

The Pekabex Group

The consolidated financial statements for the first quarter ended 31st of March 2016 prepared in accordance with International Financial Reporting Standards.

Figures are quoted in thousands of PLN, unless indicated otherwise.

THE PEKABEX GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	31.03.2016	31.03.2015	31.12.2015
Non-current assets			
Goodwill	12 286	12 286	12 286
Intangible assets	1 131	607	696
Property, plant and equipment	216 091	92 715	155 226
Investment properties	4 310	4 321	4 295
Investments in related parties	60	60	160
Investments in associates	-	-	-
Receivables and loans	1 615	2 247	1 625
Derivative assets	-	-	-
Other long-term financial assets	-	-	200
Long-term prepayments	719	211	533
Deferred tax assets	-	-	-
Total non-current assets	236 213	112 447	175 021
Current assets			
Inventories	27 250	15 106	17 660
Retentions for construction contracts	12 629	5 981	5 582
Trade and other receivables	105 351	93 318	67 594
Current tax assets	2 933	-	2 314
Loans	267	257	265
Derivative assets	-	-	-
Other short-term financial assets	-	1 287	(0)
Short-term prepayments	4 575	2 822	1 285
Cash and cash equivalents	9 360	25 654	44 007
Non-current assets classified as held for sale	-	-	-
Current assets	162 364	144 424	138 707
Total assets	398 576	256 871	313 728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

EQUITY AND LIABILITIES	31.03.2016	31.03.2015	31.12.2015
Equity			
Shareholders' equity attributable to the Shareholders of the Parent Company:		-	-
Share capital	24 213	21 213	24 213
Own shares (-)	-	-	-
Share premium	25 245	-	25 245
Other reserves	67 870	56 241	67 874
Retained earnings:	72 790	57 396	60 672
- profit (loss) from previous year	60 679	50 641	37 479
- profit (loss) attributable to the Shareholders of the Parent Company	12 112	6 755	23 193
Shareholders' equity attributable to the Shareholders of the Parent Company	190 119	134 850	178 005
Equity attributable to non-controlling interests	-	-	-
Total equity	190 119	134 850	178 005
Liabilities			
Long-term liabilities			
Loans, borrowings and other external sources of financing	49 410	-	19 345
Financial leasing	4 983	1 650	4 880
Derivate liabilities	-	-	-
Other liabilities	8 390	6 889	7 999
Deferred tax liabilities	16 683	6 973	14 928
Liabilities and provisions for employee benefits	1 065	217	1 065
Other long-term provisions	6 343	-	6 343
Long-term accruals	-	0	-
Long-term liabilities	86 875	15 729	54 560
Short-term liabilities			
Trade and other payables	86 477	75 527	65 147
Current tax liabilities	1 594	2 305	1 142
Loans, borrowings and other external sources of financing	13 916	16 091	3 958
Financial leasing	3 073	1 289	2 924
Derivate liabilities	-	-	-
Liabilities and provisions for employee benefits	9 821	7 531	6 617
Other short-term provisions	6 575	3 430	1 249
Short-term accruals	126	120	126
Liabilities related to non-current assets classified as held for sale	-	-	-
Short-term liabilities	121 582	106 292	81 163
Total liabilities	208 457	122 021	135 723
Total equity and liabilities	398 576	256 871	313 728

