changes - amortization	-	-	162	-	-	<b>162</b>
<b>Net value as at 30.06.2019</b>	<b>23 088</b>	<b>6 850</b>	<b>4 044</b>	<b>1 869</b>	-	<b>35 851</b>
<b>Status as of 30.06.2019</b>						
Gross value	25 119	9 594	7 617	2 586	-	<b>44 916</b>
Total depreciation and revaluation write-offs to date	(2 031)	(2 744)	(3 573)	(717)	-	<b>(9 065)</b>
<b>Net value</b>	<b>23 088</b>	<b>6 850</b>	<b>4 044</b>	<b>1 869</b>	-	<b>35 851</b>

The table below presents the reconciliation of lease liabilities as at 1 January 2019.

Specification	01.01.2019
<b>Off-balance sheet liabilities as at 31.12.2018</b>	<b>4 107</b>
(-) short-term (ending in 2019)	(585)
(+/-) the right of perpetual usufruct of land	15 581
(+) lease	14 135
(+) existing leases (IAS 17)	9 997
<b>Total</b>	<b>43 235</b>
(-) compensatory amount	(8 962)
<b>Balance sheet items of liabilities, including:</b>	<b>34 273</b>
long-term	26 098
short-term	8 174

The table below presents the reconciliation of lease assets as at 1 January 2019.

Specification	01.01.2019
<b>Liabilities</b>	<b>43 235</b>
(-) compensatory amount	(8 962)
fixed assets under finance lease (IAS 17) at 31/12/18	12 386
(-) finance lease liabilities (IAS 17) at 31/12/18	(9 461)
<b>Leasing assets</b>	<b>37 198</b>

The table below presents EBITDAR\* as at 30 June 2018 and 30 June 2019.

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SPECIFICATION	for period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Operating income</b>	<b>41 558</b>	<b>44 678</b>
Depreciation	24 671	20 376
<b>EBITDA</b>	<b>66 229</b>	<b>65 054</b>
Lease costs	-	4 609
<b>EBITDAR*</b>	<b>66 229</b>	<b>69 663</b>

\* EBITDAR is EBITDA (operating profit adjusted for depreciation and amortization) plus rental costs

In these condensed consolidated financial statements, the Group changed the presentation of comparative data. In connection with the application of IFRS 16, new items (assets and liabilities) were separated in the condensed consolidated statement of financial position, in which amounts related to lease agreements were disclosed in accordance with IAS 17.

The reclassification is presented in the table below.

ITEMS OF THE REPORT	Implementation of IFRS 16
<b>change title:</b>	
<i>Condensed statement of financial position;</i>	
<b>Fixed assets</b>	<b>0</b>
Tangible fixed assets	-12 385
Right to use assets under lease	12 385
<b>TOTAL ASSETS</b>	<b>0</b>
<b>Liabilities</b>	<b>0</b>
<b>Long-term liabilities and provisions</b>	<b>0</b>
Long-term liabilities	-5 643
- towards other entities	-5 643
Long-term liabilities due to the right to use assets under lease (IFRS 16)	5 643
<b>Short-term liabilities and provisions</b>	<b>0</b>
Other short-term liabilities	-3 959
- towards other entities	-3 959
Short-term liabilities due to the right to use assets under lease (IFRS 16)	3 959
<b>LIABILITIES TOTAL</b>	<b>0</b>

## 6.6. Stocks

Information on the reporting value of inventories is presented in the table below.

SPECIFICATION	as of	
	30.06.2019	31.12.2018
Materials	72 703	66 236
Production in progress	59 325	51 614
Finished products	41 552	44 724
Goods	1 530	321
Advances for deliveries	1 148	2 730
<b>Total value of inventories</b>	<b>176 258</b>	<b>165 625</b>

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Changes in the value of revaluation write-downs on inventories are presented below.

