

Consolidated quarterly report of FAMUR Group for 2016 Q4

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Katowice, 20 February 2017

CONSOLIDATED FINANCIAL STATEMENTS OF FAMUR GROUP

Data in KPLN

Consolidated balance sheet of FAMUR Group

ASSETS	31 December 2016	31 December 2015
Fixed assets	669,724	701,221
Intangible assets	228,013	233,489
Tangible fixed assets	353,015	385,438
Non-current receivables	22,653	8,017
Long-term investments	26,487	33,361
Other long-term assets (prepayments)	3,300	3,067
Deferred tax assets	36,256	37,850
Current assets	1,105,061	557,719
Inventories	137,700	167,134
Trade receivables	496,591	337,418
Other short-term receivables	23,772	24,400
Current financial assets	7,743	7,810
Cash and cash equivalents	434,114	18,702
Other short-term assets (prepayments)	3,412	2,266
Fixed assets classified as assets held for sale	1,729	-
Total assets	1,774,786	1,258,940
LIABILITIES		
Equity capital	993,208	890,226
Share capital	4,865	4,815
Own shares (negative value)	-3	-3
Supplementary capital	220,585	230,026
Other reserve capitals	113,663	95,540
Retained earnings	654,050	559,812
Capital attributable to shareholders of the dominating entity	993,160	890,190
Minority interest	48	36
Liabilities and provisions for liabilities	781,578	368,715
Provisions for liabilities	90,288	100,676
Long-term loans and borrowings	-	-
Non-current lease payable	3,068	540
Other non-current payables	112,022	684
Trade payable	184,947	96,722
Tax payable	47,749	16,335
Short-term loans and borrowings	184,898	90,497
Current lease payable	2,297	508
Other current payables	134,310	40,233
Other payables (accruals)	21,999	22,519
Total liabilities	1,774,786	1,258,940

Consolidated profit and loss account of FAMUR Group

	<i>3 completed months</i>		<i>12 completed months</i>	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
CONTINUING OPERATIONS				
Net revenue from sales	304,824	185,794	1,029,741	800,976
Cost of products, goods and materials sold	240,331	144,610	786,481	601,883
Profit from sales before tax	64,493	41,184	243,260	199,094
Other operating revenues	5,069	4,047	31,427	30,119
Cost of sales	230	1,249	18,724	31,752
General and administrative expenses	17,001	24,120	66,573	98,718
Other operating expenses	20,154	16,798	75,660	55,655
Profit from operating activity	32,178	3,064	113,730	43,088
Financial revenues	13,205	3,156	26,153	22,663
Financial expenses	14,404	1,781	34,814	14,148
Profit before tax	30,979	4,440	105,069	51,602
Income tax	4,813	-2,005	11,237	115
Net profit from continuing operations	26,166	6,444	93,831	51,487
Discontinued operations	-	-	-	-
Net profit allocated to:				
- controlling stockholders	26,161	6,438	93,819	51,960
- minority shareholders	5	6	12	-473
Profit after tax	26,166	6,444	93,831	51,487
Number of shares (units)	486,470,000	481,500,000	486,470,000	481,500,000
Net earnings per share (PLN)	0.0538	0.0134	0.1929	0.1079

Consolidated statement of comprehensive income of FAMUR Group

	<i>3 completed months</i>		<i>12 completed months</i>	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Net profit from continuing operations	26,166	6,444	93,831	51,487
Net profit from discontinued operations	-	-	-	-
Other comprehensive income	1	-	1	692
Total comprehensive income	26,167	6,444	93,832	52,179
- allocated to controlling stockholders	26,162	6,438	93,820	52,653
- allocated to non-controlling shareholders	5	6	12	-474

Consolidated cash flow statement of FAMUR Group

	31 December 2016	12 completed months 31 December 2015
OPERATING ACTIVITIES		
Profit (loss) before tax	105,069	51,602
of which profit from discontinued operations		
Total adjustments	209,537	63,540
Depreciation/amortisation	124,912	140,900
(Earnings) losses from translation adjustments	949	69
Interest and share in profit (dividends)	-1,066	-767
(Profit) loss from investing activities	1,033	-1,040
Movements in reserves	-11,511	3,922
Movements in inventories	29,859	-7,215
Movements in receivables	-138,763	-47,888
Movements in current payables, except loans and borrowings	205,499	-27,484
Income tax paid	180	5,318
Movements in prepayments and accruals	-1,710	-2,276
Other adjustments	156	-
Net cash flow from operating activities	314,606	115,142
of which discontinued operations	-	-
INVESTING ACTIVITIES		
Receipts	9,787	6,542
Disposal of intangibles and tangible fixed assets	7,594	3,384
Disposal of investments in real property and in intangible	-	-
Disposal of financial assets	2,193	3,158
Other receipts from investments	-	-
Expenditure	94,511	166,994
Acquisition of intangibles and tangible fixed assets	90,451	79,456
Investments in real property and intangible assets	-	-
On financial assets	4,060	87,537
Other investment expenditure	-	-
Net cash flow from investing activities	-84,724	-160,451
of which discontinued operations	-	-
FINANCING ACTIVITIES		
Receipts	254,356	108,389
Net receipts from issuance of stocks (shares) and other capital instruments and from capital contributions	5	1,925
Loans and borrowings	148,971	106,464
Issuance of debt securities	105,380	-
Other financial receipts	-	-
Expenditure	69,152	110,091
Acquisition of own stocks (shares)	948	983
Dividends and other payments to shareholders	-	-
Repayment of loans and borrowings	57,049	88,273
Due to other financial liabilities	-	-
Payment of liabilities arising from financial leases	1,359	14,657
Interest	9,100	6,179
Other financial expenditure	696	-
Net cash flow from financing activities	185,204	-1,701
of which discontinued operations	-	-
Total net cash flow	415,086	-47,011
Cash at the beginning of the period	19,028	65,712
Cash at the end of the period	434,114	18,702

Statement of changes in equity of FAMUR Group

	Share capital	Own stocks (shares) (negative value)	Supplementary capital	Other reserve capitals	Retained earnings	Total	Equity capital allocated to non-controlling stockholders	Total equity
<i>12 months of 2016</i>								
As at 1 January 2016	4,815	-3	230,026	95,540	559,812	890,190	36	890,226
Actuarial profit/losses	-	-	-	-	1	1	-	1
Profit (loss) after tax	-	-	-	-	93,819	93,819	12	93,831
Total comprehensive income	-	-	-	-	93,820	93,820	12	93,832
Coverage of loss recorded in 2015 from supplementary capital	-	-	-418	-	418	-	-	-
Capital loss on intercompany settlements	-	-	-	-1,410	-	-1,410	-	-1,410
Acquisition of Elgór + Zamet sp z o.o.	50	-	10,510	-	-	-10,560	-	10,560
Separation of the operating segment	-	-	-19,533	19,533	-	-	-	0
As at 31 December 2016	4,885	-3	220,220,585	113,663	654,050	993,160	48	993,208
<i>12 months of 2015</i>								
As at 01 January 2015	4,815	-	181,781	95,540	554,720	836,856	3,160	840,017
Actuarial profit/losses	-	-	-	-	693	693	-0.5	692
Profit (loss) after tax	-	-	-	-	51,960	51,960	-473	51,487
Total comprehensive income	-	-	-	-	52,653	52,653	-474	52,179
Earnings allocated to supplementary capital	-	-	48,245	-	-48,245	-	-	-
Own shares	-	-3	-	-	-	-3	-	-3
Redemption of minority interests	-	-	-	-	683	683	-2,650	-19,667
As at 31 December 2015	4,815	-3	230,026	95,540	559,812	890,190	36	890,226

1. Declaration of compliance and principles of preparation of the consolidated financial statements

Principles of preparation of the consolidated financial statements

The consolidated quarterly report of FAMUR Capital Group consists of:

- Consolidated financial statements of FAMUR Group pertaining to the period from 1 January 2016 to 31 December 2016 comprising: balance sheet, profit and loss account including statement of comprehensive income, statement of changes in equity and cash flow statement;
- Short separate financial statements of FAMUR S.A. (Issuer) pertaining to the period from 1 January 2016 to 31 December 2016 comprising: balance sheet, profit and loss account including statement of comprehensive income, statement of changes in equity and cash flow statement;
- Comparative financial information as at 31 December 2015 for 2015 Q4;
- Disclosures to the extent described in the Regulation of the Minister of Finance of 19 February 2009 concerning current and interim disclosures made by issuers of securities;
- If not specified otherwise, financial information is presented in thousands of Polish zlotys.

