



GRUPA PBG

**CURRENT REPORT FILED WITH
THE POLISH FINANCIAL SUPERVISION AUTHORITY**

DATE: May 13th 2015

Subject: Increase of the Company's share capital by way of issue of Series J ordinary bearer shares within the authorised share capital limit

Text of the report:

Current Report No. 9/2015

Acting under Art. 444, Art. 446 and Art. 447 of the Commercial Companies Code of September 15th 2000 ("**Commercial Companies Code**"), and Art. 7a of the Company's Articles of Association ("**Articles of Association**"), the Management Board of RAFAKO S.A. of Racibórz ("**Company**") announces that on May 13th 2015 it adopted the following resolutions to increase the Company's share capital within the limit of authorised share capital by not less than PLN 2 (two złoty) and not more than PLN 30,663,996 (thirty million, six hundred and sixty-three thousand, nine hundred and ninety-six złoty), through the issue of no fewer than 1 (one) and no more than 15,331,998 (fifteen million, three hundred and thirty-one thousand, nine hundred and ninety-eight) Series J ordinary bearer shares with a par value of PLN 2 (two złoty) per share ("**Series J Shares**"): (i) Resolution No. 47 of the Management Board to increase the Company's share capital within the limit of authorised share capital through the issue of Series J ordinary bearer shares of the Company, waive all pre-emptive rights with respect to Series J Shares, and amend the Company's Articles of Association ("**Private Placement Resolution**"), and (ii) Resolution No. 48 of the Management Board to increase the Company's share capital within the limit of authorised share capital through the issue of Series J ordinary bearer shares, waive all pre-emptive rights with respect to the Company's Series J shares, amend the Company's Articles of Association, and seek admission and introduction of Company Series J Shares to trading on the regulated market operated by the Warsaw Stock Exchange, and to convert Company Series J Shares into book-entry form ("**Open Subscription Resolution**") (jointly "**Management Board Resolutions**").

Under the Private Placement Resolution, in accordance with the obligation set forth in Section 5 of Resolution No. 2 of the Extraordinary General Meeting of RAFAKO S.A. of March 24th 2014 to amend the Articles of Association in connection with the authorisation of the Management Board to increase the share capital within the limit of authorised share capital ("**EGM Resolution**"), the Management Board decided to offer Series J Shares ("**Subscription Right**") to the Company's shareholders holding individually at least 10% of Company shares on the date of adoption of the EGM Resolution ("**Entitled Shareholders**") in a private placement within the meaning of Art. 431.2.1 of the Commercial Companies Code, and to waive the pre-emptive rights of the Company's existing shareholders. In accordance with Art. 432.1.6, the Company will enter into subscription agreements for Series J Shares ("**Subscription Agreements**") with the Entitled Shareholders who decide to exercise their Subscription Rights, by the end of the period prescribed for exercising the Subscription Rights, which falls 30 days after the date of adoption of the Private Placement Resolution ("**Subscription Right Exercise Date**").

In accordance with the Private Placement Resolution, the Management Board will determine by way of a separate resolution or resolutions: (i) the issue prices of Series J Shares; (ii) the list of Entitled Shareholders; and (iii) the number of Series J Shares to be offered for acquisition. Should the Management Board fail to determine in a resolution the number of Series J Shares, the number of Series J Shares to be offered in Private Placement will be equal to the maximum number of Series J Shares that can be issued under the Private Placement Resolution. The resolution of the Management Board on determination of the issue price of Series J Shares will be adopted provided it is first approved by the Company's Supervisory Board.

In the Open Subscription Resolution, the Management Board resolved to offer Series J Shares by way of open subscription within the meaning of Art. 431.2.2 of the Commercial Companies Code ("**Open Subscription**"), with the pre-emptive rights of the Company's existing shareholders waived, to be carried out in the form of a public offering ("**Public Offering**") within the meaning of Art. 3.3 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005, ("**Public Offering Act**"), provided that the Entitled Shareholders fail to subscribe for some or all of Series J Shares by the Subscription Right Exercise Date ("**Private Placement**").

In accordance with the Open Subscription Resolution, the issue prospectus of the Company ("**Prospectus**"), drafted in compliance with the applicable laws in relation to the public offering of Series J Shares and application for admission and introduction of the rights to Series J Shares ("**Rights to Series J Shares**") and Series J Shares to trading on the regulated market operated by the Warsaw Stock Exchange ("**WSE**") will set forth the terms of offering Series J Shares and Rights to Series J Shares to investors in Open Subscription.