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 31.12.2018
<b>Revaluation write-off on total inventories</b>		
<b>Value of write-offs at the beginning of the period</b>	<b>10 078</b>	<b>7 325</b>
Increase - creation of a write-down on the current result	1 981	4 937
Decrease - write-down of unused amounts in revenues	(625)	(2 178)
Use of write-off- write-down	-	-
Net exchange differences translated from financial statement to currency presented	(52)	(6)
<b>Value of write-offs at the end of the period</b>	<b>11 382</b>	<b>10 078</b>

## 6.7. Fixed assets intended for sale

Apator S.A. still maintains fixed assets intended for sale in the form of a Recreation Centre in Rowy.

These assets are the assets of the Company Social Benefits Fund and, as they do not generate income for the Company, they are recognized in the following amounts balance sheet 0.

On 18 June 2019, a preliminary agreement on the sale of the Centre was concluded (notarial deed Rep. A 6893/2019), with a deadline of 31 October 2019 for the performance of this agreement. However, the intention of the Company is to transfer the Centre and finalize the transaction by the end of September this year.

Other assets in value 446 000 PLN, classified on 31st December 2018 as assets held by Apator Mining and held by Apator Mining were partially sold and partially reclassified to fixed assets.

## 6.8. Trade receivables and other receivables

Below are presented data on revaluation write-downs on receivables.

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 31.12.2018
<b>Revaluation write-off on total receivables</b>		
<b>Value of write-offs at the beginning of the period</b>	<b>5 406</b>	<b>5 328</b>
Increase - creation of a write-down on the current result	410	2 002
Decrease - write-down of unused amounts in revenues	(172)	(1 356)
Use of write-off- write-down	(317)	(576)
Net exchange differences translated from financial statement to currency presented	-	8
<b>Value of write-offs at the end of the period</b>	<b>5 327</b>	<b>5 406</b>

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## 6.9. Share capital

The shareholders' structure as at 30 June 2019 is presented in the table below.

Name and surname	Registered shares	Bearer shares	Total number of shares	Number of votes	Equity participation	Votes participation
Mariusz Lewicki	1 187 376	1 000 624	2 188 000	5 750 128	6.61%	10.43%
Tadeusz Sosgórnik	1 020 102	907 401	1 927 503	4 987 809	5.82%	9.05%
Danuta Guzowska	954 214	566 065	1 520 279	4 382 921	4.59%	7.95%
Zbigniew Jaworski	760 848	610 152	1 371 000	3 653 544	4.14%	6.63%
Apator Mining Sp. z o. o.	0	3 600 000	3,600,000 600 000	3 600 000	10.87%	6.53%
Janusz Marzygliński	791 092	95 393	886 485	3 259 761	2.68%	5.91%
Kazimierz Piotrowski and his wife	674 774	159 181	833 955	2 858 277	2,52%	5.19%
Others	1 948 595	18 831 211	20 779 806	26 625 591	62.77%	48.31%
<b>TOTAL</b>	<b>7 337 001</b>	<b>25 770 027</b>	<b>33 107 028</b>	<b>55 118 031</b>	<b>100,00%</b>	<b>100,00%</b>

## 6.10. Other Capital

Information on other capital is presented in the table below.

SPECIFICATION	as of	
	30.06.2019	31.12.2018
Supplementary capital from the sale of own shares above their nominal value	15 142	15 142
Other reserve capital	443 818	401 958
Own shares	(9 793)	(8 273)
Reserve capitals	35 617	39 370
<b>Other total capitals</b>	<b>484 784</b>	<b>448 197</b>

Pursuant to the Resolution No. 14/V/2019 of the Ordinary General Meeting of Shareholders of Apator SA of 27<sup>th</sup> of May 2019, the net profit of the Group's parent company for the financial year 2018 was distributed in the amount of PLN 67,323,156.17 in the following manner:

Dividend 42 745 646.40 PLN

Supplementary capital PLN 24 577 509.77

On 21 December 2018, an advance payment of PLN 13,170,811.20, i.e. PLN 0.40 per share, was paid towards the expected dividend from the profit for the financial year 2018. The payment of the remaining part of the dividend in the amount of PLN 29,574,835.20, i.e. PLN 0.90 per share, was made on 24 June 2019.

Pursuant to Resolution 15/V/2019, the Own Share Buy-back Programme (adopted on the basis of Resolution 22/V/2018) was closed and the related Share Redemption Fund (in the original amount of PLN 20,000 thousand) was liquidated. The unused funds of the Fund in the amount of PLN 13,753.3 thousand were transferred to the supplementary capital.