The Parent Company (FAMUR S.A.) according to Art. 83 par. 1 of the above-mentioned Regulation does not prepare a separate quarterly report.

Declaration of compliance

The consolidated quarterly report was prepared according to uniform accounting principles used with reference to similar transactions and other events occurring in similar circumstances.

The consolidated financial statements were prepared at historical cost, except revaluation of the Group's financial instruments measured at fair value.

2. Fundamental accounting principles

The financial statements of FAMUR Capital Group are prepared in compliance with the International Financial Reporting Standards. In particular, this report was prepared based on the scope of IAS 34 "Interim Financial Reporting", whereas where not regulated by IFRS, according to the requirement of the Accounting Act and according to the requirements of the regulation of the Minister of Finance of 19 February 2009 concerning current and interim disclosures made by issuers of securities (Dz. U. (Journal of Laws) of 2009 No. 33, item 259).

3. Significant changes in estimates and presentation of data in the financial statements

In the consolidated financial statements for 2016 Q4 the presentation of comparative data for 2015 Q4 was not changed.

In the short separate financial statements of FAMUR S.A. for 2016 Q4, in connection with mergers taking place in 2015 between FAMUR S.A. and GEORYT sp. z o.o. and ZMG GLINIK sp. z o.o. and Famur Brand Sp. z o.o. – comparative data for 2015 Q4 was converted and data as at 31.12.2015 was converted.

In connection with the development of FAMUR Group and adding manufacture of opencast mining and power engineering machinery and equipment to the scope of business activities and ordering the activities of the existing segment of surface infrastructure of mining works, the Management Board of FAMUR S.A. decided to change the presentation of the results of segments. The existing segments of longwall systems, gallery systems and transportation systems will be concentrated in the **Underground** mining segment. In turn, the above-mentioned segment of infrastructure and segment of handling and lifting equipment will be presented under opencast mining, services for mining industry and power engineering machinery and equipment - **Surface**. The decision to combine the selected segments is supported by similar economic characteristics in the area of products, production and distribution processes as well as the type and group of customers of products and services differing and separating underground mining and opencast mining.

4. Information about FAMUR Capital Group

FAMUR Group is a producer of machinery and equipment for the mining and power engineering sector capable of supplying a complete mining system to a mine, "turnkey" coal feeding system to a power plant or specialist cargo handling equipment to a port. The Group specializes in comprehensive mechanization of the hard coal longwall mining process, design and delivery of information systems for managing the exploitation of coal from the longwall onto the mine surface, delivery of cargo handling systems for power engineering industry and for ports as well as opencast mining systems.

Producer of shearer loaders and roadheaders, scraper and belt conveyors, floor railways, powered roof supports and other mining machinery, the company **FAMUR S.A. in Katowice** ("FAMUR", "Issuer") is the parent company in FAMUR Capital Group. In August 2006, FAMUR SPÓŁKA AKCYJNA (at that time known as FABRYKA MASZYN FAMUR SPÓŁKA AKCYJNA) made its debut at the Warsaw Stock Exchange where 486.5 million shares are listed under the abbreviated name FAMUR and FMF ticker.

Underground Segment

FAMUR Group is a world's leading producer of machinery and systems used in underground mining based on the longwall method. A significant area of the Group's activity is production of equipment to enable mining of coal reserves that are from 1 m to 6 m thick. A group of products making a so-called longwall system includes: shearer loaders, powered roof supports and scraper conveyors. The installed power of shearer loaders produced is from 250 kW to 1300 kW, whereas powered roof supports produced are from 0.46 m to 6.0 m tall. FAMUR Group produces high pressure and control hydraulic systems, including in particular hydraulic supports, remote controls and electric hydraulic power units. The diameters of hydraulic supports and servos range from 50 mm to 440 mm.



Roof supports and shearers made by FAMUR Group

The Underground segment of FAMUR Group's products also comprises equipment for transportation and handling of different bulk materials used in deep mines. For hard coal mining the range of products includes: underground belt conveyors, surface belt conveyors and stackers, as well as various means of underground transport for the logistics needs of mines such as cable-driven floor railways, diesel suspended monorails, diesel powered railways, diesel track locomotives, mechanical winches and complete equipment for monorails designed to transport passengers and materials.

The activities of FAMUR Group in the Underground segment are also inclusive of the manufacture of equipment making a gallery system. The key element of a gallery system is roadheaders that are mainly used to prepare the pits and drill tunnels. The parameters of roadheaders made by the Group make it possible to drill roadways with a section of up to 37 m² in rocks with compressive strength up to 110 MPa. In 2015/2016 FAMUR Group has extended its range of products by drilling vehicles, drills, floor loaders and loaders used in hard coal mines, manufactured by Elgór+Zamet sp. z o.o.



Surface Segment

The Surface segment offer of FAMUR Group comprises a wide range of underground works such as installation of machinery and equipment and complete construction of mining shaft hoists. The scope of the Group's services includes design works, performance of construction works, erection of reinforced concrete and steel structures, supply and installation of machinery and equipment, start-ups and service maintenance. The Group also builds transport roads based on self-designed belt and scraper conveyors.

The youngest group of products of FAMUR Group, integrated with the previous activities in the market of opencast mining machinery and systems, is handling and lifting equipment produced by FAMUR FAMA S.A. – a leading producer of cargo handling systems in Poland, supplier of most coal feeding systems, with 70 years of experience. The company has rich design competences extended by design offices FUGO-Projekt sp. z o.o., BPIRI Separator sp. z o.o. and SKW Biuro Projektowo-Techniczne sp. z o.o. acquired in 2015 as well as by Fugo S.A.

5. Composition of FAMUR Capital Group

As at 31 December 2016 the Group was composed of the Parent Company and 17 subsidiaries. The Parent Company of the Capital Group is FAMUR S.A. in Katowice.

Consolidated companies as at 31 December 2016

1. **FAMUR SPÓŁKA AKCYJNA** in Katowice at ul. Armii Krajowej 51 – producer of mining shearer loaders and roadheaders, scraper and belt conveyors, cable driven floor railways and other mining machinery
2. **POLSKIE MASZYNY GÓRNICZE SPÓŁKA AKCYJNA** in Katowice at ul. Armii Krajowej 51 – a commercial and services company operating in the area of installation, repairs and maintenance of machinery for the mining and construction industry
3. **FAMUR FINANCE sp. z o.o. (formerly FAMUR FINANCE PMG S.A. S.K.A.)** in Katowice at ul. Armii Krajowej 51 – it carries out financial activities under FAMUR Capital Group
4. **FAMUR FAMA SPÓŁKA AKCYJNA** in Kluczbork at ul. Fabryczna 5 – producer of cargo handling machinery and equipment, including complete coal feeding systems, overhead cranes and cranes (formerly FAMA S.A.)
5. **FAMUR PEMUG sp. z o.o.** in Katowice at ul. Tadeusza Boya Żeleńskiego 105 - formerly FAMUR Machinery sp. z o.o., a company dealing with design, building and erection and construction of shaft towers and coal dressing plants.
6. **FAMUR INVEST sp. z o.o.** in Katowice at ul. Armii Krajowej 51 – the subject of its operation is, among other things, providing advice on business activity

The Management Board decided not to consolidate the following companies. Their financial data does not affect information about the financial results of FAMUR Group.