The Open Subscription Resolution also provides that the Management Board will determine by way of a separate resolution or resolutions: (i) the issue price of Series J Shares; (ii) the number of Series J Shares to be offered for acquisition, taking into account the number of Series J Shares acquired in the Private Placement, and (iii) the opening and closing dates of the period for subscription for Series J Shares in the Public Offering. Should the Management Board fail to determine in a resolution the number Series J Shares, the number of Series J Shares to be offered in the Public Offering will be equal to the maximum number of Series J Shares that can be issued under the Open Subscription Resolution. The resolution of the Management Board on determination of the issue price of Series J Shares will be adopted provided it is first approved by the Company's Supervisory Board. The detailed rules for the offering, distribution and allotment of Series J Shares will be defined in the Prospectus.

Based on the Open Subscription Resolution, the Company will seek admission and introduction of Series J Shares and Rights to Series J Shares to trading on the regulated market operated by the WSE and the Management Board will take any actions necessary to achieve this end. Moreover, Series J Shares and Rights to Series J Shares will be converted into book-entry form and the Management Board will conclude with the Central Securities Depository of Poland an agreement on registration of Series J Shares and Rights to Series J Shares in the depository for securities, and any other necessary steps will be taken to convert Series J Shares and Rights to Series J Shares into book-entry form.

Following the adoption of the Resolutions by the Management Board, the Management Board decided that, in the best interest of the Company, the existing shareholders' pre-emptive rights to acquire Series J Shares should be waived in full. Pursuant to Art. 433.2 in conjunction with Art. 447 of the Commercial Companies Code, the Management Board prepared written opinions on each of the Resolutions of the Management Board, presenting grounds for the waiver of the existing shareholders' pre-emptive rights with respect to shares to be issued within the limit of authorised share capital, and also defined the method for setting the issue price. In the opinions of the Management Board concerning both Resolutions of the Management Board, the Management Board indicated that the full waiver

of the pre-emptive rights of the Company's existing shareholders to Series J Shares will enable the Company to raise necessary financing in a quick and flexible manner. The issue price of Series J Shares will be determined on the basis of the market price of Company Shares or valuations using comparative methods, as well as the Company's projected financial performance. Other methods of estimating the value of Series J Shares to determine the issue price of Series J Shares will also be considered.

Moreover, under both Resolutions of the Management Board, the Management Board also decided that:

1. Series J Shares will be paid for exclusively with cash contributions;
2. The Management Board of the Company will make a representation, in the form of a notarial deed, on the amount of share capital subscribed for and on the precise amount of the share capital prior to notifying the court register of the share capital increase – in accordance with Art. 310.2 and 4 of the Commercial Companies Code in conjunction with Art. 453.1 and Art. 431.7 of the Commercial Companies Code;
3. Series J Shares will carry the right to dividend for the 2015 financial year, i.e. as of January 1st 2015, on a par with other shares of the Company;
4. Following the share capital increase pursuant to the Resolutions of the Management Board, the Articles of Association are amended as follows:

Art. 7 of the Articles of Association is amended to read as follows:

"The Company's share capital shall amount to no less than PLN 139,200,002 (one hundred and thirty-nine million, two hundred thousand and two złoty) and no more than PLN 169,863,996 (one hundred and sixty-nine million, eight hundred and sixty-three thousand, nine hundred and ninety-six złoty)".

Art. 8 of the Articles of Association is amended to read as follows:

"The Company's share capital shall be divided into no fewer than 69,600,001 (sixty-nine million, six hundred thousand and one) shares and no more than 84,931,998 (eighty-four million, nine hundred and thirty-one thousand, nine hundred and ninety-eight) shares with a par value of PLN 2.00 (two złoty) per share."

The Resolutions come into force as of the their dates, subject to approval by Company's Supervisory Board of the full waiver of the existing shareholders' pre-emptive rights to Series J ordinary bearer shares to be issued within the limit of authorised share capital, referred to in Art. 447.1 sentence 2 of the Commercial Companies Code and Art. 21.3.8 of the Articles of Association of the Company, with the amendments to the Company's Articles of Association coming into effect on the date of their registration by the registry court.

Legal basis: Art. 56.1.1 of the Public Offering Act.

Agnieszka Wasilewska-Semail, President of the Management Board
Jarosław Duśło, Vice-President of the Management Board