

The Pekabex Group

The consolidated financial statements for the year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards

All amounts are presented in PLN thousand

THE PEKABEX GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2016	31.12.2015
Non-current assets		
Goodwill	12 286	12 286
Intangible assets	1 143	696
Property, plant and equipment	225 914	155 226
Investment properties	4 017	4 295
Investments in related parties	150	160
Investments in associates	-	-
Receivables and loans	2 136	1 625
Derivative assets	-	-
Other long-term financial assets	-	200
Long-term prepayments	494	533
Deferred tax assets	-	-
Total non-current assets	246 140	175 021
Current assets		
Inventories	30 050	17 660
Retentions for construction contracts	18 322	5 582
Trade and other receivables	123 379	67 594
Current tax assets	424	2 314
Loans	-	265
Derivative assets	-	-
Other short-term financial assets	-	(0)
Short-term prepayments	1 474	1 285
Cash and cash equivalents	22 423	44 007
Non-current assets classified as held for sale	-	-
Current assets	196 072	138 707
Total assets	442 213	313 728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

EQUITY AND LIABILITIES	31.12.2016	31.12.2015
Equity		
Shareholders' equity attributable to the Shareholders of the Parent Company:		
Share capital	24 213	24 213
Own shares (-)	-	-
Share premium	25 245	25 245
Other reserves	84 573	67 874
Retained earnings:	78 190	61 826
- profit (loss) from previous year	43 882	37 479
- profit (loss) attributable to the Shareholders of the Parent Company	34 309	24 346
Shareholders' equity attributable to the Shareholders of the Parent Company	212 222	179 158
Equity attributable to non-controlling interests	-	-
Total equity	212 222	179 158
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of financing	42 723	19 345
Financial leasing	6 776	4 880
Derivate liabilities	-	-
Other liabilities	9 561	7 999
Deferred tax liabilities	14 245	13 775
Liabilities and provisions for employee benefits	408	1 065
Other long-term provisions	5 623	6 343
Long-term accruals	-	-
Long-term liabilities	79 335	53 407
Short-term liabilities		
Trade and other payables	121 107	65 147
Current tax liabilities	3 644	1 142
Loans, borrowings and other external sources of financing	7 240	3 958
Financial leasing	3 749	2 924
Derivate liabilities	-	-
Liabilities and provisions for employee benefits	10 572	6 617
Other short-term provisions	4 259	1 249
Short-term accruals	84	126
Liabilities related to non-current assets classified as held for sale	-	-
Short-term liabilities	150 656	81 163
Total liabilities	229 991	134 570
Total equity and liabilities	442 213	313 728

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	od 01.01 do 31.12.2016	od 01.01 do 31.12.2015
Continuing operations		
Net sales	505 442	350 680
Net sales of finished goods and services	502 776	348 376
Net sales of goods and materials	2 666	2 304
Costs of sales	423 613	290 642
Costs of finished goods and services sold	421 367	288 962
Costs of goods and materials sold	2 247	1 680
Gross profit (loss) on sales	81 829	60 038
Selling expenses	34 422	20 930
Administrative expenses	22 676	16 985
Other operating revenues	10 399	2 622
Other operating expenses	7 790	1 755
Gain on a bargain purchase of related party	13 511	6 571
Operating profit (loss)	40 850	29 562
Financial income	2 853	737
Financial costs	3 857	1 477
Share in profits (losses) of subsidiaries measured by equity method (+/-)	-	-
Gross profit (loss)	39 847	28 822
Income tax	5 538	4 476
Net profit (loss) from continuing operations	34 309	24 346
Discontinued operations		
Net profit (loss) from discontinued operations	-	-
Net profit (loss)	34 309	24 346
Net profit (loss) attributable:		
- to the Shareholders of the Parent Company	34 309	24 346
- 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	21 213	-	-	56 267	50 656	128 136	-	128 136
Adjustments for fundamental errors	-	-	-	-	1 154	1 154		1 154
Balance after adjustment	24 213	-	25 245	67 874	61 826	179 158	-	179 158
Changes in equity for the period from 01.01. to 31.12.2016								
Issue of shares	-	-	-	-	-	-	-	-
Issue of shares due to realization of options (share-based payment)	-	-	-	-	-	-	-	-
Valuation of options (share-based payment)	-	-	-	845		845		845
Change in structure of capital group (transactions with non-controlling entities)	-	-	-	-	-	-	-	-
Reclass	-	-	-	-	-	-	-	-
Dividends	-	-	-		(2 179)	(2 179)		(2 179)
Allocation of net profit to equity	-	-	-	15 819	(15 756)	63		63
Transaction with shareholders in total	-	-	-	16 664	(17 935)	(1 271)	-	(1 271)
Net profit (loss) for the period from 01.01 to 31.12.2015	-	-	-		34 309	34 309		34 309
Other comprehensive income after tax for the period 01.01 to 31.12.2015	-	-	-	35	(9)	26		26
Total comprehensive income	-	-	-	35	34 300	34 335	-	34 335
Transfer to retained earnings (sales of revalued items of property, plant and equipment)	-	-	-		-	-	-	-
Balance as at 31.12.2016	24 213	-	25 245	84 573	78 190	212 222	-	212 222

