

No.	Name	Definition	2016	2015	2014	Difference 2015-2014
1	2	3	4	5	6	7 = 4-5
1	Gross profit margin (%)	gross profit (loss) / net revenue from sale of products and merchandise	2,5%	8,3%	9,0%	-5,8%
2	Profit on sales margin (%)	profit (loss) on sales / net revenue from sale of products and merchandise	-7,8%	1,5%	3,0%	-9,3%
3	Operating profit margin (%)	operating profit (loss) / net revenue from sale of products and merchandise	-8,5%	1,6%	2,5%	-10,1%
4	Margin before extraordinary items (%)	profit (loss) before extraordinary items / net revenue from sale of products and merchandise	-9,1%	3,4%	2,4%	-12,5%
5	Net profit margin (%)	net profit (loss) / net revenue from sale of products and merchandise	-8,4%	2,7%	2,1%	-11,1%
6	Return on assets (%)	net profit (loss) / total assets	-7,5%	2,7%	2,3%	-10,2%
7	Return on equity (%)	net profit (loss) / equity	-18,9%	6,8%	8,5%	-25,7%
8	Current ratio	current assets / current liabilities	1,2	1,3	1,0	-0,1
8A	Current ratio excluding inventory adjustment related to accounting for long-term contracts	current assets + inventory adjustment related to accounting for long-term contracts/ current liabilities	1,6	1,9	1,3	-0,3
9	Quick ratio	current assets - inventories / current liabilities	1,2	1,3	1,0	-0,1
10	Average collection period after revenue adjustment related to accounting for long-term contracts (in days)	short-term trade receivables x 360 / net revenue from sale of products and merchandise (amount invoiced+adjustment related to accounting for long-term contracts)	92	52	75	40
10A	Average collection period excluding revenue adjustment related to accounting for long-term contracts (in days)	short-term trade receivables x 360 / net revenue from sale of products and merchandise (invoiced)	79	58	74	21
11	Inventory turnover after inventory and cost of sales adjustment related to accounting for long-term contracts (in days)	inventories x 360 / cost of products and merchandise sold	7	7	8	0
11A	Inventory turnover excluding inventory adjustment related to accounting for long-term contracts (in days)	(inventories+inventory adjustment related to accounting for long-term contracts) x 360 / (cost of products and merchandise sold including adjustment related to accounting for long-term contracts)	87	141	92	-54
12	Average payment period after cost of sales adjustment related to accounting for long-term contracts (in days)	short-term trade payables x 360 / cost of products and merchandise sold	60	102	104	-42
12A	Average payment period (based on purchases) (in days)	short-term trade payables x 360 / purchases	67	107	114	-40
13	Debt ratio (%)	non-current liabilities + current liabilities / equity	152,2%	151,9%	275,4%	0,3%
14	Bank debt ratio (%)	short-term and long-term borrowings / equity	45,4%	28,4%	47,1%	17,0%
15	Long-term funding ratio (%)	equity + non-current liabilities / total assets	45,0%	45,0%	31,4%	0,0%
16	Share of equity in financing of assets (%)	equity / total assets	39,7%	39,7%	26,6%	0,0%
17	Equity financing of non-current assets (%)	equity / non-current assets	120,8%	142,3%	95,6%	-21,5%
18	Debt to assets (%)	non-current liabilities + current liabilities / total assets	60,3%	60,3%	73,4%	0,0%