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	od 01.01 do 31.03.2016	od 01.01 do 31.03.2015	od 01.01 do 31.12.2015
Continuing operations			
Net sales	91 471	97 077	350 680
Net sales of finished goods and services	91 097	96 770	348 376
Net sales of goods and materials	374	308	2 304
Costs of sales	76 251	79 687	289 143
Costs of finished goods and services sold	76 063	79 555	287 464
Costs of goods and materials sold	188	134	1 680
Gross profit (loss) on sales	15 220	17 390	61 537
Selling expenses	3 927	4 888	20 930
Administrative expenses	5 632	3 682	18 484
Other operating revenues	785	630	2 622
Other operating expenses	261	411	1 755
Gain on a bargain purchase of related party	9 584	-	6 571
Operating profit (loss)	15 769	9 039	29 562
Financial income	65	165	737
Financial costs	686	610	1 477
Share in profits (losses) of subsidiaries measured by equity method (+/-)	-	-	-
Gross profit (loss)	15 149	8 594	28 822
Income tax	3 037	1 839	5 629
Net profit (loss) from continuing operations	12 112	6 755	23 193
Discontinued operations			
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss)	12 112	6 755	23 193
Net profit (loss) attributable:			
- to the Shareholders of the Parent Company	12 112	6 755	23 193
- to non-controlling entities	-	-	-

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the Shareholders of the Parent Company						Non-controlling interest	Total equity
	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total		
Balance as at 01.01.2016	24 213	-	25 245	67 874	60 672	178 005	-	178 005
Changes in accounting policy								-
Adjustments for fundamental errors						-		-
Balance after adjustments	24 213	-	25 245	67 874	60 672	178 005	-	178 005
Changes in equity for the period from 01.01. to 31.03.2016								
Issue of shares						-		-
Issue of shares due to realization of options (share-based payment)						-		-
Valuation of options (share-based payment)						-		-
Change in structure of capital group (transactions with con-controlling entities)						-		-
Dividends						-		-
Allocation of net profit to equity						-		-
Transaction with shareholders in total	-	-	-	-	-	-	-	-
Net profit (loss) for the period from 01.01 to 31.03.2016					12 112	12 112		12 112
Other comprehensive income after tax for the period 01.01 to 31.03.2016				(4)	6	2		2
Total comprehensive income	-	-	-	(4)	12 118	12 113	-	12 113
Transfer to retained earnings (sales of revalued items of property, plant and equipment)						-		-
Balance as at 31.03.2016	24 213	-	25 245	67 870	72 790	190 118	-	190 118

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STATEMENT OF CHANGES IN EQUITY (CONT.)

	Equity attributable to the Shareholders of the Parent Company						Non-controlling interest	Total equity
	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total		
Balance as at 01.01.2015	21 213	-	-	56 267	50 657	128 137	-	128 137
Changes in accounting policy				-	-	-		-
Adjustments for fundamental errors								
Balance after adjustments	21 213	-	-	56 267	50 657	128 137	-	128 137
Changes in equity for the period from 01.01. to 31.03.2015								
Issue of shares						-		-
Issue of shares due to realization of options (share-based payment)						-		-
Valuation of options (share-based payment)						-		-
Change in structure of capital group (transactions with con-controlling entities)						-		-
Dividends						-		-
Allocation of net profit to equity						-		-
Transaction with shareholders in total	-	-	-	-	-	-	-	-
Net profit (loss) for the period from 01.01 to 31.03.2015					6 755	6 755		6 755
Other comprehensive income after tax for the period 01.01 to 31.03.2015				(26)	(15)	(41)		(41)
Total comprehensive income	-	-	-	(26)	6 740	6 714	-	6 714
Transfer to retained earnings (sales of revalued items of property, plant and equipment)						-		-
Balance as at 31.03.2015	21 213	-	-	56 241	57 396	134 850	-	134 850

The Pekabex Group

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Figures are quoted in thousands of PLN, unless indicated otherwise.

STATEMENT OF CHANGES IN EQUITY (CONT.)