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 earning	Total		
Balance as at 01.01.2015	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 non-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 31.12.2014	-	-	-	-	24 346	24 346		24 346
Other comprehensive income after tax for the period 01.01 to 31.12.2014	-	-	-	20	(26)	(7)		(7)
Total comprehensive income	-	-	-	20	24 320	24 340	-	24 340
Transfer to retained earnings (sale of revalued items of property, plant and equipment)	-	-	-	-	-	-		-
Balance as at 31.12.2015	24 213	-	25 245	67 874	61 826	179 158	-	179 158

CONSOLIDATED CASH FLOW STATEMENT

	od 01.01 do 31.12.2016	od 01.01 do 31.12.2015
Cash-flow from operating activities		
Net profit (loss) before tax	39 847	28 822
Adjustments in total	(1 149)	1 243
Changes in working capital	(16 476)	(13 012)
Settling of derivate instruments	-	-
Interest paid from operating activities	(47)	(96)
Income tax paid	(3 798)	(6 521)
Net cash generated from/used in operating activities	18 330	10 436
Cash flow from investing activities		
Purchase of intangible assets	(351)	(243)
Sale of intangible assets	-	-
Purchase of property, plant and equipment	(11 778)	(18 869)
Sale of property, plant and equipment	735	698
Purchase of investment properties	-	-
Sale of investment properties	2 984	-
Purchase of related entities shares	(49 483)	(25 029)
Sale of related entities shares	-	-
Loans repaid	167	-
Loans granted	-	-
Purchase of other financial assets	(90)	(200)
Sale of other financial assets	-	44
Government subsidies granted	115	-
Interest received	77	1 287
Dividends received	-	-
Net cash generated from/used in investing activities	(57 623)	(42 313)
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	-	(8)
Proceeds from loans and borrowings received	30 341	37 120
Repayments of loans and borrowings	(3 418)	(19 071)
Repayments of liabilities under finance lease agreements	(3 561)	(2 332)
Interest paid	(3 474)	(2 578)
Dividend paid	(2 179)	(1 937)
Net cash generated from/used in financing activities	17 709	39 439
Net change in cash and cash equivalents	(21 584)	7 562
Cash and cash equivalents at the beginning of the period	44 007	36 445
Foreign exchange differences	-	-
Cash and cash equivalents at the end of the period	22 423	44 007

**POZNAŃSKA KORPORACJA BUDOWLANA
PEKABEX SPÓŁKA AKCYJNA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2016	31.12.2015	31.12.2014
Non-current assets			
Goodwill	-	-	-
Intangible assets	119	-	-
Property, plant and equipment	13 617	12 570	10 781
Investment properties	55 736	56 567	55 705
Investments in related parties	22 458	21 523	20 295
Investments in associates	-	-	-
Receivables and loans	2 944	5 814	4 530
Derivative assets	-	-	-
Other long-term financial assets	21 409	200	-
Long-term prepayments	-	-	2
Deferred tax assets	-	-	-
Total non-current assets	116 283	96 674	91 315
Current assets			
Inventories	-	456	471
Retentions for construction contracts	-	-	-
Trade and other receivables	12 187	8 190	6 747
Current tax assets	-	-	-
Loans	4 473	5 244	231
Derivative assets	-	-	-
Other short-term financial assets	7 825	7 428	1 287
Short-term prepayments	48	136	377
Cash and cash equivalents	6 991	23 608	6 870
Non-current assets classified as held for sale	-	-	-
Current assets	31 524	45 063	15 983
Total assets	147 807	141 737	107 298

STATEMENT OF FINANCIAL POSITION (CONT.)

