

The Pekabex Group

The consolidated financial statements for the first half of the year ended 30th of June 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 HALF OF 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30.06.2016	30.06.2015	31.12.2015
<i>Non-current assets</i>			
Goodwill	12 286	12 286	12 286
Intangible assets	1 116	604	696
Property, plant and equipment	217 626	142 762	155 226
Investment properties	4 301	4 313	4 295
Investments in related parties	150	160	160
Investments in associates	-	-	-
Receivables and loans	2 010	1 799	1 625
Derivative assets	-	-	-
Other long-term financial assets	0	-	200
Long-term prepayments	660	454	533
Deferred tax assets	-	-	-
Total non-current assets	238 150	162 378	175 021
<i>Current assets</i>			
Inventories	29 305	19 381	17 660
Retentions for construction contracts	14 232	7 401	5 582
Trade and other receivables	113 591	72 871	67 594
Current tax assets	414	1 236	2 314
Loans	269	260	265
Derivative assets	-	-	-
Other short-term financial assets	-	687	(0)
Short-term prepayments	3 210	3 919	1 285
Cash and cash equivalents	20 885	30 725	44 007
Non-current assets classified as held for sale	-	-	-
Current assets	181 906	136 480	138 707
Total assets	420 056	298 858	313 728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

EQUITY AND LIABILITIES	30.06.2016	30.06.2015	31.12.2015
<i>Equity</i>			
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	83 725	67 441	67 874
Retained earnings:	62 399	53 922	61 826
- profit (loss) from previous year	43 894	37 471	37 479
- profit (loss) attributable to the Shareholders of the Parent Company	18 505	16 451	24 346
Shareholders' equity attributable to the Shareholders of the Parent Company	195 582	142 577	179 158
Equity attributable to non-controlling interests	-	665	-
Total equity	195 582	143 241	179 158
<i>Liabilities</i>			
<i>Long-term liabilities</i>			
Loans, borrowings and other external sources of financing	43 984	16 000	19 345
Financial leasing	4 767	3 735	4 880
Derivate liabilities	-	-	-
Other liabilities	8 789	7 145	7 999
Deferred tax liabilities	15 009	12 183	13 775
Liabilities and provisions for employee benefits	1 086	1 019	1 065
Other long-term provisions	5 623	6 346	6 343
Long-term accruals	-	825	-
Long-term liabilities	79 258	47 253	53 407
<i>Short-term liabilities</i>			
Trade and other payables	102 042	85 831	65 147
Current tax liabilities	858	3 037	1 142
Loans, borrowings and other external sources of financing	24 781	6 048	3 958
Financial leasing	2 966	1 723	2 924
Derivate liabilities	-	-	-
Liabilities and provisions for employee benefits	10 418	7 624	6 617
Other short-term provisions	4 063	3 989	1 249
Short-term accruals	88	110	126
Liabilities related to non-current assets classified as held for sale	-	-	-
Short-term liabilities	145 216	108 363	81 163
Total liabilities	224 474	155 616	134 570
Total equity and liabilities	420 056	298 858	313 728

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	od 01.01 do 30.06.2016	od 01.01 do 30.06.2015	od 01.01 do 31.12.2015
<i>Continuing operations</i>			
Net sales	210 349	179 935	350 680
Net sales of finished goods and services	209 089	178 371	348 376
Net sales of goods and materials	1 260	1 564	2 304
Costs of sales	175 234	148 400	290 642
Costs of finished goods and services sold	174 538	147 298	288 962
Costs of goods and materials sold	696	1 102	1 680
Gross profit (loss) on sales	35 115	31 535	60 038
Selling expenses	13 585	10 888	20 930
Administrative expenses	10 817	7 892	16 985
Other operating revenues	3 192	1 669	2 622
Other operating expenses	1 714	458	1 755
Gain on a bargain purchase of related party	9 806	5 906	6 571
Operating profit (loss)	21 997	19 872	29 562
Financial income	321	277	737
Financial costs	1 786	784	1 477
Share in profits (losses) of subsidiaries measured by equity method (+/-)	-	-	-
Gross profit (loss)	20 532	19 366	28 822
Income tax	2 027	2 876	4 476
Net profit (loss) from continuing operations	18 505	16 490	24 346
<i>Discontinued operations</i>			
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss)	18 505	16 490	24 346
Net profit (loss) attributable:			
- to the Shareholders of the Parent Company	18 505	16 451	24 346
- to non-controlling entities	-	39	-