At the same time, pursuant to Resolution 19/V/2019, a Programme for the repurchase of own shares with the Fund for the redemption of shares with a value of PLN 10,000 thousand was opened.

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## 6.11. Credits and loans

Information on loans and borrowings is presented below.

SPECIFICATION	as of	
	30.06.2019	31.12.2018
<b>Long-term loans and borrowings</b>	<b>20 835</b>	<b>24 007</b>
payable over 1 to 2 years	11 540	11 540
payable over 2 to 5 years	9 295	12 467
<b>Short-term loans and borrowings</b>	<b>144 928</b>	<b>139 286</b>
<b>Total loans and borrowings, including</b>	<b>165 763</b>	<b>163 293</b>
- from other entities	165 763	163 293

The Group has the following collaterals in place in connection with borrowings:

Multi-product agreement with ING Bank Śląski S.A.

- Contractual mortgage up to the amount of PLN 26.0 million established on real estate of FAP Pafal S.A. in Świdnica and Apator Mining Sp. z o.o. in Pszów,
- Registered pledge on inventories owned by Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A., Apator Metrix S.A., Apator Elkomtech S.A., Apator Mining Sp. z o.o., with a book value of not less than PLN 75.6 million together with an assignment from an insurance policy,
- Pledge on machines and equipment and means of transport owned by Apator SA, Apator Powogaz SA, FAP Pafal SA, Apator Metrix SA, Apator Elkomtech SA, Apator Mining Sp. z o.o., together with assignment from insurance policy (included in the above table). The contractual value of the pledge as at 30th June 2019 was PLN 32.7 million,
- Registered pledge on receivables under current and future bank account agreements maintained by the bank for the Group companies,
- Blank promissory notes together with promissory notes declarations submitted by 7 borrowers' companies (joint and several liability of Group's companies),
- Assignment of rights under the property insurance policy against all risks.

Other securities:

- Registered pledge on fixed assets of Apator S.A. worth 8,3 million PLN, in connection with the agreement concluded with CITI Bank Handlowy S.A. on credit in current account (limit 10 million PLN),
- Security of insurance guarantee of Apator S.A. 6 blank promissory notes,
- Assignment of rights under the insurance contract of real estate of Apator Powogaz S.A. located in Poznań,
- Mortgage in the amount of 33 million PLN for securing the investment credit taken in ING Bank Śląski, established on the real estate of Apator Powogaz S.A. in Poznań,
- Forced mortgage in the amount of PLN 117 000 established on the real estate of Apator Powogaz S.A. located in Pniewy as a security of liabilities towards the Starosta of Szamotuły on account of transformation of perpetual usufruct into ownership right,
- Mortgage in the amount of 50 million CZK, established on the real estate of subsidiary Apator Metro in the Czech Republic in connection with a loan agreement,
- Mortgage in the amount of 23.3 million PLN, established on real estate of Apator Metrix S.A., as security of repayment of liabilities arising from credit agreements concluded with Millennium Bank.

credit agreements.

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## 6.12. Financial instruments

In Grupa Apator the contracts concerning currency derivatives are concluded within the framework of hedging policy against foreign exchange risk. The Group hedges its export receipts in excess of its import expenditure (EUR) and its import receipts in excess of its export receipts (USD). The nominal value of FX forward instruments as at the reporting date is EUR 44,838 thousand and USD 8,820 thousand.

Hedging instruments are measured at fair value. The fair value of loans, receivables and liabilities measured at amortised cost was adopted as the book value due to short deadlines for their realisation. The book value of these assets is close to fair value.

In connection with the concluded long-term credit agreement (agreement with Bank Millennium of 1 February 2015),

in order to hedge against the increase of the WIBOR rate, IRS (Interest Rate Swap) interest rate risk hedging transactions were concluded. The purpose of these transactions is to secure part of the interest payments.