Non-consolidated companies as at 31 December 2016

1. FAMUR INSTITUTE sp. z o.o. in Katowice
2. OOO FAMUR is Russia
3. FAMUR INDIA MINING SOLUTIONS PRIVATE LIMITED in India
4. TOO FAMUR KAZACHSTAN in Kazakhstan
5. OOO FAMUR UKRAINA in Ukraine
6. DAMS GmbH in Germany
7. CTG GLINIK in Russia
8. FM CZERNYCH in Russia
9. FUGO-PROJEKT sp. z o.o. in Wrocław
10. BIURO PROJEKTÓW I REALIZACJI INWESTYCJI SEPARATOR sp. z o.o. in Katowice
11. SKW Biuro Projektowo-Techniczne sp. z o.o. in Zgorzelec
12. FUGO S.A. in Kluczbork.

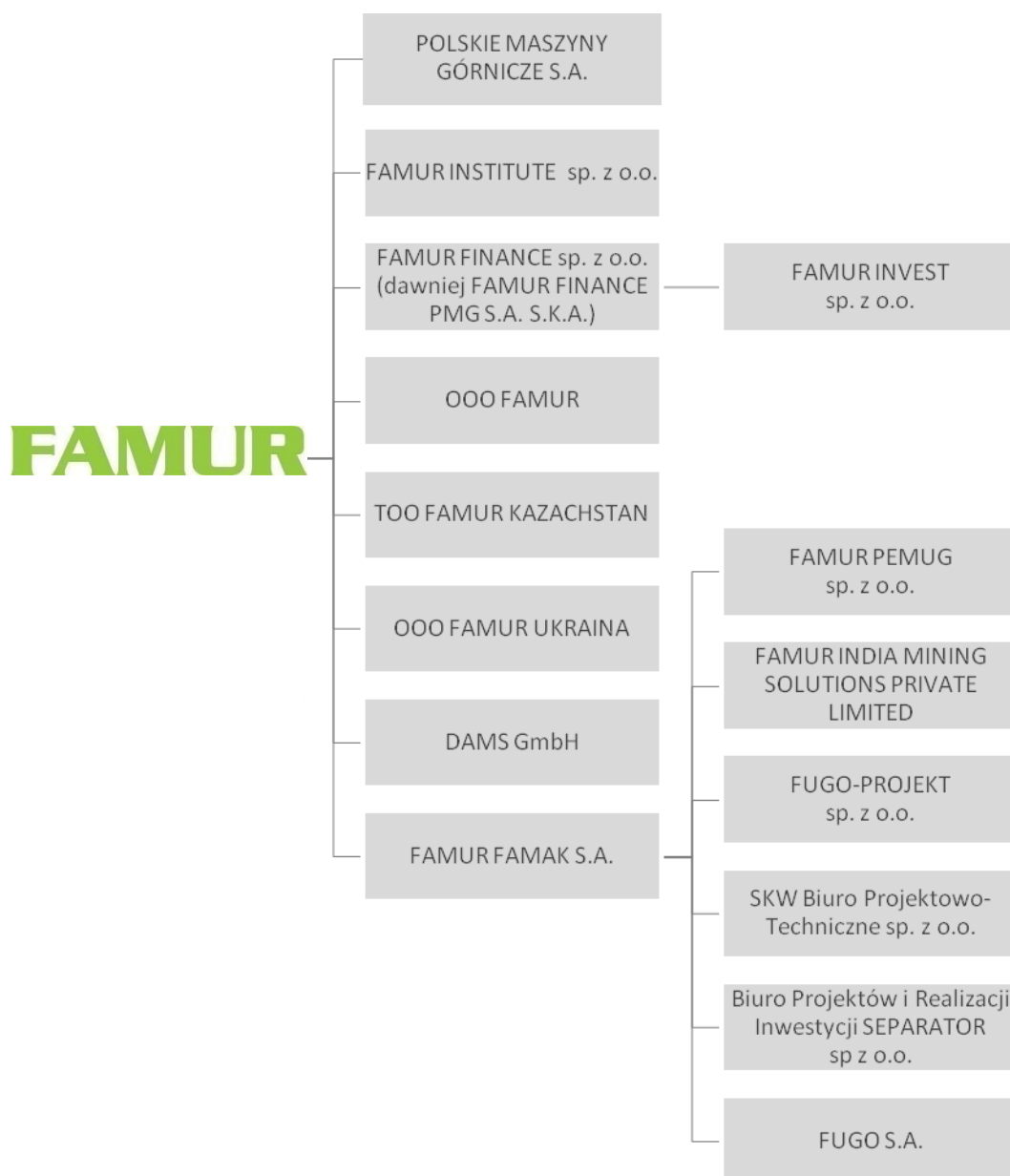
6. Effects of changes in the structure of the Capital Group

In 2016 Q4 and after the balance sheet date – until the publication of this quarterly report – the following changes or events occurred within FAMUR Group:

As a result of acquisition of a majority package of shares in KOPEX S.A. by an intermediate parent company of the Issuer (TDJ SA) in December 2016, the Management Board of the Issuer commenced works on the integration of FAMUR Group and Kopex Group. As expected by the Management Board, the integration of assets will continue at least until the end of 2017.

Structure of FAMUR Group

The chart below presents companies directly or indirectly controlled by the Issuer as at the balance sheet date, that is, 31 December 2016.



7. Significant events including a description of the financial standing of FAMUR Group

Sales

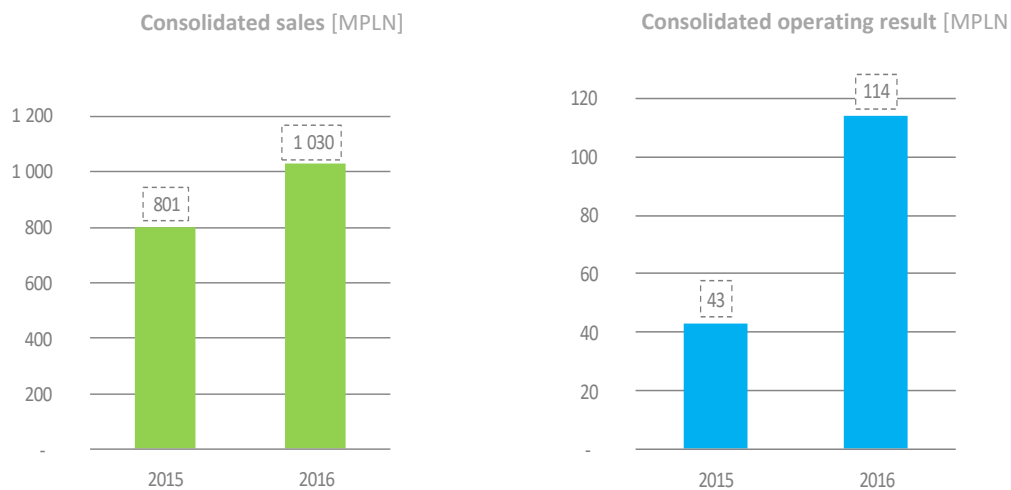
In 2016 Q4, FAMUR S.A. and its subsidiaries generated more than PLN 304 million consolidated revenues from sale, which means an increase by 64% (PLN 119 million) in comparison to the equivalent period in 2015. The revenues of FAMUR Group in 2016 Q4 – apart from performance of the agreements of lease of shearer loaders and roadheaders – were affected, among other transactions, by the delivery of the longwall system for the mine Nowe Brzeszcze Grupa Tauron, repairs and modernisations of powered roof supports and scraper conveyors, performance of the contract for the delivery of the longwall system for

the mine Imbat in Turkey, export sales of shearer loaders and completion of contracts regarding construction of coal feeding and slag removal systems of FAMUR FAMA S.A. and the delivery of cargo handling equipment for EMO port in Rotterdam.

Revenues of the parent company in 2016 Q4 amounted to PLN 230.6 million, increasing by 85% (PLN 106 million) in relation to 2015 Q4.