EQUITY AND LIABILITIES	31.12.2016	31.12.2015	31.12.2014
Equity			
Shareholders' equity attributable to the Shareholders of the Parent Company:		-	
Share capital	24 213	24 213	21 213
Own shares (-)	-	-	-
Share premium	25 245	25 245	-
Other reserves	39 688	32 293	30 411
Retained earnings:	43 615	42 259	37 474
- profit (loss) from previous year	33 592	33 592	33 846
- profit (loss) attributable to the Shareholders of the Parent Company	10 022	8 666	3 627
Shareholders' equity attributable to the Shareholders of the Parent Company	132 761	124 010	89 098
Equity attributable to non-controlling interests	-	-	-
Total equity	132 761	124 010	89 098
Liabilities			
Long-term liabilities			
Loans, borrowings and other external sources of financing	-	-	943
Financial leasing	644	395	434
Derivate liabilities	-	-	-
Other liabilities	-	-	-
Deferred tax liabilities	9 086	8 681	8 938
Liabilities and provisions for employee benefits	-	0	1
Other long-term provisions	-	-	-
Long-term accruals	-	-	-
Long-term liabilities	9 730	9 076	10 315
Short-term liabilities			
Trade and other payables	3 560	5 996	3 291
Current tax liabilities	1 084	803	151
Loans and borrowings	-	943	3 771
Financial leasing	467	642	243
Derivate liabilities	-	-	-
Liabilities and provisions for employee benefits	100	36	49
Other short-term provisions	41	124	271
Short-term accruals	63	108	108
Liabilities related to non-current assets classified as held for sale	-	-	-
Short-term liabilities	5 316	8 652	7 884
Total liabilities	15 046	17 728	18 199
Total equity and liabilities	147 807	141 737	107 298

PROFIT AND LOSS ACCOUNT

	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Continuing operations			
Net sales	13 893	13 915	13 114
Net sales of finished goods	-	-	-
Net sales of services	13 436	13 500	12 651
Net sales of goods and materials	457	414	463
Costs of sales	5 909	5 921	6 165
Costs of finished goods sold	-	-	-
Costs of services sold	5 452	5 515	5 713
Costs of goods and materials sold	456	406	452
Gross profit (loss) on sales	7 984	7 994	6 949
Selling expenses	-	-	-
Administrative expenses	2 093	2 468	2 077
Other operating revenues	2 886	691	95
Other operating expenses	174	258	187
Profit (loss) on sale of related entities (+/-)	-	-	-
Operating profit (loss)	8 603	5 959	4 779
Financial income	3 819	4 091	353
Financial costs	38	163	555
Shares in profits (losses) of subsidiaries valued using equity method (+/-)	-	-	-
Gross profit (loss)	12 384	9 887	4 577
Income tax	2 362	1 221	949
Net profit (loss) from continuing operations	10 022	8 666	3 627
Discontinued operations			
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss)	10 022	8 666	3 627
Net profit (loss) attributable:			
- to the shareholders of the Parent Company	10 022	8 666	3 627
- 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
Changes in equity for the period from 01.01. to 31.12.2016						
Issue of shares	-	-	-	-	-	-
Issue of shares due to realization of options (share-based payment)	-	-	-	-	-	-
Valuation of options (share-based payment)	-	-	-	845	-	845
Change in structure of capital group (transactions with con-controlling entities)	-	-	-	-	-	-
Reclass	-	-	-	-	-	-
Dividends	-	-	-	-	(2 179)	(2 179)
Allocation of net profit to equity	-	-	-	6 550	(6 487)	63
Transaction with shareholders in total	-	-	-	7 395	(8 666)	(1 271)
Net profit (loss) for the period from 01.01 to 31.12.2015	-	-	-	-	10 022	10 022
Other comprehensive income after tax for the period 01.01 to 31.12.2015	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	10 022	10 022
Transfer to retained earnings (sale of revalued items of property, plant and equipment)	-	-	-	-	-	-
Balance as at 31.12.2016	24 213	-	25 245	39 688	43 615	132 761

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
Changes in equity for the period from 01.01. to 31.12.2015						
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	-	-	-	-	-	-
Allocation of net profit to equity	-	-	-	-	(2 000)	(2 000)
Transaction with shareholders in total	-	-	-	1 659	(1 659)	-
Net profit (loss) for the period from 01.01 to 31.12.2014	3 000	-	25 245	1 659	(3 659)	26 245
Other comprehensive income after tax for the period 01.01 to 31.12.2014	-	-	-	-	8 666	8 666
Total comprehensive income	-	-	-	-	-	-
Transfer to retained earnings (sale of revalued items of property, plant and equipment)	-	-	-	-	8 666	8 666
Balance as at 31.12.2015	-	-	-	-	-	-
	24 213	-	25 245	32 293	42 259	124 010

STATEMENT OF CHANGES IN EQUITY (CONT.)