Hedging transaction	IRS
Hedged item	Long-term loan
Nominal value at the date of establishment of the security	5.000 thousand PLN
Nominal value at the reporting date	2.119 thousand PLN
Period during which cash flows are expected to occur	21.05.2015 – 31.12.2020
Recognition in the financial statements	In accordance with IAS 39, if a cash flow hedge is effective, the effective portion of the hedge accounting for currency revaluation is presented in equity. The remaining part of the measurement related to the hedging instrument is recognised in the profit and loss account

The fair value of the IRS instrument is the difference between the forecasted discounted cash flows of interest at a fixed interest rate and a variable interest rate based on WIBOR 6M.

The Group measures FX forward derivatives at fair value using financial instrument measurement models, using generally available exchange rates and volatility curves for currencies. Fair value of these instruments is determined based on future cash flows from the concluded transactions, calculated based on the difference between the forward price and the transaction price. FX forward rates are not modelled as a separate risk factor, but are derived from the spot rate for a foreign currency against PLN.

The table below presents the fair value of financial instruments as at the reporting date.

SPECIFICATION	as of	
	30.06.2019	31.12.2018
<b>Long-term assets</b>	<b>272</b>	<b>82</b>
Hedging instruments	272	82
<b>Short-term assets</b>	<b>4 782</b>	<b>3 237</b>
Hedging instruments	4 782	3 237
<b>Total assets</b>	<b>5 054</b>	<b>3 319</b>
<b>Long-term liabilities</b>	<b>-</b>	<b>13</b>
Hedging instruments	-	13
<b>Short-term liabilities</b>	<b>203</b>	<b>162</b>
Hedging instruments	203	162
<b>Total liabilities</b>	<b>203</b>	<b>175</b>

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

### 6.13. Provisions for liabilities

Information on provisions for liabilities is presented in the table below.

SPECIFICATION	RESERVES / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
<b>Provisions as at 01.01.2019</b>	<b>8 451</b>	<b>10 279</b>	<b>4 864</b>	<b>7 959</b>	<b>853</b>	<b>32 406</b>
Increase - creation of a provision charged to the current result (+)	-	4 815	2 316	2 128	1 046	<b>10 305</b>
Use of the provision - settlement of costs (-)	(4)	(7 474)	(14)	(1 810)	(26)	<b>(9 328)</b>
<b>Value of provisions as at 30.06.2019, including:</b>	<b>8 447</b>	<b>7 620</b>	<b>7 166</b>	<b>8 277</b>	<b>1 873</b>	<b>33 383</b>
- long term provisions	7 128	-	-	996	-	<b>8 124</b>
- short-term provisions	1 319	7 620	7 166	7 281	1 873	<b>25 259</b>

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## 6.14. Income tax

The specificity of income tax for the reporting period is presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Profit and loss statement</b>		
<b>Current income tax</b>	<b>8 582</b>	<b>9 687</b>
Current income tax expense (continued operations)	8 582	9 472
Current income tax expense (discontinued operations)	-	175
Adjustments concerning current tax from previous years (continued operations)	-	40
<b>Deferred income tax</b>	<b>1 761</b>	<b>555</b>
Related to the creation and reversal of temporary differences	482	(276)
Related to the reduction of income tax rates	-	-
Utilization of tax relief for activities in SEZ	1 279	831
<b>Tax burden disclosed in the consolidated statement of comprehensive income</b>	<b>10 343</b>	<b>10 242</b>
<b>Condensed consolidated statement of changes in equity capital</b>		
<b>Other comprehensive income</b>		
<b>Deferred income tax</b>	<b>325</b>	<b>(1 139)</b>
Deferred net income tax on cash flow hedges settled during the financial year	325	(1 139)
<b>Tax advantage (burden) disclosed in the equity capital</b>	<b>325</b>	<b>(1 139)</b>

