

INDEPENDENT AUDITORS' OPINION

To the Shareholders Meeting and Supervisory Board of FAMUR S.A.

1. We have audited the attached consolidated financial statements of FAMUR Capital Group ('the Group'), for which the holding company is FAMUR S.A. ('the Company') located in Katowice at Armii Krajowej 51 street, for the year ended 31 December 2015 containing, the consolidated statement on financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the period from 1 January 2015 to 31 December 2015 and the summary of significant accounting policies and other explanatory notes ('the attached consolidated financial statements').
2. The truth and fairness¹ of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are the responsibility of the Company's Management Board. In addition, the Company's Management Board and Members of the Supervisory Board are required to ensure that the attached consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly² reflect, in all material respects, the financial position and results of the operations of the Group.
3. We conducted our audit of the attached consolidated financial statements in accordance with:
 - chapter 7 of the Accounting Act;
 - National Auditing Standards issued by the National Council of Statutory Auditors;in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.

¹ Translation of the following expression in Polish: 'rzetelność i jasność'

² Translation of the following expression in Polish: 'rzetelne i jasne'

4. The consolidated financial statements for the year ended 31 December 2014 were subject to an audit by key auditor acting on behalf of another authorized firm who issued an unqualified opinion on these consolidated financial statements, dated 27 April 2015.
5. In our opinion, the attached consolidated financial statements, in all material respects:
 - present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2015 to 31 December 2015, as well as its financial position³ as at 31 December 2015;
 - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
 - are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.
6. We have read the 'Directors' Report for the period from 1 January 2015 to 31 December 2015 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of art. 49 para 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments).

on behalf of
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warsaw
Reg. No 130

Key Certified Auditor

Leszek Lerch
certified auditor No. 9886

Warsaw, 27 April 2016

³ Translation of the following expression in Polish: '*sytuacja majątkowa i finansowa*'

CAPITAL GROUP FAMUR

**LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

I. GENERAL NOTES

1. Background

The holding company of the Famur Capital Group (hereinafter 'the Group' or 'the Capital Group') is FAMUR S.A. ('the holding company', 'the Company').

The Holding company is located in Katowice at Armii Krajowej 51 street.

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards (EC Official Journal L243 dated 11 September 2002, page 1, Polish special edition chapter 13, title 29 page 609) and, based on the article 55.5 of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'), prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

The holding company was entered in the Register of Entrepreneurs of the National Court Register under No. KRS 000048716 on 28 September 2001.

The Company was issued with tax identification number (NIP) 6340126246 and statistical number (REGON) 270641528.

The holding company is part of the TDJ Capital Group.

The principal activities of the holding company are as follows:

- production of machinery for mining, quarrying and construction industries;
- machinery repair and maintenance services;
- installation of industrial machinery and equipment;
- production of metal structures and spare parts;
- repair and maintenance of fabricated metal products.

The scope of activities of the Group's subsidiaries, jointly controlled entities and associates include the following activities:

- production of transport and lifting machinery;
- technical research and analyzes;
- financial holding activities.

As at 31 December 2015, the Company's issued share capital amounted to 4.815 thousand zlotys. Equity as at that date amounted to 890.226 thousand zlotys.

In accordance with additional notes and explanations included in attached financial statements the ownership structure of the Company's issued share capital was as follows:

	Number of shares	Number of votes	Par value of shares	% of issued share capital
TDJ Equity I sp. z o.o.	343.225.869	343.225.896	3.432.269	71,28 %
Nationale-Nederlanden OFE	48.123.000	48.123.000	481.230	9,99%
AVIVA OFE	29.000.000	29.000.000	290.000	6,02%
Own shares	1.000	1.000	10	0,00%
Other shareholders	61.150.104	61.150.104	611.501	12,70%
TOTAL	481.500.000	481.500.000	4.815.000	100,00%

There were the following changes in the ownership structure of the holding company during the reporting period as well as during the period from the balance sheet date to the date of the opinion:

- Nationale-Nederlanden OFE reduced its involvement in the capital of 48.571.882 shares, representing 10,09% of the total number of votes to 48.123.000, representing 9,99% of total votes;
- a subsidiary of FAMUR S.A. acquired by donation 1.000 shares from TDJ Equity I sp. z o.o.