Operating result

In 2016 Q4 FAMUR Group noted down consolidated operating profit of PLN 32 million, which corresponded to nearly 11% of revenues compared to operating profitability of 2% in 2015 Q4 when the consolidated operating result amounted to PLN 4 million. Incrementally, during 2016 FAMUR Group worked out operating profit of nearly PLN 114 million, which corresponded to 11% of revenues compared to operating profitability of 5.4% in the corresponding period in 2015. A higher operating margin is connected, among other things, with optimisation of the structure of costs and technological processes in FAMUR group, the manufacturing plants being significantly loaded with contracts for both foreign and Polish market.



Source: Issuer; in MPLN

Other operating activities

The balance of other operating activities had a negative effect on the operating result in 2016 Q4 amounting to PLN -15 million. Among other operating costs the most significant items were costs of service maintenance amounting to PLN 12 million.

At the level of operating activities in 2016 Q4 the company FAMUR S.A. noted down profit of PLN 16 million, compared to operating loss of PLN -10 million in 2015 Q4 (according to converted data).

Profit/loss after tax

FAMUR Group closed the year 2016 with net profit of PLN 93.8 million. In 2016 the balance of financing activity was negative and it amounted to PLN -8.6 million, and it was affected, among other things, by charging of interest on loans and obligations.

The net profit of FAMUR S.A. for all 4 quarters of 2016 amounted to PLN 59.4 million, compared to PLN 37 million in the four quarters of 2015 (converted data). The balance on financing activities in the period of 12 months of 2016 amounted to PLN -8.2 million.

Debt and cash

The balance of loans and borrowings, lease payable and current investment payable in FAMUR Group is presented below.

	31 December 2016	31 December 2015
FAMUR Group		
Loans and borrowings, of which:	184,898	90,497
- long-term	-	-
- short-term	184,898	90,497
Lease payable, of which:	5,365	1,048
- non-current	3,068	540
- current	2,297	508
Bonds	110,438	-
Cash	434,114	18,702

Source: Issuer; in KPLN

The level of equity capitals of FAMUR Group at the end of 2016 amounted to PLN 993 million and form the basis to obtain additional financing depending on the needs. The Group's debt in connection with loans, including leases and obligations as at 31 December 2016 amounted to PLN 300.7 million, i.e. 30% of equity capitals. Cash at the end of December 2016 was above PLN 434 million. As at the end of December the Group had 133 million of net cash.

Separate debts due to loans and borrowings, leases and obligations of the parent company as at the end of December 2016 amounted to PLN 410 million, given cash and cash equivalents amounting to PLN 246 million.

Cash flows

The consolidated operating net cash flows of the Group for four quarters of 2016 amounted to PLN 314.6 million, at PLN 115.1 million in the corresponding period in 2015. The investing activities of FAMUR Group generated negative cash flows of PLN -84.7 million. The cash flows of the Group from financing activities amounted to PLN 185 million, compared to PLN -1.7 million in 2015. Higher cash flows from financing activities were directly due to the launching of the bonds issue programme. From 01 to 12.2016, FAMUR Group generated total net cash flows of PLN 416 million compared to PLN -47 million in 2015.

Operating cash flows of the parent company for four quarters of 2016 amounted to PLN 235 million. The investing activities of FAMUR S.A. generated negative cash flows of PLN -88 million. Cash flows from financing activities of FAMUR S.A. amounted to PLN 89 million.

8. Factors which could affect the results

- As a result of acquisition of a majority package of shares in KOPEX S.A. by an intermediate parent company of the Issuer (TDJ SA) in December 2016, the Management Board of the Issuer commenced works on the integration of FAMUR Group and Kopex Group. As expected by the Management Board, the integration of assets will continue at least until the end of 2017. Cooperation between two largest Polish producers of mining machinery will provide a real opportunity to build a strong Polish entity to successfully compete the world leaders in the market of mining machinery producers. In the past similar consolidation processes within an electromechanical engineering company were also carried out in other countries, e.g. Germany. The knowledge resources of FAMUR and KOPEX as well as their shared experience and market position provide a chance to build a platform allowing export expansion of the Polish engineering thought and verified products and services. In the Issuer's opinion, the integration of FAMUR Group with KOPEX is the best way to effectively defy negative trends in the industry. Consolidation will allow adapting the offer to the current needs of the domestic mining sector even better, and the optimisation of production processes should in addition

improve the structure of costs and thus it can be a real support for coal companies. On the one hand the performance of the project will make it possible to develop an offer that in terms of price, quality, technology and effectiveness will help the mines improve coal mining profitability. On the other hand, it can ensure stability and support in expanding exports and development programmes.

- To continue the dynamic development of the Surface segment a decision was made to invest in increasing its production capacity dedicated to the manufacturing profile of this segment. The process of acquisition of an organised part of Famago Sp. z o.o. in bankruptcy by Famak Group is pending. Also, Famak Group submitted a bid to acquire Fugo Zamet Sp. z o.o. A successful end to the above-mentioned processes would make it possible to obtain a park of machinery that would be unique on a national scale along with skilled production workers. If these projects are completed, the investments will considerably reinforce the technical potential of Famak Group, and will allow consolidating it both as regards producers of cargo handling equipment and opencast mining equipment. At the same time, Famur S.A. decided to increase the capital in Famak S.A. by PLN 40 million in order to finance these investments and improve the balance of this segment, which should make it possible to obtain necessary guarantee and credit facilities for new contracts.
- For a few years companies from the Issuer's Group have carefully observed the market of coal producers and the related supply base – producers of mining machinery and equipment. As a result of the analyses, the Issuer decided to implement a regular programme optimising business operating costs. One of its elements was the Operating Integration Programme (OIP) launched in 2014 or the Bonds Issue Programme in December 2015. Thanks to regular analyses pointing to possible recession in the sector, FAMUR Group prepared for reducing the negative effects on the market to the minimum, which apart from launching the OIP included renegotiation of loans, search for alternative financing sources and optimising production processes, diversifying areas of activity to remain competitive and capable of generating profit. The results of FAMUR Group are an effect of conscious and restrictive financial and organisational policy of FAMUR Group. Regular analysis of factors which could pose a threat to financial stability makes it possible to anticipate and respond to risk, among other things, through creating reserves and impairment losses on an ongoing basis.
- Despite the continuing difficult economic situation in Polish mines – the key customers of the Group in the domestic market – FAMUR Group has succeeded in extending its products portfolio and effectively diversifying its revenues from sales. Surface segment contracts had a significant share in total revenues. The Issuer intends to continue diversifying its revenues and it does not exclude subsequent acquisitions as currently there are attractive market conditions for undertaking such activities.
- The economic situation of the Polish mining sector and prices of coal maintained at a low level can translate into results obtained by FAMUR Group. Decreasing investment expenditure of mines and waiting for managerial decisions to solve or minimize financial problems of the Polish mining sector can affect the possibility of maintaining the existing scale of operations of the suppliers of mining machinery and equipment. Thus, the Issuer's Group decided to reinforce its presence in foreign markets and extend the portfolio of its products and services, in particular for the strategic power industry. Concurrently, FAMUR has consistently implemented the programme of foreign expansion GO Global,
- Fluctuations in exchange rates and related ongoing valuation of forward transactions can affect the results in respective quarters. However, the primary objective behind this form of hedging is hedging the operating margin on contracts. The valuation of forward contracts is presented in section 22 of this report.

9. Industry and geographical segments

The main products of FAMUR Group are machines and equipment forming part of longwall system, roadheaders, belt conveyors and auxiliary equipment forming part of the new Underground segment as well as cargo handling and lifting equipment that together with complete construction of mining shaft

hoists make the Surface segment. The results of segments and their share in total revenues after 12 months of 2016 are presented in the table below.