SPECIFICATION	Assets		Provisions	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Tangible fixed assets	2 180	1 522	14 427	14 020
Financial assets	0	1	672	1 433
Derivative instruments	2	100	922	697
Stocks	2 199	1 833	-	-
Liabilities arising from employee benefits	4 753	4 891	-	-
Provisions	3 112	3 964	-	-
Write-downs on receivables	529	515	-	-
Tax loss	15 083	15 509		
Tax relief to be accounted for in future periods	12 960	14 239	-	-
Other	4 114	4 636	1 847	1 840
<b>Total</b>	<b>44 932</b>	<b>47 210</b>	<b>17 868</b>	<b>17 990</b>
Netting of assets and reserves	(10 693)	(13 767)	(10 693)	(13 767)
<b>Deferred tax assets/provisions disclosed in the condensed statement of financial position</b>	<b>34 239</b>	<b>33 443</b>	<b>7 175</b>	<b>4 223</b>

On 28 December 2010, the Parent Company in the Group obtained Permit No. 69/PSSEZ for conducting business activities within the Pomeranian Special Economic Zone.

As at the date of commencement of operations in the PSSE, deferred tax assets in the amount of PLN 20.357 thousand were recognized on account of usable tax relief (the value of such assets as at 30 June 2019 amounts to PLN 12.960 thousand).

On 23 June 2014, the Parent Company in the Group obtained another permit (No. 136/PSSEZ) for conducting business activities within the Pomeranian Special Economic Zone. As at the balance sheet date of 30 June 2019, expenditures incurred for this investment amounted to PLN 16.7 thousand.

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The effective tax rate is presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
Tax base	41 169	46 929
Income tax calculated at the applicable rate	7 735	9 302
<b>Adjustments:</b>	<b>2 608</b>	<b>940</b>
Tax on income exempt from taxation (fixed differences)	(549)	(312)
Tax on non-deductible costs (non-current differences)	2 463	1 359
Tax on internal transactions in the group (permanent differences)	601	(75)
Tax on items not included in financial result of the period	18	(46)
Other tax additions	174	35
Other tax deductions	(99)	(21)
Income tax	10 343	10 242
<b>Effective tax rate</b>	<b>25.12%</b>	<b>21.82%</b>

## 6.15. Revenue

### Revenue from the sale of goods

Sales revenues are measured at the fair value of payments received and represents receivables for products, goods and services supplied under ordinary business activities, less discounts, VAT and other taxes related to sales (excise duty). Revenues are recognised to the extent that it is probable that the the Group will obtain the economic benefits associated with the transaction, and the amount of revenues can be reliably measured.

As a rule, the Group's payment terms do not exceed 90 days.

As a rule, performance bonds are granted for 2-year periods, and after their expiry, the following 2-5-year periods (depending on the agreement) are covered by warranty bonds.

In the case of IT systems, guarantees are granted for a standard period of 12 months.

### Revenues from the sales of services

Revenues from the sale of long-term services are recognized on the basis of the degree of advancement of their realization, if the result of the transaction concerning the provision of services can be reliably estimated. Revenues from services under long-term contracts are recognized in time based on the input-output method. If the result of the transaction concerning the provision of services cannot be reliably estimated, then revenues obtained under this contract are recognized only up to the amount of incurred costs which the Group expects to recover.

Revenues from the provision of services related to short-term orders are recognized "in point in time" at the moment of finishing the service, after confirming the performance of the contractual bond (after receiving the acceptance protocol).

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## 6.16. Financial revenues and costs

Financial income and expenses are presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Financial revenues</b>	<b>3 739</b>	<b>3 945</b>
Dividends and shares in profits	-	40
Interest on loans	5	1
Interest on bank accounts	60	71
Interest received on bills of exchange	4	2
Interest on receivables	53	74
Other interest	2	-
Balance sheet valuation of foreign bills of exchange	-	1
Positive exchange rate differences	-	1 599
Revenues from foreign exchange transactions (including derivative instruments)	3 332	1 874
Release of revaluation write-downs on receivables	100	73
Decrease in receivables discount	181	160
Other revenues	2	50
<b>Financial costs</b>	<b>(4 128)</b>	<b>(2 532)</b>
Interest on loans and borrowings	(1 791)	(1 870)
Interest payable to the budget	(6)	(12)
Interest from liabilities	(4)	(8)
Interest on lease liabilities	(497)	-
Other interest	(250)	(319)
Negative exchange rate differences	(1 153)	-
Commissions on loans and borrowings	(72)	(78)
Decrease in the discount on liabilities	(236)	(1)
Bank guarantees and commissions (except credit commissions)	(80)	(223)
Other costs	(39)	(21)
<b>Net financial income (expenses)</b>	<b>(389)</b>	<b>1 413</b>

## 6.17. Profit per one share

Profit per one share was calculated by dividing net profit attributable to shareholders of Apator SA by number of shares held by entities from outside Grupa Apator. The calculation of the net profit per share is included in the condensed consolidated statement of profit or loss and other comprehensive income, item 3.2.