There were no movements in the share capital in the reporting period.

As at 27 April 2016, the holding company's Management Board was composed of:

- Mirosław Bendzera - President
- Beata Zawiszowska - Vice President
- Zbigniew Fryzowicz - Vice President
- Zdzisław Szypuła - Vice President
- Dawid Gruszczyk - Vice President

There were the following changes in the holding company's Management Board during the reporting period as well as during the period from the balance sheet date to the date of the opinion:

- On 30 December 2015, the Supervisory Board adopted a resolution on the appointment on 1 January 2016 Mr. Dawid Gruszczyk to the position of Vice President;
- On 1 March 2016, Mr. Henryk Sok resigned from the position of Vice President.

2. Group Structure

As at 31 December 2015, the Famur Capital Group consisted of the following subsidiaries (direct or indirect):

Entity name	Consolidation method	Type of opinion	Name of authorised entity that audited financial statements	Balance sheet date
Famur Famak S.A.	Full	Unqualified	Ernst&Young Audyt Polska Sp. z o.o. sp.k.	31 December 2015
Polskie Maszyny Górnice S.A.	Full	Unqualified	Ernst&Young Audyt Polska Sp. z o.o. sp.k.	31 December 2015
Famur Finance Polskie Maszyny Górnice Spółka Akcyjna S.K.A.	Full	Unqualified	Ernst&Young Audyt Polska Sp. z o.o. sp.k.	31 December 2015
Famur Brand sp. z o.o.	Full	Unqualified	Ernst&Young Audyt Polska Sp. z o.o. sp.k.	31 December 2015
Famur Institute sp. z o.o.		Unqualified	Ernst&Young Audyt Polska Sp. z o.o. sp.k.	31 December 2015

Details of the type and impact of changes in entities included in the consolidation as compared to the prior year may be found in Note 1 of the summary of significant accounting policies and other explanatory notes ("the additional notes and explanations") to the consolidated financial statements of the Group for the year ended 31 December 2015.

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under No. 130.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. was appointed by the Supervisory Board on 1 July 2015 to audit the Group's financial statements.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. and the key certified auditor in charge of the audit meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (Journal of Laws 2009, No. 77, item 649 with subsequent amendments).

Under the contract executed on 10 July 2015 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2015.

Our responsibility was to express an opinion on the consolidated financial statements based on our audit. The auditing procedures applied to the consolidated financial statements were designed to enable us to express an opinion on the consolidated financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the consolidated financial statements taken as a whole.

Based on our audit, we issued an auditors' unqualified opinion dated 27 April 2016, stating the following:

“To the Shareholders Meeting and Supervisory Board of FAMUR S.A.

1. We have audited the attached consolidated financial statements of FAMUR Capital Group ('the Group'), for which the holding company is FAMUR S.A. ('the Company') located in Katowice at Armii Krajowej 51 street, for the year ended 31 December 2015 containing, the consolidated statement on financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the period from 1 January 2015 to 31 December 2015 and the summary of significant accounting policies and other explanatory notes ('the attached consolidated financial statements').
2. The truth and fairness¹ of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are the responsibility of the Company's Management Board. In addition, the Company's Management Board and Members of the Supervisory Board are required to ensure that the attached consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly² reflect, in all material respects, the financial position and results of the operations of the Group.

¹ Translation of the following expression in Polish: 'rzetelność i jasność'

² Translation of the following expression in Polish: 'rzetelne i jasne'

3. We conducted our audit of the attached consolidated financial statements in accordance with:
- chapter 7 of the Accounting Act;
 - National Auditing Standards issued by the National Council of Statutory Auditors;
- in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.
4. The consolidated financial statements for the year ended 31 December 2014 were subject to an audit by key auditor acting on behalf of another authorized firm who issued an unqualified opinion on these consolidated financial statements, dated 27 April 2015.
5. In our opinion, the attached consolidated financial statements, in all material respects:
- present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2015 to 31 December 2015, as well as its financial position³ as at 31 December 2015;
 - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
 - are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.
6. We have read the 'Directors' Report for the period from 1 January 2015 to 31 December 2015 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of art. 49 para 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments)."