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					1 154	1 154		1 154
Adjustments for fundamental errors								
Balance after adjustments	24 213	-	25 245	67 874	61 826	179 158	-	179 158
<i>Changes in equity for the period from 01.01. to 30.06.2016</i>								
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					(2 179)	(2 179)		(2 179)
Allocation of net profit to equity				15 850	(15 787)	63		63
Transaction with shareholders in total	-	-	-	15 850	(17 966)	(2 116)	-	(2 116)
Net profit (loss) for the period from 01.01 to 30.06.2016					18 505	18 505		18 505
Other comprehensive income after tax for the period 01.01 to 30.06.2016				0	35	35		35
Total comprehensive income	-	-	-	0	18 540	18 540	-	18 540
Transfer to retained earnings (sales of revalued items of property, plant and equipment)						-		-
Balance as at 30.06.2016	24 213	-	25 245	83 725	62 399	195 582	-	195 582

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				-	-	-		-
Balance after adjustments	21 213	-	-	56 267	50 656	128 136	-	128 136
<i>Changes in equity for the period from 01.01. to 30.06.2015</i>								
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)				222	(222)	-	665	665
Reclass				10 928	(2 000)	(2 000)	-	(2 000)
Dividends				(10 928)	-			-
Allocation of net profit to equity								-
Transaction with shareholders in total	-	-	-	11 151	(13 151)	(2 000)	665	(1 335)
Net profit (loss) for the period from 01.01 to 30.06.2015					16 451	16 451		16 451
Other comprehensive income after tax for the period 01.01 to 30.06.2015				23	(34)	(11)		(11)
Total comprehensive income	-	-	-	23	16 417	16 440	-	16 440
Transfer to retained earnings (sales of revalued items of property, plant and equipment)						-		-
Balance as at 30.06.2015	21 213	-	-	67 441	53 922	142 576	665	143 241

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
<i>Changes in equity for the period from 01.01. to 31.12.2015</i>								
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)				437		-		-
Change in structure of capital group (transactions with con-controlling entities)				222	(222)	437		437
Reclass					(2 000)			
Dividends				10 928	(10 928)	(2 000)		(2 000)
Allocation of net profit to equity						-		-
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					24 346	24 346		24 346
Other comprehensive income after tax for the period 01.01 to 31.12.2015				20	(26)	(7)		(7)
Total comprehensive income	-	-	-	20	24 320	24 340		24 340
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	61 826	179 158		179 158

CONSOLIDATED CASH FLOW STATEMENT

	od 01.01 do 30.06.2016	od 01.01 do 30.06.2015	od 01.01 do 31.12.2015
Cash-flow from operating activities			
Net profit (loss) before tax	20 532	19 366	28 822
Adjustments for:			
Depreciation and impairment allowances of property, land and equipment	4 975	2 993	6 640
Amortization and impairment allowances of intangible assets	146	81	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	79	39	(220)
Profit (loss) on disposal of financial assets (other than derivate instruments)	-	-	-
Foreign exchange gains (losses)	8	(23)	(21)
Interest costs	1 328	685	1 230
Interest and dividend income	(5)	(202)	(14)
Share-based arrangement payment (incentive programs)	-	-	-
Share in profits (losses) of associates	-	-	-
Gain on a bargain purchase of related party	(9 806)	(5 906)	(6 571)
Other adjustments	153	(29)	42
Adjustments in total	(3 123)	(2 361)	1 243
Changes in inventories	(7 218)	3 061	4 782
Changes in receivables	(46 204)	(473)	8 380
Changes in liabilities	37 709	(14 432)	(28 401)
Changes in provisions and accruals	(2 499)	(1 415)	(1 692)
Changes in retentions for construction contracts	(7 173)	3 106	3 919
Changes in working capital	(25 385)	(10 153)	(13 012)
Settlement of derivate instruments	-	-	-
Interest paid from operating activities	(69)	(89)	(96)
Income tax paid	(1 478)	(3 381)	(6 521)
Net cash generated from/used in operating activities	(9 523)	3 381	10 436

CONSOLIDATED CASH FLOW STATEMENT (CONT.)