## 6.18. Explanations concerning the condensed consolidated statement of cash flows

Grupa Apator prepares the condensed consolidated statement of cash flows in the part concerning operating activity using the indirect method, by means of which the profit is adjusted by the effects of non-cash transactions, changes in the state of inventories, receivables and liabilities and other items, where the cash effects are cash flows from financial or investment activity.

The table below presents explanations of inconsistencies between the changes in the balance of the condensed consolidated statement of financial position and the changes in the balance of these items disclosed in the condensed consolidated statement of cash flows.

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SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Movement in receivables</b>		
Change in long-term receivables	174	(312)
Change in trade receivables	10 321	18 408
Change in the balance of corporate income tax receivables	641	1 066
Change in other taxes, customs duties and social security receivables	595	1 377
Change in other receivables	(2 867)	8 685
Adjustment for income tax receivables	(641)	(1 066)
Adjustment for investment receivables	454	(992)
Other changes	(118)	(72)
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>8 559</b>	<b>27 094</b>
<b>Change in liabilities</b>		
Change in long-term liabilities	(4 908)	1 293
Change in long-term liabilities due to the right to use assets under lease (IFRS 16)	18 595	-
Change in trade liabilities	(4 002)	8 347
Change in contractual liabilities	2 384	-
Change in liabilities due to corporate income tax	(806)	(1 969)
Change in liabilities due to other taxes, customs duties and social security	313	(964)
Change in other liabilities	(4 319)	(1 210)
Change in short-term liabilities due to the right to use leased assets (IFRS 16)	4 046	-
Adjustment for liabilities due to purchase of shares	-	4 374
Adjustment for dividend liabilities	(571)	(2)
Adjustment for lease liabilities	(22 642)	(498)
Adjustment for derivative liabilities	(28)	234
Adjustment for income tax liabilities	806	1 969
Adjustment for investment liabilities	2 538	2 509
Other changes	(102)	7
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>(8 696)</b>	<b>14 090</b>
<b>Changes in provisions</b>		
Change in long-term provisions for employee benefits		
Change in other long-term provisions	18	(7 154)
Change in short-term provisions for employee benefits	(361)	(2 868)
Change in other short-term provisions	1 320	(4 141)
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>977</b>	<b>(14 163)</b>
<b>Changes in prepayments and accruals</b>		
Change in long-term prepayments and accruals	9	-
Change in short-term prepayments and accruals	(572)	(2 652)
Other changes	(56)	-
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>(619)</b>	<b>(2 652)</b>

SPECIFICATION		in the period	
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	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Other adjustments (1) of cash flows from operating activities</b>		
Liquidation of property, plant and equipment and intangible assets	57	30
(Profit) loss on settlement of derivative instruments	(1 079)	1 067
Commissions and fees on credits and loans	70	68
Unrealised inventory margin in associated companies	(79)	(46)
Foreign exchange gains/losses on consolidation	(19)	651
Other	350	531
<b>Total</b>	<b>(700)</b>	<b>2 301</b>
<b>Other adjustments (2) of cash flows from operating activities</b>		
Receivables paid by bills of exchange	-	160
Acceptance of finished goods for fixed assets	-	(32)
Other	(11)	346
<b>Total</b>	<b>(11)</b>	<b>474</b>

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Other inflows (outflows) from investing activities</b>		
Advances on property, plant and equipment under construction	(726)	(1 164)
Revenue and expenditure relating to forward contracts and options	1 080	(1 284)
Payment of commissions and other costs related to the sale and liquidation of property, plant and equipment	-	(4)
Other	-	(2)
<b>Total</b>	<b>354</b>	<b>(2 454)</b>
<b>Other inflows (expenses) from financial activities</b>		
Leasing interest	(470)	(100)
Commissions and fees on credits and loans	(60)	(70)
Other	17	35
<b>Total</b>	<b>(513)</b>	<b>(135)</b>