	Equity attributable to the Shareholders of the Parent Company						Non-controlling interest	Total equity
	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total		
Balance as at 01.01.2015	21 213	-	-	56 267	50 656	128 136		128 136
Changes in accounting policy				-	-	-		-
Adjustments for fundamental errors								
Balance after adjustments	21 213	-	-	56 267	50 656	128 136		128 136
Changes in equity for the period from 01.01. to 31.12.2015								
Issue of shares	3 000		25 245			28 245		28 245
Issue of shares due to realization of options (share-based payment)						-		-
Valuation of options (share-based payment)						-		-
Change in structure of capital group (transactions with con-controlling entities)				437		437		437
Reclass				222	(222)	-		-
Dividends					(2 000)	(2 000)		(2 000)
Allocation of net profit to equity				10 928	(10 928)	-		-
Transaction with shareholders in total	3 000	-	25 245	11 588	(13 151)	26 682	-	26 682
Net profit (loss) for the period from 01.01 to 31.12.2015					23 193	23 193		23 193
Other comprehensive income after tax for the period 01.01 to 31.12.2015				20	(26)	(7)		(7)
Total comprehensive income	-	-	-	20	23 166	23 186	-	23 186
Transfer to retained earnings (sales of revalued items of property, plant and equipment)						-		-
Balance as at 31.12.2015	24 213	-	25 245	67 874	60 672	178 005	-	178 005

CONSOLIDATED CASH FLOW STATEMENT

	od 01.01 do 31.03.2016	od 01.01 do 31.03.2015	od 01.01 do 31.12.2015
Cash-flow from operating activities			
Net profit (loss) before tax	15 149	8 594	28 822
Adjustments for:		-	
Depreciation and impairment allowances of property, land and equipment	2 356	1 349	6 640
Amortization and impairment allowances of intangible assets	67	43	156
Change in fair value of investment properties	-	-	-
Change in fair value of financial assets (liabilities) which are classified through the income statement	-	-	-
Cash flow hedges transferred from equity	-	-	-
Impairment losses of financial assets	-	-	-
Profit (loss) on disposal of non-financial non-current assets	25	(3)	(220)
Profit (loss) on disposal of financial assets (other than derivate instruments)	-	-	-
Foreign exchange gains (losses)	(0)	(13)	(21)
Interest costs	599	162	1 230
Interest and dividend income	(3)	(48)	(14)
Share-based arrangement payment (incentive programs)	-	-	-
Share in profits (losses) of associates	-	-	-
Gain on a bargain purchase of related party	(9 584)		(6 571)
Other adjustments	137	(26)	42
Adjustments in total	(6 403)	1 464	1 243
Changes in inventories	(9 589)	4 994	4 782
Changes in receivables	(38 802)	(20 175)	8 380
Changes in liabilities	21 721	(13 840)	(28 401)
Changes in provisions and accruals	26	(843)	(1 692)
Changes in retentions for construction contracts	(6 049)	1 657	3 919
Changes in working capital	(32 692)	(28 208)	(13 012)
Settlement of derivate instruments	-	-	-
Interest paid from operating activities	(53)	(16)	(96)
Income tax paid	(1 451)	(1 200)	(6 521)
Net cash generated from/used in operating activities	(25 449)	(19 366)	10 436

CONSOLIDATED CASH FLOW STATEMENT (CONT.)

	od 01.01 do 31.03.2016	od 01.01 do 31.03.2015	od 01.01 do 31.12.2015
<i>Cash flow from investing activities</i>			
Purchase of intangible assets	(502)	(499)	(243)
Sale of intangible assets	-	-	-
Purchase of property, plant and equipment	(47 843)	(484)	(18 869)
Sale of property, plant and equipment	385	3	698
Purchase of investment properties	-	(147)	-
Sale of investment properties	-	-	-
Purchase of related entities shares	-	-	(25 029)
Sale of related entities shares	-	-	-
Loans repaid	-	-	-
Loans granted	-	-	-
Purchase of other financial assets	-	-	(200)
Sale of other financial assets	-	586	44
Government subsidies granted	-	-	-
Interest received	-	60	1 287
Dividends received	-	-	-
Net cash generated from/used in investing activities	(47 959)	(480)	(42 313)
<i>Cash flow from financing activities</i>			
Net proceeds from issue of shares	-	-	28 245
Acquisition of own shares	-	-	-
Transactions with non-controlling entities without losing control	-	-	-
Proceeds from issue of debt securities	-	-	-
Repurchase of debt securities	-	-	(8)
Proceeds from loans and borrowings received	45 341	10 500	37 120
Repayments of loans and borrowings	(5 543)	(943)	(19 071)
Repayments of liabilities under finance lease agreements	(719)	(401)	(2 332)
Interest paid	(317)	(106)	(2 578)
Dividend paid	-	-	(1 937)
Net cash generated from/used in financing activities	38 762	9 051	39 439
Net change in cash and cash equivalents	(34 647)	(10 795)	7 562
Cash and cash equivalents at the beginning of the period	44 007	36 449	36 445
Foreign exchange differences	-	104	-
Cash and cash equivalents at the end of the period	9 360	25 654	44 007