Continuing operations

	Underground	Surface	Total
12 months of 2016			
Revenue from sales	741,163	288,578	1,029,741
Cost of products, goods and materials sold	549,768	236,713	786,481
Profit from sales before tax	191,395	51,865	243,260
Profit from sales	119,204	38,759	157,963
<i>Sales margin</i>	16.1%	13.4%	15.3%
<i>Share of the segment in revenues</i>	72.0%	28.0%	100.0%
12 months of 2015			
Revenue from sales	638,930	162,047	800,976
Cost of products, goods and materials sold	476,013	125,869	601,883
Profit from sales before tax	162,917	36,177	199,094
Profit from sales	46,655	21,969	68,624
<i>Sales margin</i>	7.3%	13.6%	8.6%
<i>Share of the segment in revenues</i>	79.8%	20.2%	100.0%

Source: Issuer; in KPLN

Over 12 months of 2016 FAMUR Group considerably increased the share of revenues from the Surface segment in total revenues from sales to 28% - from 20% in the corresponding period of 2015. In order to improve the difficult situation of Polish producers of underground mining machinery, FAMUR Group intends to consistently build its position in electrical machine engineering for opencast mines and the power engineering sector.

Both in the Underground and Surface segment, FAMUR Group generated higher sales margins than in the corresponding period in 2015.

The revenues of the underground mining segment were mainly affected by foreign contracts, sale of new and modernisation of the existing sections of roof supports, delivery of longwall systems, lease and service maintenance of shearer loaders and roadheaders, production of gears for lignite mines or sales of shearer loaders and scraper conveyors, including export sales.

In the Surface segment the result was significantly affected by contracts performed by FAMUR FAMAK S.A., in particular design and production of coal feeding systems for the needs of Polish power plants and the performance of the contract for the EMO transshipment terminal in the Netherlands.

Geographical structure of revenues

Export sales of FAMUR Group for 12 months of 2016 accounted for nearly 30% of total revenues from sales, reaching a nominal value of PLN 304 million, which was a 40% increase in relation to the analogous period in the previous year. The dynamics and share of respective foreign markets are presented in the table below.

Revenue from sales	12M 2016	12M 2015	Dynamics	Share
Poland	725,810	584,307	21.8%	70.5%
Russia and CIS	124,255	136,823	-1.4%	12.1%
European Union	123,457	59,779	106.5%	12%
Other European countries	4,220	1,607	162.6%	0.4%
Other*	51,998	18,463	195.5%	5.0%
Total	1,029,741	800,976	28.6%	100.00%
Country	725,810	584,307	24.2%	70.5%
Total export	303,931	216,669	40.3%	29.5%

Source: Issuer; in KPLN; *North and South

The sales dynamics on respective foreign markets depends on the quarter in which the contract is performed (often of considerable value) and it can significantly change from quarter to quarter. The high value of respective separate contracts completed by FAMUR Group can vary the share of respective geographical markets by several to several dozen percentage points.

10. Impairment losses and reserves

The consistent financial restrictions policy of FAMUR Group, including ongoing analysis of factors threatening the financial stability of the Group, makes it possible to anticipate and respond to risk, among other things, by regular creation of reserves and impairment losses. From the beginning of 2016 the Issuer and FAMUR Group updated the reserves and impairment losses on the assets presented in the table below.

	31 December 2016	change	31 December 2015
Issuer			<i>converted data</i>
Long-term provisions for retirement pensions and similar benefits	18,640	-2,275	20,915
Short-term provisions for retirement pensions and similar benefits	12,802	2,004	10,798
Other long-term reserves and provisions	5,804	786	5,018
Other short-term reserves and provisions	11,121	370	10,751
Impairment losses on receivables	72,288	-1,447	73,735
Impairment losses on inventory	15,002	0	15,002
Impairment losses on tangible fixed assets and intangibles	5,949	0	5,949
Deferred tax assets	18,094	-2,855	20,949
Deferred income tax reserve	996	-4,632	5,628
	31 December 2016	change	31 December 2015
Capital group			
Long-term provisions for retirement pensions and similar benefits	19,222	-1,910	21,132
Short-term provisions for retirement pensions and similar benefits	15,514	2,627	12,887
Other long-term reserves and provisions	8,364	567	7,797
Other short-term reserves and provisions	19,029	-12,824	31,853
Impairment losses on receivables	85,783	2,801	82,982
Impairment losses on inventory	17,917	-111	18,028
Impairment losses on tangible fixed assets and intangibles	6,331	187	6,144
Deferred tax assets	36,256	-1,594	37,850
Deferred income tax reserve	28,159	1,151	27,008

Source: Issuer; in KPLN

* data converted in connection with mergers within FAMUR Group

11. Business seasonality

The activities of FAMUR S.A. and its Capital Group are neither seasonal nor cyclic. However, it should be noted that with regard to the considerable value of separate contracts scheduled to be performed for longer than one quarter, the quarterly revenues of the Group can vary.

12. Securities

Stocks

By way of Resolution No. 27 ZWZ of FAMUR S.A. of 18 June 2015, it was decided that the period of authorisation of the Management Board to purchase own shares (granted by the Ordinary General Assembly in resolution no. 24 on 26 June 2013) until 26 June 2018, however not longer than until funds to purchase them are exhausted. The Ordinary General Assembly of FAMUR S.A. decided that other provisions of Resolution No. 24 of the Ordinary General Assembly of 26 June 2013 remained unchanged.

Bonds

Launching the Bonds Issue Programme

The Management Board of FAMUR S.A., pursuant to the applicable resolution of the Company's Management Board of 18 December 2015 and the approval of the Supervisory Board of FAMUR S.A. issued pursuant to Art. 15 par. 2 section 13 of the Memorandum and Articles of Association of FAMUR S.A., decided to determine and launch the Bonds Issue Programme allowing the Issuer to issue Bonds totalling (nominal value) up to PLN 500,000,000.00 (in words: five hundred million zlotys).

It was agreed that the nominal value of a single Bond issued under the Programme would amount to PLN 1,000.00. The duration of the Bonds Issue Programme, i.e. the term within which the Issuer's Management Board can undertake a resolution to issue respective classes of Bonds under the Bonds Issue Programme, will not be longer than until 31.12.2017, subject to conditions regarding the total nominal value of Bonds issued under the Programme.

The Bonds will be offered according to Art. 33 par. 2 of the Bonds Act of 15 January 2015 (Dz. U. (JL) of 2015, item 238, as amended), i.e. by non-public issue (private issue) to specific individual addressees, in a number not exceeding 149. Respective issues of Bonds of subsequent classes can have different final terms of Bonds issue, including the rules for determining the rate and amount of interest. Under the Bonds Issue Programme the Company will be able to issue one or more classes of Bonds. The bonds will not be issued in documentary form and the maintenance of records and settlements on behalf of the Issuer will be a responsibility of an authorised entity. In particular, it was determined that the Bonds can be registered with Krajowy Depozyt Papierów Wartościowych S.A. The Issuer was authorised to conclude a Bonds registration agreement or agreements with Krajowy Depozyt Papierów Wartościowych S.A.

The Bonds will be bearer bonds and will be issued as secured or unsecured bonds. Detailed terms regarding security will be determined in the terms and conditions of issuing Bonds by the Issuer's Management Board for each class of Bonds issued under the Bonds Issue Programme.

The terms of issue of every class of the Bonds can determine whether the Bonds should be put on the regulated market or an alternative market run by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) or BondSpot S.A. The terms of issue of Bonds can provide for putting the Bonds onto one of the above-mentioned alternative markets or on both of them at the same time.

Resolution concerning issuance and allocation of A class Bonds

On 22 December 2015, the Issuer informed its stockholders that pursuant to applicable resolutions of the Management Board and the Supervisory Board, it decided to issue A class bonds, determine their parameters and allocate A class bonds.

As intended by the Management Board, A class Bonds are the first tranche of the Bonds Issue Programme that is supposed to continue until 31.12.2017. The Management Board of FAMUR S.A. will make decisions on the issue of subsequent tranches depending on the financial needs of the Issuer connected with its increasing market activity and development of the organisation.

The adopted resolutions determined that FAMUR S.A. would issue A class bearer bonds, dematerialized, secured, with a total nominal value not exceeding PLN 108,000,000. The Company will issue not more than 108,000 A class Bonds and the nominal value of a single A class Bond will be PLN 1,000.00. The issue price per A class Bond will be PLN 1,000.00.