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Inflows from sales of property, plant and equipment</b>		
Revenues from disposals of fixed assets	1 696	2 567
Change in net receivables due to sales of fixed assets	(454)	992
<b>Total</b>	<b>1 242</b>	<b>3 559</b>

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SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Expenses related to acquisition of property, plant and equipment</b>		
Purchase of property, plant and equipment	(15 583)	(12 320)
Change in inventories due to own works (internal projects)	94	(586)
Advances for property, plant and equipment settled with BO	384	494
Leasing exclusion	2 613	3 096
Change in net investment liabilities	(2 617)	(2 159)
Other	(714)	(134)
<b>Total</b>	<b>(15 823)</b>	<b>(11 609)</b>

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Expenses related to acquisition of intangible assets</b>		
Purchase of intangible assets	(5 663)	(12 493)
Change in the state of development work under construction	(2838)	4 117
Advances on intangible assets settled with BO	18	-
Change in net investment liabilities	79	(350)
Other	622	(240)
<b>Total</b>	<b>(7 782)</b>	<b>(8 966)</b>

SPECIFICATION	in the period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
<b>Cash inflows / outflows from loans and borrowings</b>		
Balance sheet change in long-term loans	(3 172)	(3 998)
Balance sheet change in short-term loans	5 642	6 804
Accrued interest	(6)	(3)
Other	209	(974)
<b>Total</b>	<b>2 673</b>	<b>1 829</b>

## 6.19. Information on subsidiaries

Information on benefits for management personnel is presented in the table below.

SPECIFICATION	for period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 30.06.2018
Short-term employee benefits	8 222	9 025
Post-employment benefits	178	538
Termination benefits	-	1 264
<b>Total</b>	<b>8 400</b>	<b>10 827</b>

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Data on transactions with related parties and information on unsettled balances are presented in the table below.

SPECIFICATION	TEPLOVODOMER	INDA d.o.o.	OTHER RELATED ENTITIES	TOTAL
<i>Transactions in the period from 01.01.2019 to 30.06.2019 and as of 30.06.2019</i>				
Sale of goods and services *	9 110	-	-	<b>9 110</b>
Sales transaction costs	6 001	-	-	<b>6 001</b>
Commercial receivables	2 009	-	-	<b>2 009</b>
Purchase of goods and services	122	1	1 253	<b>1 376</b>
Commercial liabilities	-	-	918	<b>918</b>

\* including adjustment for unrealized margin on sales to jointly controlled entities

## 6.20. Contingent items and other items not included in the condensed consolidated statement of financial position

As of 30th June 2019 capital group Apator had active guarantees issued by the Company:

1. Bank Handlowy w Warszawie S.A.:
  - ✓ Under performance bonds in the amount of PLN 146 thousand, until 30 June 2022 at the most,
2. TU Euler Hermes S.A.:
  - ✓ Due to performance bonds in the amount of PLN 8,702 thousand until 30 April at the latest year 2020,
  - ✓ On account of warranty and quality guarantee in the amount of PLN 2.210 thousand until 30th January 2022 at the latest;
  - ✓ On account of payment of the deposit in the amount of PLN 440 thousand, until 20 July 2019 at the latest,
3. Bank Millenium S.A.:
  - ✓ Under performance bonds in the amount of PLN 86 thousand until January 15, 2020.
4. TU InterRisk S.A.:
  - ✓ For the removal of defects and faults in the amount of PLN 92 thousand, until 31 December 2022 at the most,
  - ✓ Under performance bonds in the amount of PLN 359 thousand, until 19 June at the latest year 2021,
  - ✓ On account of payment of the deposit in the amount of PLN 20 thousand, until 9 July 2019 at the latest,
5. ING Bank Śląski S.A.:
  - ✓ Under performance bonds in the amount of PLN 1,751 thousand, until 15 July at the latest year 2021,
  - ✓ For the removal of defects and faults in the amount of PLN 453 thousand, until 31 March 2021 at the latest,
  - ✓ On account of payment of the deposit in the amount of PLN 262 thousand, until 31 August 2019 at the most.