No.	Item	Dec 31 2016		Dec 31 2015		Dec 31 2014		change	change %
		PLN '000	STRUCTURE	PLN '000	STRUCTURE	PLN '000	STRUCTURE		
1	2	3	4	5	6	7	8	9= 3-5	10 = 3/5
<b>I</b>	<b>Non-current assets</b>	<b>272 057</b>	<b>32,8%</b>	<b>275 334</b>	<b>27,9%</b>	<b>289 332</b>	<b>27,9%</b>	<b>(3 277)</b>	<b>98,8%</b>
1	Property, plant and equipment	147 968	17,9%	153 827	15,6%	142 806	13,8%	(5 859)	96,2%
2	Investment property		0,0%		0,0%		0,0%		
3	Intangible assets	11 058	1,3%	11 488	1,2%	9 164	0,9%	(430)	96,3%
4	Trade receivables	3	0,0%	5 660	0,6%	28 990	2,8%	(5 657)	0,1%
5	Non-current financial assets	64 570	7,8%	60 889	6,2%	58 802	5,7%	3 681	106,0%
5.1	Shares in subsidiaries	29 349	3,5%	25 032	2,5%	25 032	2,4%	4 317	117,2%
5.2	Shares in other entities	227	0,0%	229	0,0%	388	0,0%	(2)	99,1%
5.3	Long-term loans advanced		0,0%		0,0%	38	0,0%		
5.4	Long-term deposits		0,0%		0,0%		0,0%		
5.5	Other non-current assets	34 994	4,2%	35 628	3,6%	33 344	3,2%	(634)	98,2%
6	Other receivables and prepayments	281	0,0%	732	0,1%		0,0%	(451)	38,4%
7	Deferred tax assets	48 177	5,8%	42 738	4,3%	49 570	4,8%	5 439	112,7%
<b>II</b>	<b>Current assets</b>	<b>557 040</b>	<b>67,2%</b>	<b>711 518</b>	<b>72,1%</b>	<b>713 116</b>	<b>68,7%</b>	<b>(154 478)</b>	<b>78,3%</b>
1	Inventories after adjustment related to construction contracts, including:	13 039	1,6%	18 804	1,9%	21 715	2,1%	(5 765)	69,3%
1.1	Inventories	203 012	24,5%	332 968	33,7%	261 364	25,2%	(129 956)	61,0%
1.2	Inventory adjustment related to construction contracts	(189 973)	-22,9%	(314 164)	-31,8%	(239 649)	-23,1%	124 191	60,5%
2	Trade receivables, other receivables and prepayments	294 144	35,5%	312 470	31,7%	437 248	42,1%	(18 326)	94,1%
2.1	Trade receivables	188 754	22,8%	141 934	14,4%	237 953	22,9%	46 820	133,0%
2.2	Income tax receivable	10 918	1,3%	7 095	0,7%	13 666	1,3%	3 823	153,9%
2.3	Other receivables and prepayments	94 472	11,4%	163 441	16,6%	185 629	17,9%	(68 969)	57,8%
3	Gross amount due from customers for contract work	172 387	20,8%	276 703	28,0%	239 735	23,1%	(104 316)	62,3%
4	Current financial assets	77 470	9,3%	103 541	10,5%	14 418	1,4%	(26 071)	74,8%
4.1	Derivative instruments		0,0%		0,0%		0,0%		
4.2	Short-term deposits		0,0%		0,0%		0,0%		
4.3	Short-term loans advanced	458	0,06%	486	0,05%	70	0,01%	(28)	94,2%
4.4	Other current financial assets	11 130	1,34%	5 946	0,60%		0,00%	5 184	187,2%
4.5	Cash and cash equivalents	65 882	7,9%	97 109	9,8%	14 348	1,4%	(31 227)	67,8%
5	Other current non-financial assets		0,0%		0,0%		0,0%		
<b>III</b>	<b>Non-current assets held for sale</b>	<b>7</b>	<b>0,0%</b>	<b>119</b>	<b>0,0%</b>	<b>35 450</b>	<b>3,4%</b>	<b>(112)</b>	<b>5,9%</b>
<b>A</b>	<b>Total assets</b>	<b>829 104</b>	<b>100,0%</b>	<b>986 971</b>	<b>100,0%</b>	<b>1 037 898</b>	<b>100,0%</b>	<b>(157 867)</b>	<b>84,0%</b>