	od 01.01 do 30.06.2016	od 01.01 do 30.06.2015	od 01.01 do 31.12.2015
<i>Cash flow from investing activities</i>			
Purchase of intangible assets	(154)	(76)	(243)
Sale of intangible assets	-	-	-
Purchase of property, plant and equipment	(7 206)	(5 885)	(18 869)
Sale of property, plant and equipment	651	226	698
Purchase of investment properties	-	(396)	-
Sale of investment properties	-	-	-
Purchase of related entities shares	(49 483)	(17 827)	(25 029)
Sale of related entities shares	-	-	-
Loans repaid	-	-	-
Loans granted	-	-	-
Purchase of other financial assets	(90)	-	(200)
Sale of other financial assets	-	33	44
Government subsidies granted	-	-	-
Interest received	-	660	1 287
Dividends received	-	-	-
Net cash generated from/used in investing activities	(56 282)	(23 265)	(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	47 341	28 500	37 120
Repayments of loans and borrowings	(2 143)	(12 386)	(19 071)
Repayments of liabilities under finance lease agreements	(1 491)	(947)	(2 332)
Interest paid	(1 024)	(1 003)	(2 578)
Dividend paid	-	-	(1 937)
Net cash generated from/used in financing activities	42 683	14 164	39 439
Net change in cash and cash equivalents	(23 122)	(5 720)	7 562
Cash and cash equivalents at the beginning of the period	44 007	36 445	36 445
Foreign exchange differences	-	-	-
Cash and cash equivalents at the end of the period	20 885	30 725	44 007

Poznańska Korporacja Budowlana Pekabex S. A.

The financial statements for the first half of the year ended 30th of June 2016 prepared in accordance with International Financial Reporting Standards.

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

POZNAŃSKA KORPORACJA BUDOWLANA PEKABEX SPÓŁKA AKCYJNA

FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2016

STATEMENT OF FINANCIAL POSITION

ASSETS	30.06.2016	30.06.2015	31.12.2015
<i>Non-current assets</i>			
Goodwill	-	-	-
Intangible assets	79	-	-
Property, plant and equipment	12 953	10 208	12 570
Investment properties	56 246	55 784	56 567
Investments in related parties	21 613	20 430	21 523
Investments in associates	-	-	-
Receivables and loans	-	5 718	5 814
Derivative assets	-	-	-
Other long-term financial assets	22 881	-	200
Long-term prepayments	-	-	-
Deferred tax assets	-	-	-
Total non-current assets	113 772	92 140	96 674
<i>Current assets</i>			
Inventories	416	631	456
Retentions for construction contracts	-	-	-
Trade and other receivables	10 378	11 251	8 190
Current tax assets	-	-	-
Loans	7 545	235	5 244
Derivative assets	-	-	-
Other short-term financial assets	7 626	2 039	7 428
Short-term prepayments	1 082	2 531	136
Cash and cash equivalents	535	4 363	23 608
Non-current assets classified as held for sale	-	-	-
Current assets	27 582	21 049	45 063
Total assets	141 354	113 189	141 737

STATEMENT OF FINANCIAL POSITION (CONT.)

EQUITY AND LIABILITIES	30.06.2016	30.06.2015	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	38 843	32 293	32 293
Retained earnings:	36 851	39 507	42 259
- profit (loss) from previous year	33 592	33 592	33 592
- profit (loss) attributable to the Shareholders of the Parent Company	3 258	5 915	8 666
Shareholders' equity attributable to the Shareholders of the Parent Company	125 152	93 013	124 010
Equity attributable to non-controlling interests	-		
Total equity	125 152	93 013	124 010
Liabilities			
Long-term liabilities			
Loans, borrowings and other external sources of financing	-	-	-
Financial leasing	291	321	395
Derivate liabilities	-	-	-
Other liabilities	-	-	-
Deferred tax liabilities	8 861	8 724	8 681
Liabilities and provisions for employee benefits	0	0	0
Other long-term provisions	-	-	-
Long-term accruals	-	-	-
Long-term liabilities	9 152	9 045	9 076
Short-term liabilities			
Trade and other payables	6 195	7 139	5 996
Deferred tax liabilities	120	510	803
Loans and borrowings	-	2 829	943
Financial leasing	524	228	642
Derivate liabilities	-	-	-
Liabilities and provisions for employee benefits	37	46	36
Other short-term provisions	86	272	124
Short-term accruals	88	108	108
Liabilities related to non-current assets classified as held for sale	-	-	-
Short-term liabilities	7 050	11 131	8 652
Total liabilities	16 203	20 176	17 728
Total equity and liabilities	141 354	113 189	141 737