A class Bonds will be subject to interest at a variable rate of interest based on 6M WIBOR plus margin for each interest period. Interest on A class Bonds will be paid every 6 months. The terms of issue of A class Bonds do not provide for non-cash performance. The terms of payment of interest on A class Bonds are described in detail in the Terms and Conditions of Issue of A Class Bonds.

The purpose of issue of A class Bonds was not determined.

It was agreed that the claims of Bond Holders by virtue of A class Bonds will be secured with two blank promissory notes and a declaration of submission to enforcement according to Art. 777 par. 1 section 5 of the Code of Civil Procedure, under an agreement between the Issuer and the Bond Security Administrator.

Every blank promissory note agreement stipulates, among other things, that: (i) the maximum amount of a single promissory note must not exceed 62.5% of the nominal value of Bonds issued and (ii) the latest date by which the blank promissory notes can be completed will be 31 December 2024.

The Issuer will submit the Declaration of submission to enforcement to the Bond Security Administrator, up to the maximum amount corresponding to 125% of the nominal value of Bonds issued (whereas the declaration of submission to enforcement will indicate the specific amount), within 7 days from the Issue Date.

A class Bonds were offered to investors according to Art. 33 par. 2 of the Bonds Act of 15 January 2015 (Dz.U. (JL) of 2015, item 238, as amended), i.e. by non-public issue (private issue) to specific individual addressees, in a number not exceeding 149.

Bond Holders will be able to demand early redemption of A class Bonds. Events authorising the Bond Holders to demand early redemption of A class Bonds and the procedure of early redemption of A class Bonds are determined in the terms of issue of A class Bonds.

Starting from the third (inclusive) interest period and every 6 months at the end of every subsequent interest period, the Issuer will be able to demand early redemption of all or part of A class Bonds on terms determined in the Terms and Conditions of Issue of A Class Bonds. The Issuer will notify the Bond Holders on the early redemption of the Bonds at least 10 business days in advance of the early redemption date. Early redemption of the Bonds can take place on interest payment dates.

It was decided that A class bonds could be put onto an alternative market run by Giełda Papierów Wartościowych w Warszawie S.A. (WSE) or BondSpot S.A., or onto both markets at the same time. If it is decided that A class Bonds will be put on an alternative market, the Issuer's Management Board will undertake all necessary measures to put A class Bonds onto one of the above-mentioned trading markets or on both of them at the same time.

A class Bonds will be issued in accordance with and will be governed by Polish law.

During the term of the Bonds, the Issuer does not exclude an increase in the level of liabilities due to both the issue and the ongoing activities of the Issuer, including performance of long-term contracts and projected development of the Issuer's Capital Group - including acquisitions, if any. The Issuer plans that the liabilities will be at a safe level compliant with ratios determined in the Terms and Conditions of Issue of Bonds.

The Management Board of FAMUR S.A., acting based on the Supervisory Board's approval regarding non-public issue of bonds and pursuant to the resolution of the Management Board of the Company of 18 December 2015 concerning the establishment and launching of the Bonds Issue Programme up to PLN 500,000,000, as well as the resolution of the Management Board of the Company adopted on 21 December 2015 concerning bonds issuance and approval of the terms of issue of A class Bonds, allocated 108,000 A class Bonds with the nominal value of PLN 1,000.00 each to entities that subscribed the Bonds, i.e. submitted a valid and effective form of Acceptance of the Proposal to Purchase A Class Bonds. The total issued value of the Bonds is PLN 108,000,000.00.

Registration of A class Bonds with KDPW

A class Bonds were dematerialized and registered with the securities depository maintained by Krajowy Depozyt Papierów Wartościowych S.A. on 12 January 2016. The bonds registered with the depository were identified with the code ISIN PLFAMUR00038. Thus, 12 January 2016 is the date of issue of A class Bonds. The date of redemption of A class Bonds will be 13 January 2020.

Putting A class Bonds for trading on the Catalyst market

As of 18 March 2016 the Management Boards of WSE and BondSpot resolved to put A class bonds of FAMUR S.A. onto the market in the alternative trading system of WSE and BondSpot. 31 March 2016 was appointed as the first day of listing the A class bonds of FAMUR S.A.

13. Dividend

In 2016 Q4 no events occurred or no decisions were made in FAMUR Group in connection with the process of dividend approval or payment.

14. Events after the reporting period

The Issuer presents a list of significant events which occurred in FAMUR Capital Group after 2016 Q4.

- *Selection of the bid submitted by FAMUR S.A. concerning the delivery of a powered roof support to Russia*

On 9 February 2017 the bid submitted by the Issuer's subsidiary for the supply of 177 powered roof supports for the mine Kirova owned by the concern AO SUEK was selected. The value of the bid is EUR 21,491,000.00.

- **Signing of a contract for the supply of a longwall system for the coal mine Chertinskaya-Koksovaya**

On 13 February 2017, the Issuer informed that a contract for the supply of a longwall system for the coal mine Chertinskaya-Koksovaya (Russia) had been signed. The value of the contract is EUR 17,500,000.00, that is, PLN 75,302,500.00.

- **Submission of a bid to purchase 100% of shares of Fugo Zamet sp. z o.o.**

On 16 February 2017, FAMUR FAMAK S.A. (hereinafter "FAMAK") submitted a preliminary bid to purchase the shares of Fugo Zamet sp. z o.o. In its bid FAMAK indicated, among other things, that with regard to a good evaluation of the prospects in the market on which it operated and thus the requirement of additional production capacity, the company is interested in acquiring Fugo plant in Konin which has an adequate park of machinery and relevant competences matching the production profile of FAMAK (i.e. among other things, in the area of production of cargo handling machinery and opencast mining machinery and equipment). At the same time, FAMAK emphasized that it was interested in retaining the production capacity and continuing the development of the plant in Konin following its adaptation to the ongoing production requirements. In its preliminary bid FAMAK estimated the value of 100% of share of Fugo at PLN 12-15 million.

Concurrently with the pending process of acquisition of Fugo, FAMAK Group have undertaken measures to acquire an organized part of Famago sp. z.o.o. in bankruptcy (here "Famago") from an official receiver. The operating area of Famago includes production of a full range of equipment making a complete park of machinery for the needs of the modern opencast mining and transshipment industry. The company also supplies necessary consumables.

If the adopted investment strategy was successful, FAMAK would consolidate the knowledge and experience regarding production of cargo handling machinery and opencast mining machinery along with adequate supply base and skilled staff. As a result of both transactions the production potential of FAMAK should increase by about 9000 t/year.

15. Events related to previous years

In the current period no events related to previous years occurred.

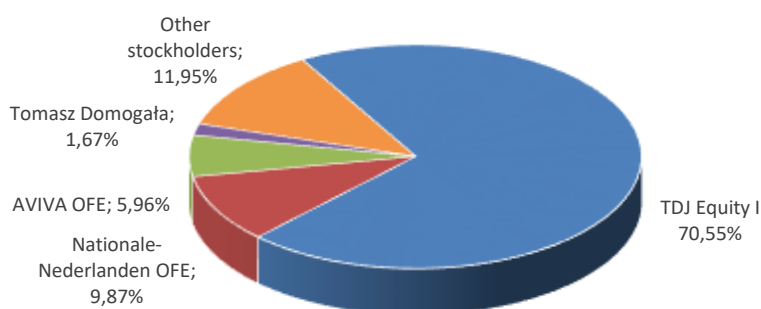
16. Implementation of the forecast

The Management Board decided not to make forecasts for 2016 public.

17. List of stockholders represented at the GA

As at 31 December 2016 the Company's share capital amounted to PLN 4 864 700.00 and was divided into PLN 486 470 000 A, B and C class shares with the nominal value of PLN 0.01 each. All the issued shares are equity shares with no preference to participate in the distribution of profit and votes at the General Assembly. The following chart and table present the stockholding structure as at 24 June 2016 (the last General Assembly of the Issuer) and notices received (list of stockholders representing at least 5% votes).

Stockholding structure of FAMUR S.A.