<b>I</b>	<b>Equity</b>	<b>328 760</b>	<b>39,7%</b>	<b>391 823</b>	<b>39,7%</b>	<b>276 497</b>	<b>26,6%</b>	<b>(63 063)</b>	<b>83,9%</b>
1	Share capital	169 864	20,5%	169 864	17,2%	139 200	13,4%		100,0%
2	Share premium	95 340	11,5%	95 340	9,7%	36 778	3,5%		100,0%
3	Reserve funds	131 301	15,8%	104 716	10,6%	81 201	7,8%	26 585	125,4%
4	Exchange differences on translating foreign operations	(69)	0,0%	60	0,0%	293	0,0%	(129)	-115,0%
5	Retained earnings / accumulated losses, including:	(67 676)	-8,2%	21 843	2,2%	19 025	1,8%	(89 519)	-309,8%
5.1	current profit (loss)	(62 241)	-7,5%	26 587	2,7%	23 515	2,3%	(88 828)	-234,1%
<b>II</b>	<b>Non-current liabilities</b>	<b>44 033</b>	<b>5,3%</b>	<b>52 155</b>	<b>5,3%</b>	<b>49 357</b>	<b>4,8%</b>	<b>(8 122)</b>	<b>84,4%</b>
1	Interest-bearing borrowings		0,0%		0,0%		0,0%		
2	Finance lease liabilities	2 662	0,3%	3 111	0,3%	1 581	0,2%	(449)	85,6%
3	Employee benefit obligations	21 773	2,6%	23 500	2,4%	24 907	2,4%	(1 727)	92,7%
4	Trade and other payables	19 598	2,4%	25 544	2,6%	22 869	2,2%	(5 946)	76,7%
4.1	Trade payables	11 874	1,4%	20 796	2,1%	20 504	2,0%	(8 922)	57,1%
4.2	Capital commitments	16	0,0%	112	0,0%	172	0,0%	(96)	14,3%
4.3	Other liabilities	7 708	0,9%	4 636	0,5%	2 193	0,2%	3 072	166,3%
<b>III</b>	<b>Current liabilities</b>	<b>456 311</b>	<b>55,0%</b>	<b>542 993</b>	<b>55,0%</b>	<b>712 044</b>	<b>68,6%</b>	<b>(86 682)</b>	<b>84,0%</b>
1	Trade and other payables	201 981	24,4%	307 537	31,2%	378 810	36,5%	(105 556)	65,7%
1.1	Trade payables	120 449	14,5%	256 803	26,0%	299 227	28,8%	(136 354)	46,9%
1.2	Amounts payable for tangible and intangible assets	954	0,1%	1 790	0,2%	4 860	0,5%	(836)	53,3%
1.3	other liabilities	80 578	9,7%	48 944	5,0%	74 723	7,2%	31 634	164,6%
2	Current portion of interest-bearing borrowings	149 112	18,0%	111 213	11,3%	130 229	12,5%	37 899	134,1%
3	Other financial liabilities	1 616	0,2%	1 278	0,1%	559	0,1%	338	126,4%
4	Employee benefit obligations	1 994	0,2%	1 973	0,2%	1 896	0,2%	21	101,1%
5	Amounts due to customers and provisions for construction contract work, and deferred income	101 608	12,3%	120 992	12,3%	200 550	19,3%	(19 384)	84,0%
5.1	Amounts due to customers for construction contract work	76 992	9,3%	90 378	9,2%	161 446	15,6%	(13 386)	85,2%
a	prepayments received	27 841	3,4%	56 955	5,8%	55 585	5,4%	(29 114)	48,9%
b	adjustment to prepayments	(26 048)	-3,1%	(56 861)	-5,8%	(19 998)	-1,9%	30 813	45,8%
c	gross amounts due to customers for construction contract	75 199	9,1%	90 284	9,1%	125 859	12,1%	(15 085)	83,3%
5.2	Provisions for construction contract work	24 095	2,9%	29 807	3,0%	38 033	3,7%	(5 712)	80,8%
5.3	grants	521	0,1%	807	0,1%	1 071	0,1%	(286)	64,6%
<b>B</b>	<b>Total equity and liabilities</b>	<b>829 104</b>	<b>100,0%</b>	<b>986 971</b>	<b>100,0%</b>	<b>1 037 898</b>	<b>100,0%</b>	<b>(157 867)</b>	<b>84,0%</b>