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In connection with the Agreement on the general limit of contract guarantees in TU Euler Hermes S.A. (Group limit 20 million PLN), Apator SA submitted as security 6 blank promissory notes together with the promissory note declaration and Apator Rector Sp. z o.o. submitted 1 blank promissory note together with the promissory note declaration.

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In addition, as at 30 June 2019, the Group companies were parties to the following guarantees and sureties:

1. Subsidiary of Apator Powogaz S.A.:
  - ✓ Surety for the loan contracted in ING Bank Śląski S.A. for the subsidiary Apator Telemetria Sp. z o.o. up to the amount of PLN 3.5 million for the period until 30 November 2022.
2. Subsidiary of Apator Metrix SA:
  - ✓ guarantee to the subsidiary George Wilson Industries Ltd (GWi) up to a maximum amount of GBP 6,7 million, i.e. PLN 31.7 million, until 31 August 2021. The guarantee secures the cooperation between GWi and National Grid Gas Plc as part of repairs, overhauls and supplies of gas meters and regulators,
  - ✓ guarantee for Apator GmbH up to the maximum amount of EUR 2.0 million, i.e. PLN 8.5 million for the period of 3 years, i.e. until 31.12.2019. The guarantee is the security of cooperation between Apator GmbH and THUGA AG in the scope of gas meter deliveries,
  - ✓ guarantee for the subsidiary George Wilson Industrial Ltd. (GWi) of GBP 4 million, i.e. PLN 18.9 million, until 31 October 2019 as a security for the payment of liabilities by GWi under the Citibank N.A. credit facility.

Additionally, on 31st December 2018 that Apator S.A. was the beneficiary of the payment guarantee for the amount of PLN 200 thousand, issued by Bank Millennium S.A., until 20 February 2019.

## 6.21. Employment structure

Employment in Grupa Apator is presented in the table below.

SPECIFICATION	period	
	from 01.01.2019	from 01.01.2018
	till 30.06.2019	till 31.12.2018
<b>Average employment in full-time jobs for the period</b>	<b>2 573</b>	<b>2 415</b>
Manual workers	1 557	1 432
Intellectual workers	1 016	983
<b>Employment in full-time equivalents at the end of the period</b>	<b>2 583</b>	<b>2 481</b>
Manual workers	1 563	1 516
Intellectual workers	1 020	965

## 6.22. The amount of remuneration of the entity authorized to audit financial statements

On 24th July 2017 Apator S.A. signed with PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością the contract for review and audit of individual and consolidated interim and annual financial statements for 2018-2020. On 1 July 2019, an annex to the agreement concerning the audit/review of interim reports for the year 2019 was signed.

SPECIFICATION	VALUE	
	year 2019	year 2018
Survey/review of interim reports	50	50
<b>Total Apator S.A.</b>	<b>50</b>	<b>50</b>

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Apart from the above mentioned remuneration, APATOR S.A. also covers documented costs of stay of the auditing team outside the Auditor's office (journeys, accommodation) and costs of courier deliveries.

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**6.23. Correction of comparative data**

Restatement of the period from 01.01.2018 to 31.12.2018

Statement of financial position

ITEMS OF THE REPORT		CHANGE
<b>change title:</b>		
<b>Long-term liabilities and provisions</b>		<b>-2 049</b>
	Contractual liabilities	-2 049
	- towards other entities	-2 049
<b>Short-term liabilities and provisions</b>		<b>2 049</b>
	Contractual liabilities	2 049
	- towards other entities	2 049
<b>LIABILITIES TOTAL</b>		<b>-</b>

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## 7. Signatures

### The Executive Board

2019-08-29

**Mirosław Klepacki**

**President of the Executive Board, Director-General**

**Arkadiusz Chmielewski**

**Member of the Executive Board, Director for Business Development of Apator Group**

### Person responsible for the book-keeping

2019-08-29

**Małgorzata Mazurek**

**FEO**

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