Source: Issuer

Stockholder	Number of shares	Number of votes at GA	Share of votes at GA	Percentage of share capital
TDJ Equity I sp. z o.o.	343,225,896	343,225,896	70.55%	70.55%
Nationale-Nederlanden OFE	48,000,000	48,000,000	9.87%	9.87%
AVIVA OFE	29,000,000	29,000,000	5.96%	5.96%
Tomasz Domogała	8,106,855	8,106,855	1.67%	1.67%
Own shares*	1,000	1,000	0%	0%
Other stockholders	58,136,249	58,136,249	11.95%	11.95%
Total	486,470,000	486,470,000	100.00%	100.00%

Source: Issuer; * indirectly through a subsidiary

In relation to the stockholding structure presented in the last interim report, the list of stockholders representing at least 5% votes has not changed.

The main stockholding of TDJ Equity I sp. z o.o. has not changed since the submission of the quarterly report for 2016 Q3. TDJ S.A. is a parent company of TDJ Equity I sp. z o.o. The Chairperson of the Supervisory Board, Mr Tomasz Domogała directly supervising TDJ S.A. indirectly supervises the majority package of shares of FAMUR S.A.

18. Shares of managers and supervisors

In total the shares of FAMUR S.A. held by Members of the Management Board and Supervisory Board go with 2.0570% of votes at the Issuer's General Assembly.

	Number of stocks held	Share of votes at GA
Managers		
Dawid Gruszczczyk	1,575,000	0.3238%
Beata Zawiszowska	321,000	0.0660%
Zbigniew Fryzowicz	2,568	0.0005%
Zdzisław Szypuła	1,497	0.0003%
Supervisor		
Tomasz Domogała*	8,106,855	1.6665%

Source: FAMUR GROUP; As at 14.11.2016; * Chairperson of the Supervisory Board, Mr Tomasz Domogała directly supervising TDJ S.A. indirectly supervises the shares of FAMUR S.A. held by TDJ Equity I sp. z o.o.

The shares owned by Mr Dawid Gruszczczyk were acquired as a result of merger of FAMUR S.A. and ELGÓR+ZAMET sp. z o.o., which the Issuer recorded in current reports no. 56/2015, 4/2016, 15/2016, 20/2016, 21/2016, 22/2016, and 38/2016.

19. Significant proceedings in public administration courts

With reference to information provided in the recent reports of FAMUR Group and in current reports no. 44/2009, 1/2010, 21/2012 or 12/2014, court proceedings in the case filed by the Issuer (i.e. as a legal successor of the company Fabryka Zmechanizowanych Obudów Ścianowych FAZOS S.A. combined with Zakład Maszyn Górniczych GLINIK sp. z o.o. which was combined with the Issuer) against KOPEX S.A. and Fabryka Urządzeń Górniczych Tagor S.A., regarding damages for the loss incurred by FAZOS S.A. in connection with the non-performance of the contract for a Chinese customer, were suspended by way of the decision of the Regional Court in Katowice. In these proceedings a demand was made for payment of damages for losses incurred in connection with the necessity to insure exchange rates. The value of damages claimed in PLN 51,875,600.00. A suspension was determined until the final settlement of the case against KOPEX S.A. and Tagor S.A. for payment of PLN 22,206,707.76 by virtue of lost profit in connection with the non-performance of the contract for a Chinese customer. The contract was to be performed under a cooperation agreement of 11 January 2008 providing for the supply equipment worth about 50% of the amount of the contract signed by KOPEX S.A. with a Chinese customer. In these proceedings the instance has been exhausted, i.e. the Supreme Court issued a decision on refusal to accept the Issuer's complaint in cassation for consideration. The proceedings have been completed.

In connection with this fact, the proceedings referred to in paragraph one (i.e. for payment of damages amounting to PLN 51,875,600.00), were instituted by way of decision of 25 March 2015. On 14 May 2015 a trial was held during which the Court admitted an expert institute's opinion as evidence. On 28 December 2015 the Court appointed the Institute of Financial Studies and Analyses of the School of Information Technology and Management in Rzeszów as an expert institution commissioned with the task of preparing a written opinion concerning the establishment of the amount of the loss incurred by the Issuer. Prior to issuing the decree, the Issuer reduced the value of the claim to PLN 33,705,361.31.

On 29.06.2016 the Regional Court in Katowice issued a decree in which:

- 1) the claim amounting to PLN 33,705,361.31 was dismissed (it was an amount to which the Issuer reduced the claim),
- 2) the proceedings for payment of PLN 18,170,238.69 were discontinued,
- 3) the claimant was obliged to refund the costs of legal representation amounting to PLN 7,217 to KOPEX SA,
- 4) the claimant was obliged to refund the costs of legal representation amounting to PLN 7,217 to TAGOR S.A.,
- 5) the claimant was obliged to refund the expenses amounting to PLN 7,377.60 to KOPEX SA,
- 6) the claimant was obliged to pay PLN 21,961.78 to the State Treasury by way of reimbursement of expenses not covered in the course of the proceedings.

The decree is not final and the Issuer has appealed against it.

20. Transactions with associates

In 2016 Q4 arm's length transactions with associates which, in the opinion of the Management Board, were typical and routine transactions took place.

21. Warranties or guaranties granted and changes in contingent liabilities

Contingent receivables and liabilities of FAMUR Group

	31.12.2016	31 December 2015
Consolidated data		
1. Contingent receivables	-	-
2. Contingent liabilities	127,876	142,827
- guarantees granted, including:	69,312	78,418
- <i>tender guarantees</i>	3,444	6,454
- <i>performance bonds</i>	64,830	63,653
- <i>other</i>	1,038	8,311
- warranty and promissory notes to financial institutions	-	-
- redemption of receivables	58,564	64,409

22. Other information

Employees

As at the balance sheet day, that is, 31 December 2016, FAMUR Group had 2 523 employees. The Issuer will present information about FAMUR Group's average number of employees and the average remuneration in financial year 2016 in the annual financial statements.

Changes in the composition of the Management Board

As of 1 January 2016, Mr Dawid Gruszczyk was appointed Vice-President of the Management Board of FAMUR S.A. and on 1 March 2016 Mr Henryk Sok resigned from the function of Vice-President of the Management Board.

Management Board of FAMUR S.A. as at 31 December 2016:

1. Mirosław Bendzera – President of the Management Board
2. Beata Zawiszowska – Vice-President of the Management Board
3. Zbigniew Fryzowicz – Vice-President of the Management Board
4. Zdzisław Szypuła – Vice-President of the Management Board
5. Dawid Gruszczyk – Vice-President of the Management Board (appointed as of 1 January 2016)

Valuation of forward hedges in FAMUR Group as at 31 December 2016.

The Group undertakes measures to minimize the currency risk through F/X forward hedges and advances to suppliers (in certain cases). The table below presents the valuation of derivative instruments in FAMUR Group as at the balance sheet date, that is, 31 December 2016.

Derivative instruments (groups of instruments)	Scheduled date of realisation of the hedged cash flow or a group of cash flows	Value of future cash flows at forward rate	Market value of hedges as at 31.12.2016	Hedged risk
FAMUR FAMAK S.A.				
Forward - EUR sale	2017 Q1	9,444	9,129	Currency risk
Forward - EUR sale	2017 Q2	12,556	12,248	Currency risk
Forward - EUR sale	2017 Q3	2,868	2,779	Currency risk
Forward - EUR sale	2017 Q4	3,180	3,117	Currency risk
Forward - EUR sale	2018 Q1	13,218	12,834	Currency risk
Forward - EUR sale	2018 Q2	1,324	1,286	Currency risk
Forward - EUR sale	2018 Q3	6,947	6,799	Currency risk
FAMUR S.A.				
Forward - EUR sale	2017 Q1	54,168	52,734	Currency risk
Forward - RUB sale	2017 Q1	394	280	Currency risk
Forward - EUR sale	2017 Q2	2,839	2,835	Currency risk
Forward - EUR sale	2017 Q3	3,123	3,065	Currency risk
Forward - EUR sale	2017 Q4	3,136	3,073	Currency risk
Forward - EUR sale	2018 Q1	1,049	1,028	Currency risk
IRS	2020 Q1	108,000	107,840	Interest rate risk
Total		222,245	219,047	

Source: Issuer; in KPLN

Short separate financial statements of FAMUR S.A. for 2016 Q4

SHORT SEPARATE FINANCIAL STATEMENTS OF FAMUR S.A.