No.	Item	2016	2015	2014	Change %
		PLN '000	PLN '000	PLN '000	
1	2	3	4	5	6=3/4
<b>I</b>	<b>Net revenue from sale of products, merchandise and materials</b>	<b>738 227</b>	<b>989 296</b>	<b>1 143 740</b>	<b>74,6%</b>
	1. Net revenue from sale of goods and services after adjustment, including:	735 758	987 274	1 141 720	74,5%
	1.1. Invoiced revenue	854 732	874 346	1 149 766	97,8%
	1.2. Adjustment related to construction contracts	(120 384)	113 132	(8 643)	-106,4%
	1.3. Exchange differences and valuation of derivatives	1 410	(204)	597	-691,2%
	2. Net revenue from sale of materials	2 469	2 022	2 020	122,1%
<b>II</b>	<b>Cost of sales</b>	<b>719 704</b>	<b>906 829</b>	<b>1 040 394</b>	<b>79,4%</b>
	1. Cost of products sold after adjustment, including:	717 242	904 773	1 038 375	79,3%
	1.1. Cost of products sold (invoiced)	840 021	849 284	1 023 727	98,9%
	1.2. Adjustment related to construction contracts	(123 919)	55 843	12 927	-221,9%
	1.3. Exchange differences and valuation of derivatives	1 140	(354)	1 721	-322,0%
	2. Cost of merchandise and materials sold	2 462	2 056	2 019	119,7%
<b>III</b>	<b>Gross profit (loss)</b>	<b>18 523</b>	<b>82 467</b>	<b>103 346</b>	<b>22,5%</b>
IV	Distribution costs, including:	31 578	28 564	30 399	110,6%
	1. Revaluation of receivables	217	331	3 221	65,6%
V	Administrative expenses	44 285	39 389	38 414	112,4%
<b>VI</b>	<b>Profit (loss) on sales</b>	<b>(57 340)</b>	<b>14 514</b>	<b>34 533</b>	<b>-395,1%</b>
VII	Other income	7 236	8 858	4 402	81,7%
VIII	Other expenses	12 869	7 797	10 550	165,1%
<b>IX</b>	<b>Operating profit (loss) (EBIT)</b>	<b>(62 973)</b>	<b>15 575</b>	<b>28 385</b>	<b>-404,3%</b>
X	Depreciation and amortisation	11 674	10 662	10 388	109,5%
<b>XI</b>	<b>Operating profit (loss) + depreciation and amortisation (EBITDA)</b>	<b>(51 299)</b>	<b>26 237</b>	<b>38 773</b>	<b>-195,5%</b>
XII	Finance income	2 616	13 403	8 643	19,5%
XIII	Finance costs	7 161	6 916	9 727	103,5%
XIV	Net gain (loss) on disposal of a subsidiary		11 376		0,0%
<b>XV</b>	<b>Profit (loss) before extraordinary items</b>	<b>(67 518)</b>	<b>33 438</b>	<b>27 301</b>	<b>-201,9%</b>
<b>XVI</b>	<b>Pre-tax profit (loss)</b>	<b>(67 518)</b>	<b>33 438</b>	<b>27 301</b>	<b>-201,9%</b>
XVII	Income tax expense	(5 277)	6 851	3 786	-77,0%
<b>XVIII</b>	<b>Net profit (loss)</b>	<b>(62 241)</b>	<b>26 587</b>	<b>23 515</b>	<b>-234,1%</b>