POZNAŃSKA KORPORACJA BUDOWLANA PEKABEX SPÓŁKA AKCYJNA

FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2016

STATEMENT OF FINANCIAL POSITION

ASSETS	31.03.2016	31.03.2015	31.12.2015
Non-current assets			
Goodwill	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	12 476	10 405	12 570
Investment properties	56 402	55 694	56 567
Investments in related parties	21 523	20 295	21 523
Investments in associates	-	-	-
Receivables and loans	5 861	5 671	5 814
Derivative assets	-	-	-
Other long-term financial assets	23 365	-	200
Long-term prepayments	-	1	-
Deferred tax assets	-	-	-
Total non-current assets	119 627	92 065	96 674
Current assets			
Inventories	446	795	456
Retentions for construction contracts	-	-	-
Trade and other receivables	9 323	7 416	8 190
Current tax assets	-	-	-
Loans	5 291	233	5 244
Derivative assets	-	-	-
Other short-term financial assets	7 527	1 287	7 428
Short-term prepayments	1 592	1 549	136
Cash and cash equivalents	126	5 146	23 608
Non-current assets classified as held for sale	-	-	-
Current assets	24 306	16 426	45 063
Total assets	143 933	108 491	141 737

STATEMENT OF FINANCIAL POSITION (CONT.)

EQUITY AND LIABILITIES	31.03.2016	31.03.2015	31.12.2015
Equity			
Shareholders' equity attributable to the Shareholders of the Parent Company:		-	-
Share capital	24 213	21 213	24 213
Own shares (-)	-	-	-
Share premium	25 245	-	25 245
Other reserves	32 293	30 411	32 293
Retained earnings:	43 471	38 877	42 259
- profit (loss) from previous year	42 259	37 474	33 592
- profit (loss) attributable to the Shareholders of the Parent Company	1 213	1 403	8 666
Shareholders' equity attributable to the Shareholders of the Parent Company	125 222	90 501	124 010
Equity attributable to non-controlling interests	-	-	-
Total equity	125 222	90 501	124 010
Liabilities			
Long-term liabilities			
Loans, borrowings and other external sources of financing	-	-	-
Financial leasing	285	378	395
Derivate liabilities	-	-	-
Other liabilities	-	-	-
Deferred tax liabilities	8 687	8 736	8 681
Liabilities and provisions for employee benefits	0	0	0
Other long-term provisions	-	-	-
Long-term accruals	-	-	-
Long-term liabilities	8 972	9 114	9 076
Short-term liabilities			
Trade and other payables	8 008	4 100	5 996
Deferred tax liabilities	823	373	803
Loans and borrowings	-	3 771	943
Financial leasing	642	228	642
Derivate liabilities	-	-	-
Liabilities and provisions for employee benefits	34	44	36
Other short-term provisions	124	251	124
Short-term accruals	108	108	108
Liabilities related to non-current assets classified as held for sale	-	-	-
Short-term liabilities	9 739	8 875	8 652
Total liabilities	18 711	17 990	17 728
Total equity and liabilities	143 933	108 491	141 737