	Share capital	Own shares (-)	Share premium	Other reserves	Retained earnings	Total
Balance as at 01.01.2014	21 065	-	-	10 647	9 428	41 140
Changes in accounting policy	-	-	-	(1 564)	30 395	28 831
Adjustments for fundamental errors	-	-	-	-	-	-
Balance after adjustments	21 065	-	-	9 083	39 823	69 971
Changes in equity for the period from 01.01. to 31.12.2014						
Issue of shares	17 000	-	-	-	-	17 000
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)	(16 852)	-	-	16 852	-	-
Dividends	-	-	-	-	(1 500)	(1 500)
Allocation of net profit to equity	-	-	-	4 477	(4 477)	-
Transaction with shareholders in total	148	-	-	21 329	(5 977)	15 500
Net profit (loss) for the period from 01.01 to 31.12.2013	-	-	-	-	3 627	3 627
Other comprehensive income after tax for the period 01.01 to 31.12.2013	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	3 627	3 627
Transfer to retained earnings (sale of revalued items of property, plant and equipment)	-	-	-	-	-	-
Balance as at 31.12.2014	21 213	-	-	30 411	37 474	89 098

CASH FLOW STATEMENT

	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Cash-flow from operating activities			
Net profit (loss) before tax	12 384	9 887	4 577
Adjustments for:			
Depreciation and impairment allowances of property, land and equipment	2 654	2 415	2 369
Amortization and impairment allowances of intangible assets	36	-	14
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	(2 708)	59	(2)
Profit (loss) on disposal of financial assets (other than derivative instruments)	-	-	-
Foreign exchange gains (losses)	-	-	-
Interest costs	38	157	326
Interests and dividends in profits	(1 759)	(3 828)	(237)
Share-based arrangement payment (incentive programs)	-	-	-
Share in profits (losses) of associates	-	-	-
Other adjustments	-	(36)	113
Adjustments in total	(1 739)	(1 233)	2 584
Changes in inventories	456	15	216
Changes in receivables	(3 997)	(2 791)	3 926
Change in liabilities	3 391	2 642	(402)
Changes in provisions and accruals	(40)	84	(300)
Changes in retentions for construction contracts	-	-	-
Changes in working capital	(189)	(50)	3 441
Settling of derivative instruments	-	-	-
Interest paid from operating activities	(1)	(12)	(19)
Income tax paid	(1 675)	(827)	(838)
Net cash generated from/used in operating activities	8 781	7 765	9 745

CASH FLOW STATEMENT (CONT.)

Cash flow from investing activities			-
Purchase of intangible assets	(155)	-	-
Sale of intangible assets	-	-	-
Purchase of property, plant and equipment	(2 266)	(3 030)	(263)
Sale of property, plant and equipment	-	112	7
Purchase of investment properties	(106)	(1 511)	(231)
Sale of investment properties	2 984	-	-
Purchase of related entities shares	-	(135)	(17 234)
Sale of related entities shares	-	-	-
Loans repaid	167	-	2 000
Loans granted	-	(3 297)	-
Purchase of other financial assets	(23 090)	(11 200)	-
Sale of other financial assets	850	2 744	600
Government subsidies granted	-	-	-
Interest received	77	2 187	500
Dividends received	-	1 048	-
Net cash generated from/used in investing activities	(21 539)	(13 083)	(14 620)
Cash flow from financing activities			
Net proceeds from issue of shares	-	28 245	17 000
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)	(3 771)	(4 963)
Repayments of liabilities under finance lease agreements	(700)	(336)	(315)
Interest paid	(37)	(145)	(307)
Dividend paid	(2 179)	(1 937)	(1 500)
Net cash generated from/used in financing activities	(3 859)	22 056	9 914
Net change in cash and cash equivalents	(16 617)	16 738	5 039
Cash and cash equivalents at the beginning of the period	23 608	6 870	1 830
Foreign exchange differences	-	-	-
Cash and cash equivalents at the end of the period	6 991	23 608	6 870