No.	Item	2016	2015	2014	Difference
		PLN '000	PLN '000	PLN '000	PLN '000
1	2	3	4	5	6=3-4
1	Profit (loss) on sales	(57 340)	14 514	34 533	(71 854)
2	Net other income (expenses)	(5 633)	1 061	(6 148)	(6 694)
3	Net finance income (costs)	(4 545)	17 863	(1 084)	(22 408)
4	Pre-tax profit (loss)	(67 518)	33 438	27 301	(100 956)

No.	Parties	Subject matter	Term	Value
1	2	3	4	5
1.	RAFAKO S.A. – TUIR WARTA S.A.	All-risk property insurance of RAFAKO S.A.'s current and non-current assets	Oct 1 2016 – Sep 30 2017	Details below
2.	RAFAKO S.A. – TUIR Allianz Polska S.A.	Directors and officers liability insurance for management and supervisory personnel	Oct 1 2016 – Sep 30 2017	PLN 70,000 thousand
3.	RAFAKO S.A. – PZU S.A., InterRisk TU S.A. Vienna Insurance Group	Business and property liability insurance	Oct 1 2016 – Sep 30 2017	PLN 70,000 thousand
4.	RAFAKO S.A. – PZU S.A., InterRisk TU S.A. Vienna Insurance Group	Designer, architect and construction engineer professional liability insurance	Oct 1 2016 – Sep 30 2017	PLN 22,000 thousand
5.	RAFAKO S.A. – TUIR WARTA S.A.	General construction and assembly all-risk insurance	Oct 1 2016 – Sep 30 2017	Details below
6.	RAFAKO S.A. – PZU S.A., InterRisk TU S.A. Vienna Insurance Group	General carriage insurance for domestic and international transport	Oct 1 2016 – Sep 30 2017	Details below
7.	RAFAKO S.A. – PZU S.A., TUIR Allianz Polska S.A., Ergo Hestia S.A.	Business and property liability insurance agreement (Jaworzno Power Plant)	Apr 17 2014 – Mar 16 2024	PLN 100,000 thousand
8.	RAFAKO S.A. – PZU S.A., TUIR Allianz Polska S.A., Ergo Hestia S.A.	Professional liability insurance agreement (Jaworzno Power Plant)	Apr 17 2014 – Mar 16 2024	PLN 70,000 thousand
9.	RAFAKO S.A. – TUIR WARTA S.A., Generali T.U. S.A.	Civil Liability Insurance, Professional Liability Insurance, General Construction and Assembly Risk Insurance Agreement (Azoty CHP Plant)	Sep 23 2014 – Mar 23 2017	up to PLN 320,000 thousand

Details of the insurance agreement listed under item 1:

**All-risk property insurance of RAFAKO S.A.'s current and non-current assets**

RAFAKO S.A. has an all-risk insurance policy for its current and non-current assets, including insurance against damage resulting from business interruptions.

The property insurance is an all-risk insurance, which means that RAFAKO S.A.'s assets are insured against any losses, except for those expressly excluded in the policy (e.g. damage arising in connection with acts of war or gross negligence).

The insurance cover is as follows (sum insured at gross carrying amount):

1. Acts of God property insurance, including insurance of electrical machinery against electrical damage:
  - property, plant and equipment – universal property insurance (buildings, structures, equipment) against damage – PLN 197,091 thousand;
  - current assets – PLN 265,400 thousand;
  - electrical machinery – PLN 5,000 thousand;
2. Insurance against loss of profits due to damage covered by all-risk property insurance:
  - loss of profits – PLN 232,058 thousand;
3. All-risk electronic equipment insurance:
  - stationary electronic equipment – PLN 20,782 thousand;
  - mobile electronic equipment – PLN 7,278 thousand;
4. All-risk insurance of plant and equipment:
  - plant and equipment – PLN 48,060 thousand.

All the insurance policies are renewable.

Details of the insurance agreement listed under item 5:

**General construction and assembly all-risk insurance**

The insurance provides cover for construction and assembly works, property in the vicinity of construction sites, as well as construction site equipment and facilities (excluding construction machinery).

The insurance pertains to contracts launched during the term of the insurance agreement for which RAFAKO S.A. assumed the responsibility to provide contract insurance. The insurance agreement covers all contracts, except for those expressly excluded (e.g. due to the value or term of a single contract).

Details of the insurance agreement listed under item 6:

**General property insurance in domestic and international transport**

The insurance provides cover for all shipments transported during the insurance term which – under the relevant contract – may be insured at the option of RAFAKO or which are transported at the risk of RAFAKO and the contract does not specify the party responsible for insurance. Under the agreement, the insurer's liability for damage during transport is limited to the value of a single shipment, as specified in the agreement.

Furthermore, RAFAKO S.A. maintains TPL insurance (OC), all-loss insurance (AC), and Moto Assistance insurance of its vehicles.