Accounting principles applicable to reporting for 2016 Q4

The report was drawn up in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) applied in the company from 1 January 2005. In particular, the report was prepared based on the provisions of IAS 34 "Interim Financial Reporting" and where not regulated by the IFRS - in compliance with the requirements of the Accounting Act. If not indicated otherwise, all data is given in thousands of Polish zlotys.

In the short separate financial statements of FAMUR S.A. for 2016 Q4, in connection to mergers taking place in 2015 between FAMUR S.A. and GEORYT sp. z o.o. and ZMG GLINIK sp. z o.o. and Famur Brand Sp. z o.o.– the comparative data for 2015 Q4 was converted and data as at 31.12.2015 was converted.

Balance sheet of FAMUR S.A.

	31 December 2016	<i>converted data</i> 31 December 2015
ASSETS		
Fixed assets	665,788,000	701,250
Intangible assets	166,485	173,949
Tangible fixed assets	302,115	336,426
Non-current receivables	16,957	4,248
Long-term investments	159,182	162,844
Other long-term assets (prepayments)	2,956	2,832
Deferred tax assets	18,094	20,950
Current assets	812,310	449,174
Inventories	123,347	148,098
Trade receivables	406,323	264,453
Other short-term receivables	18,552	17,855
Current financial assets	13,530	7,306
Cash and cash equivalents	246,071	9,693
Other short-term assets (prepayments)	2,758	1,769
Fixed assets classified as assets held for sale	1,728	-
Total assets	1,478,098	1,150,424
LIABILITIES		
Equity capital	700,065	649,571
Share capital	4,865	4,815
Supplementary capital	201,117	214,891
Revaluation reserve	1,573	1,573
Other reserve capitals	373,984	373,984
Retained earnings	118,527	54,308
Liabilities and provisions for liabilities	778,032	500,853
Provisions for liabilities	49,364	53,111
Long-term loans and borrowings	0	0
Non-current lease payable	405	207
Other non-current payables	111,184	684
Trade payable	147,162	80,940
Tax payable	45,050	13,226
Short-term loans and borrowings	298,254	315,957
Current financial lease payable	428	144
Other current payables	104,185	14,065
Other payables (accruals)	21,999	22,519
Total liabilities	1,478,098	1,150,424

Profit and loss account of FAMUR S.A.

	<i>3 completed months</i>		<i>12 completed months</i>	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
CONTINUING OPERATIONS				
Net revenue from sales	230,632	124,788	776,078	668,015
Cost of products, goods and materials sold	183,448	100,569	599,627	522,111
Profit from sales before tax	47,184	24,219	176,451	145,903
Other operating revenues	23,207	4,422	27,891	25,353
Cost of sales	2,427	1,100	5,270	8,252
General and administrative expenses	14,677	22,683	54,989	88,728
Other operating expenses	54,857	15,127	73,543	48,225
Profit from operating activity	16,078	-10,267	70,538	26,052
Financial revenues	10,847	3,426	16,909	26,088
Financial expenses	18,639	3,692	25,114	17,297
Profit before tax	15,665	-10,533	62,334	34,843
Income tax	1,768	-2,943	2,893	-2,588
Net profit from continuing operations	14,539	-7,590	59,440	37,431
Discontinued operations	0	0	0	0
Profit after tax	14,539	-7,590	59,440	37,431
Number of shares (units)	486,470,000	481,500,000	486,470,000	481,500,000
Net earnings per share (PLN)	0.0299	-0.0158	0.1222	0.0777

Statement of comprehensive income of FAMUR S.A.

	<i>3 completed months converted data</i>		<i>12 completed months converted data</i>	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit (loss) after tax	14,539	-7,590	59,440	37,431
Actuarial profit (losses)	-	-	33	-
Income tax	-	-	-6	-
Total other comprehensive income	14,539	-7,590	27	-
Total comprehensive income	14,539	-7,590	59,468	37,431

Cash flow statement of FAMUR S.A.

12 completed months
converted data

	31 December 2016	31 December 2015
OPERATING ACTIVITIES		
Profit (loss) before tax	62,334	34,843
Of which profit from discontinued operations		
Total adjustments	172,693	99,854
Depreciation/amortisation	120,596	137,708
(Earnings) losses from translation adjustments	852	-457
Interest and share in profit (dividends)	-1,164	-1,213
(Profit) loss from investing activities	1,,022	-668
Movements in reserves	1,739	-12,938
Movements in inventories	24,867	13,179
Movements in receivables	-173,841	-5,812
Movements in current payables, except loans and borrowings	197,191	-33,528
Income tax paid	3,065	5,605
Movements in prepayments and accruals	1,633	-2,021
Other adjustments	0	0
Net cash flow from operating activities	235,026	134,698
INVESTING ACTIVITIES		
Receipts	10,429	11,868
Disposal of intangibles and tangible fixed assets	2,487	2,388
Disposal of financial assets	7,942	9,480
Expenditure	98,337	239,268
Acquisition of intangibles and tangible fixed assets	84,694	73,351
Investments in real property and intangible assets	0	0
On financial assets	13,643	19,160
Net cash flow from investing activities	-87,908	-227,400
FINANCING ACTIVITIES		
Receipts	426,469	136,394
Loans and borrowings	321,089	136,394
- of which from associates	188,790	48,799
Issuance of debt securities	105,380	0
Other financial receipts	0	0
Expenditure	337,209	91,004
Dividends and other payments to shareholders	0	0
Repayment of loans and borrowings	325,382	65,427
- of which to associates	273,332	7,192
Due to other financial liabilities	0	0
Payment of liabilities arising from financial leases	42	14,290
Interest	11,090	11,287
Other financial expenditure	696	0
Net cash flow from financing activities	89,260	45,390
Total net cash flow	236,378	-47,313
Cash at the beginning of the period	9,693	57,005
Cash at the end of the period	246,071	9,693

Statement of changes in equity of FAMUR S.A.

<i>12 months of 2016</i>	Share capital	Reserve capital	Supplementary capital	Retained earnings	Revaluation reserve	Total	Equity capital allocated to minority stockholders	Total equity
As at 1 January 2016	4,815	373,984	214,891	54,308	1,573	649,571	-	649,571
Actuarial profit/losses	-	-	-	27	-	27	-	27
Profit (loss) after tax	-	-	-	59,440	-	59,440	-	59,440
Total comprehensive income	-	-	-	59,468	-	59,468	-	59,468
Issue of C class stocks	49	-	10,510	-	-	10,560	-	10,560
Allocation of losses to supplementary capital	-	-	-4,752	4,752	-	-	-	-
Write-offs to fixed assets	-	-	-	13,609	-	13,609	-	13,609
Separation of assets	-	-	-19,533	-	-	-19,533	-	-19,533
As at 31 December 2016	4,864	373,984	201,117	118,527	1,573	700,065	-	700,065

<i>12 months of 2015</i>	Share capital	Reserve capital	Supplementary capital	Retained earnings	Revaluation reserve	Total	Equity capital allocated to minority stockholders	Total equity
As at 01 January 2015	4,815	373,984	430,132	164,345	1,573	974,848	-	974,848
Actuarial profit/losses	-	-	-	728	-	728	-	728
Profit (loss) after tax	-	-	-	37,431	-	37,431	-	37,431
Total comprehensive income	-	-	-	38,159	-	38,159	-	38,159
Earnings allocated to supplementary capital	-	-	119,773	-119,773	-	-	-	-
From business combination (merger)	-	-	43,023	-44,706	-	-1,682	-	-1,682
As at 31 December 2015	4,815	373,984	214,891	54,308	1,573	649,571	-	649,571