PROFIT AND LOSS ACCOUNT

	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015	01.01.2015 - 31.12.2015
Continuing operations			
Net sales	3 061	3 597	13 915
Net sales of finished goods	-	-	-
Net sales of services	3 051	3 549	13 500
Net sales of goods and materials	11	48	414
Costs of sales	1 405	1 422	5 921
Costs of finished goods sold	-	-	-
Costs of services sold	1 395	1 375	5 515
Costs of goods and materials sold	10	47	406
Gross profit (loss) on sales	1 656	2 175	7 994
Selling expenses	-	-	-
Administrative expenses	474	484	2 468
Other operating revenues	9	13	691
Other operating expenses	105	12	258
Profit (loss) on sale of related entities (+/-)	-	-	-
Operating profit (loss)	1 086	1 691	5 959
Financial income	388	95	4 091
Financial costs	16	90	163
Shares in profits (losses) of subsidiaries valued using equity method (+/-)	-	-	-
Gross profit (loss)	1 459	1 697	9 887
Income tax	246	294	1 221
Net profit (loss) from continuing operations	1 213	1 403	8 666
Discontinued operations			
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss)	1 213	1 403	8 666
Net profit (loss) attributable:			
- to the shareholders of the Parent Company	1 213	1 403	8 666
- to non-controlling entities	-	-	-

STATEMENT OF CHANGES IN EQUITY

	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.2016	24 213	-	25 245	32 293	42 259	124 010
Changes in accounting policy						-
Adjustments for fundamental errors						-
Balance after adjustments	24 213	-	25 245	32 293	42 259	124 010
Issue of shares						-
Issue of shares due to realization of options (share-based payment)						-
Valuation of options (share-based payment)						-
Change in structure of capital group (transactions with con-controlling entities)						-
Dividends						-
Allocation of net profit to equity						-
Transaction with shareholders in total	-	-	-	-	-	-
Net profit (loss) for the period from 01.01 to 31.03.2016					1 213	1 213
Other comprehensive income after tax for the period 01.01 to 31.03.2016						-
Total comprehensive income	-	-	-	-	1 213	1 213
Transfer to retained earnings (sale of revalued items of property, plant and equipment)						-
Balance as at 31.03.2016	24 213	-	25 245	32 293	43 471	125 222

STATEMENT OF CHANGES IN EQUITY (CONT.)

	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.2015	21 213	-	-	31 975	7 111	60 299
Changes in accounting policy	-	-	-	(1 342)	30 141	28 799
Adjustments for fundamental errors						-
Balance after adjustments	21 213	-	-	30 633	37 252	89 098
Issue of shares						-
Issue of shares due to realization of options (share-based payment)						-
Valuation of options (share-based payment)						-
Change in structure of capital group (transactions with con-controlling entities)						-
Reclass				(222)	222	-
Dividends						-
Allocation of net profit to equity						-
Transaction with shareholders in total	-	-	-	(222)	222	-
Net profit (loss) for the period from 01.01 to 31.03.2015					1 403	1 403
Other comprehensive income after tax for the period 01.01 to 31.03.2015						-
Total comprehensive income	-	-	-	-	1 403	1 403
Transfer to retained earnings (sale of revalued items of property, plant and equipment)						-
Balance as at 31.03.2015	21 213	-	-	30 411	38 877	90 501

STATEMENT OF CHANGES IN EQUITY (CONT.)