No.	Company	Registered office	No. of shares held by RAFAKO S.A.	Ownership interest	Par value of shares (PLN)	Cost of shares (PLN)	Carrying amount of shares (PLN)	Share capital (PLN)	Total number of shares	Par value of one share (PLN)
1.	APC-Metalchem S.A. w upadłości (in bankruptcy)	Opole	6 101	0,12%	61 010,00	61 010,00	0,00	49 000 000,00	4 900 000	10,00
2.	DOM Sp. z o.o.	of Racibórz	2 327	100,00%	23 270 000,00	23 271 036,00	23 271 036,00	23 270 000,00	2 327	10 000,00
3.	ELWO S.A. w upadłości (in bankruptcy)	Pszczyna	161 949	95,26%	9 716 940,00	19 375 272,84	0,00	10 200 000,00	170 000	60,00
4.	FAMAK S.A.	Kluczbork	1 828	0,02%	18 280,00	18 280,00	18 280,00	77 366 240,00	7 736 624	10,00
5.	Tauron Polska Energia S.A.	Katowice	73 219	0,005%	658 971,00	491 485,00	208 674,15	14 304 948 858,00	1 589 438 762	9,00
6.	RAFAKO-ENGINEERING Sp. z o.o.	of Racibórz	3 630	51,05%	1 815 000,00	5 323 013,00	5 323 013,00	3 555 500,00	7 111	500,00
7.	RAFAKO ENGINEERING SOLUTION Sp. z o.o.	Belgrade	1	77,00%	EUR 38,500	154 683,62	154 683,62	EUR 50,000	2	EUR 38,500 EUR 12,500
8.	RAFAKO Hungary Sp. z o.o.	Budapest	1	100,00%	HUF 40,000	589 057,80	589 057,80	HUF 40,000		HUF 40,000
9.	Sanbei-RAFAKO Sp. z o.o.	Zhangjiakou	1 956	26,23%	USD 1,956,000	4 643 738,60	0,00	USD 7,456,000	7 456	USD 1,000
10.	E001RK Sp. z o.o.	of Racibórz	100	100,00%	5 000,00	5 000,00	5 000,00	5 000,00	100	50,00
11.	E003B7 Sp. z o.o.	of Racibórz	100	100,00%	5 000,00	6 325,10	6 325,10	5 000,00	100	50,00
12.	SOUTH POLAND CLEANTECH CLUSTER Sp. z o.o.	Kraków	1	3,33%	300,00	300,00	300,00	9 000,00	30	
<b>TOTAL</b>							<b>29 576 369,67</b>			



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### List of loans advanced

Appendix 7

No.	Borrower	Loan amount as per agreement	Currency	Type	Agreement date	Repayment date	Interest rate	Amount outstanding as at Dec 31 2016 (PLN)
1	Natural persons*	173 000,00	PLN	cash loans granted to finance payments for shares in a subsidiary	Mar 3 2014	Dec 31 2016	1Y WIBOR + margin	35 000,00
2	RAFAKO HUNGARY**	95 000,00	EUR	cash loan for financing contract performance	Aug 2 2015	Dec 20 2017	LIBOR 1M + marża	423 000,00
<b>Total loans</b>								<b>458 000,00</b>

\*related parties having personal links with RAFAKO S.A.

\*\* subsidiary of RAFAKO S.A.



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List of bank and other borrowings as at December 31st 2016

Appendix 8

No.	Lender	Facility/loan amount as per agreement	Currency	Type	Agreement date	Repayment date	Interest rate	Amount outstanding as at Dec 31 2016 (PLN)
1	PKO BP	150 000 000,00	PLN	overdraft facility disbursed in tranches in accordance with RAFAKO's instructions*	Feb 7 2012	Jun 30 2017	1M WIBOR + margin	147 107 177,63
2	PGL DOM Sp. z o.o. (subsidiary)	2 000 000,00	PLN	Cash loan agreement for financing day-to-day operations**	Apr 12 2013	Dec 31 2017	1M WIBOR + margin	2 005 027,95
<b>Total borrowings</b>								<b>149 112 205,58</b>

\* As at the issue date of these financial statements, under the annex of June 30th 2016 to the credit facility agreement, the Company was granted an overdraft facility of PLN 100m, a revolving working capital facility of up to PLN 50m and a guarantee facility of PLN 100m, with the proviso that the aggregate amount of funds drawn under the facilities may not exceed PLN 200m. The annex of June 30th 2016 extends the availability and repayment date of the facilities until June 30th 2017.

\*\*under the annex of December 12th 2016, the loan repayment date was extended to December 31st 2017.