PROFIT AND LOSS ACCOUNT

	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015	01.01.2015 - 31.12.2015
Continuing operations			
Net sales	6 750	7 238	13 915
Net sales of finished goods	-	-	-
Net sales of services	6 718	6 902	13 500
Net sales of goods and materials	32	336	414
Costs of sales	2 808	3 076	5 921
Costs of finished goods sold	-	-	-
Costs of services sold	2 768	2 746	5 515
Costs of goods and materials sold	40	329	406
Gross profit (loss) on sales	3 942	4 162	7 994
Selling expenses	-	-	-
Administrative expenses	851	1 538	2 468
Other operating revenues	30	412	691
Other operating expenses	141	37	258
Profit (loss) on sale of related entities (+/-)	-	-	-
Operating profit (loss)	2 980	3 000	5 959
Financial income	999	3 630	4 091
Financial costs	25	112	163
Shares in profits (losses) of subsidiaries valued using equity method (+/-)	-	-	-
Gross profit (loss)	3 954	6 518	9 887
Income tax	696	603	1 221
Net profit (loss) from continuing operations	3 258	5 915	8 666
Discontinued operations			
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss)	3 258	5 915	8 666
Net profit (loss) attributable:			
- to the shareholders of the Parent Company	3 258	5 915	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					(2 179)	(2 179)
Allocation of net profit to equity				6 550	(6 487)	63
Transaction with shareholders in total	-	-	-	6 550	(8 666)	(2 116)
Net profit (loss) for the period from 01.01 to 30.06.2016					3 258	3 258
Other comprehensive income after tax for the period 01.01 to 30.06.2016						-
Total comprehensive income	-	-	-	-	3 258	3 258
Transfer to retained earnings (sale of revalued items of property, plant and equipment)						-
Balance as at 31.03.2016	24 213	-	25 245	38 843	36 851	125 152

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						
Dividends					(2 000)	(2 000)
Allocation of net profit to equity				1 659	(1 659)	-
Transaction with shareholders in total	-	-	-	1 659	(3 659)	(2 000)
Net profit (loss) for the period from 01.01 to 30.06.2015					5 915	5 915
Other comprehensive income after tax for the period 01.01 to 30.06.2015						-
Total comprehensive income	-	-	-	-	5 915	5 915
Transfer to retained earnings (sale of revalued items of property, plant and equipment)						-
Balance as at 30.06.2015	21 213	-	-	32 293	39 507	93 013

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 - 30.06.2016	01.01.2015 - 30.06.2015	01.01.2015 - 31.12.2015
Cash-flow from operating activities			
Net profit (loss) before tax	3 954	6 518	9 887
Adjustments for:			
Depreciation and impairment allowances of property, land and equipment	1 293	1 200	2 415
Amortization and impairment allowances of intangible assets	3	-	-
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	-	4	59
Profit (loss) on disposal of financial assets (other than derivate instruments)	-	-	-
Foreign exchange gains (losses)	-	-	-
Interest costs	24	89	157
Interests and dividends in profits	(915)	(144)	(3 828)
Share-based arrangement payment (incentive programs)	-	-	-
Share in profits (losses) of associates	-	-	-
Other adjustments	-	(37)	(36)
Adjustments in total	406	1 111	(1 233)
Changes in inventories	40	(160)	15
Changes in receivables	(2 187)	(5 551)	(2 791)
Change in liabilities	1 785	1 848	2 642
Changes in provisions and accruals	(1 004)	(2 154)	84
Changes in retentions for construction contracts	-	-	-
Changes in working capital	(1 366)	(6 017)	(50)
Settlement of derivate instruments	-	-	-
Interest paid from operating activities	(1)	(4)	(12)
Income tax paid	(1 199)	(458)	(827)
Net cash generated from/used in operating activities	1 794	1 150	7 765

CASH FLOW STATEMENT (CONT.)

	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015	01.01.2015 - 31.12.2015
Cash flow from investing activities			
Purchase of intangible assets	(82)	-	-
Sale of intangible assets	-	-	-
Purchase of property, plant and equipment	(1 346)	(424)	(3 030)
Sale of property, plant and equipment	-	112	112
Purchase of investment properties	(9)	(396)	(1 511)
Sale of investment properties	-	-	-
Purchase of related entities shares	-	(135)	(135)
Sale of related entities shares	-	-	-
Loans repaid	-	-	-
Loans granted	-	(2 000)	(3 297)
Purchase of other financial assets	(23 090)	(4 000)	(11 200)
Sale of other financial assets	850	2 736	2 744
Government subsidies granted	-	-	-
Interest received	-	1 500	2 187
Dividends received	-	1 048	1 048
Net cash generated from/used in investing activities	(23 678)	(1 558)	(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)	(1 886)	(3 771)
Repayments of liabilities under finance lease agreements	(222)	(128)	(336)
Interest paid	(24)	(84)	(145)
Dividend paid	-	-	(1 937)
Net cash generated from/used in financing activities	(1 189)	(2 098)	22 056
Net change in cash and cash equivalents	(23 073)	(2 507)	16 738
Cash and cash equivalents at the beginning of the period	23 608	6 870	6 870
Foreign exchange differences	-	-	-
Cash and cash equivalents at the end of the period	535	4 363	23 608