	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.2015	21 213	-	-	31 975	7 111	60 299
Changes in accounting policy	-	-	-	(1 342)	30 141	28 799
Adjustments for fundamental errors						-
Balance after adjustments	21 213	-	-	30 633	37 252	89 098
Issue of shares	3 000		25 245			28 245
Issue of shares due to realization of options (share-based payment)						-
Valuation of options (share-based payment)						-
Change in structure of capital group (transactions with con-controlling entities)						-
Dividends					(2 000)	(2 000)
Allocation of net profit to equity				1 659	(1 659)	-
Transaction with shareholders in total	3 000	-	25 245	1 659	(3 659)	26 245
Net profit (loss) for the period from 01.01 to 31.12.2015					8 666	8 666
Other comprehensive income after tax for the period 01.01 to 31.12.2015						-
Total comprehensive income	-	-	-	-	8 666	8 666
Transfer to retained earnings (sale of revalued items of property, plant and equipment)						-
Balance as at 31.12.2015	24 213	-	25 245	32 293	42 259	124 010

CASH FLOW STATEMENT

	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015	01.01.2015 - 31.12.2015
Cash-flow from operating activities			
Net profit (loss) before tax	1 459	1 697	9 888
Adjustments for:			
Depreciation and impairment allowances of property, land and equipment	645	595	2 415
Amortization and impairment allowances of intangible assets	-	-	-
Change in fair value of investment properties	-	-	-
Change in fair value of financial assets (liabilities) which are classified through the income statement	-	-	-
Cash flow hedges transferred from equity	-	-	-
Impairment losses of financial assets	-	-	-
Profit (loss) on disposal of non-financial non-current assets	-	-	59
Profit (loss) on disposal of financial assets (other than derivate instruments)	-	-	-
Foreign exchange gains (losses)	-	-	-
Interest costs	15	51	157
Interests and dividends in profits	(358)	(43)	(3 828)
Share-based arrangement payment (incentive programs)	-	-	-
Share in profits (losses) of associates	-	-	-
Other adjustments	-	(36)	(36)
Adjustments in total	302	567	(1 233)
Changes in inventories	10	(324)	15
Changes in receivables	(1 133)	(669)	(2 791)
Change in liabilities	2 013	810	2 642
Changes in provisions and accruals	(1 458)	(1 195)	84
Changes in retentions for construction contracts	-	-	-
Changes in working capital	(569)	(1 378)	(50)
Settlement of derivate instruments	-	-	-
Interest paid from operating activities	-	(3)	(12)
Income tax paid	(220)	(274)	(827)
Net cash generated from/used in operating activities	972	608	7 765

CASH FLOW STATEMENT (CONT.)

	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015	01.01.2015 - 31.12.2015
Cash flow from investing activities			
Purchase of intangible assets	-	-	-
Sale of intangible assets	-	-	-
Purchase of property, plant and equipment	(385)	(60)	(3 030)
Sale of property, plant and equipment	-	-	112
Purchase of investment properties	-	(147)	(1 511)
Sale of investment properties	-	-	-
Purchase of related entities shares	-	-	(135)
Sale of related entities shares	-	-	-
Loans repaid	-	-	-
Loans granted	-	(2 000)	(3 297)
Purchase of other financial assets	(23 000)	-	(11 200)
Sale of other financial assets	-	36	2 744
Government subsidies granted	-	-	-
Interest received	-	900	2 187
Dividends received	-	-	1 048
Net cash generated from/used in investing activities	(23 385)	(1 270)	(13 083)
Cash flow from financing activities			
Net proceeds from issue of shares	-	-	28 245
Acquisition of own shares	-	-	-
Transactions with non-controlling entities without losing control	-	-	-
Proceeds from issue of debt securities	-	-	-
Repurchase of debt securities	-	-	-
Proceeds from loans and borrowings received	-	-	-
Repayments of loans and borrowings	(943)	(943)	(3 771)
Repayments of liabilities under finance lease agreements	(110)	(71)	(336)
Interest paid	(15)	(48)	(145)
Dividend paid	-	-	(1 937)
Net cash generated from/used in financing activities	(1 068)	(1 062)	22 056
Net change in cash and cash equivalents	(23 481)	(1 724)	16 738
Cash and cash equivalents at the beginning of the period	23 608	6 870	6 870
Foreign exchange differences	-	1	-
Cash and cash equivalents at the end of the period	126	5 146	23 608