We conducted the audit of the consolidated financial statements during the period from 10 July 2015 to 27 April 2016. We were present at the holding company's head office from 16 November 2015 to 27 November 2015 and from 25 January 2016 to 5 February 2016.

³ Translation of the following expression in Polish: '*sytuacja majątkowa i finansowa*'

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness⁴ of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 27 April 2016, from the Management Board of the holding company confirming that:

- the information included in the consolidation documentation was complete;
- all contingent liabilities had been disclosed in the consolidated financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the consolidated financial statements;

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

At the same time declare that during the audit of the financial statements, there were no limitations of scope.

3.3 Consolidated financial statements for prior financial year

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by Artur Maziarka, key certified auditor No. 90108, acting on behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. located in Warsaw, the company entered on the list of entities authorized to audit financial statements conducted by the National Council of Statutory Auditors with the number 73. The key certified auditor issued an unqualified opinion on the consolidated financial statements for the year ended 31 December 2014.

The consolidated financial statements for the year ended 31 December 2014 were approved by the Shareholders' Meeting on 18 June 2015.

The consolidated financial statements of the Group for the financial year ended 31 December 2014, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 2 July 2015 with the National Court Register.

⁴ Translation of the following expression in Polish: "*rzetelność i jasność*"

4. Analytical Review

4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Group for the years 2013 – 2015. The ratios were calculated on the basis of financial information included in the financial statements for the year ended 31 December 2014 and year ended 31 December 2015.

The ratios for the year ended 31 December 2013 were calculated on the basis of financial information included in the approved consolidated financial statements audited by another auditor acting on behalf of another authorized entity.

	2015	2014	2013
Total assets	1.258.940	1.337.962	1.549.207
Shareholders' equity	890.226	840.017	1.242.705
Net profit/ loss	51.487	100.252	213.188
Return on assets (%)	4,1%	7,5%	13,8%
<hr/> Net profit x 100% Total assets			
Return on equity (%)	6,1%	8,8%	22,9%
<hr/> Net profit x 100% Shareholders' equity at the beginning of the period			
Profit margin (%)	6,4%	14,1%	18,1%
<hr/> Net profit x 100% Sales of finished goods, goods for resale and raw materials			
Liquidity I	2,3	1,5	3,8
<hr/> Current assets Short-term creditors			
Liquidity III	0,1	0,2	1,0
<hr/> Cash and cash equivalents Short-term creditors			
Debtors days	154 dni	145 dni	120 dni
<hr/> Trade debtors x 365 Sales of finished goods, goods for resale and raw materials			

	2015	2014	2013
Creditors days	48 dni	79 dni	32 dni
<hr/> Trade creditors x 365 <hr/>			
Costs of finished goods, goods for resale and raw materials sold			
Inventory days	83 dni	104 dni	54 dni
<hr/> Inventory x 365 <hr/>			
Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)	78,8%	70,5%	84,3%
<hr/> (Equity + long-term provisions and liabilities) x 100% <hr/>			
Total liabilities, provisions and equity			
Debt ratio (%)	29,3%	37,2%	26,2%
<hr/> (Total liabilities and provisions) x 100% <hr/>			
Total assets			
Rate of inflation:			
Yearly average	-0,9%	0,0%	0,9%
December to December	-0,5%	-1,0%	0,7%

4.2 Comments

The following trends may be observed based on the above financial ratios:

- return on assets in the year 2015 amounted to 4,1% and decreased in comparison to 7,5% in the year 2014 and to 13,8% in the year 2013;
- return on equity in the year 2015 amounted to 6,1% and decreased in comparison to 8,8% in the year 2014 and to 22,9% in the year 2013;
- profit margin in the year 2015 amounted to 6,4% and decreased in comparison to 14,1% in the year 2014 and to 18,1% in the year 2013;
- liquidity I as at 31 December 2015 amounted to 2,3 and increased in comparison to 1,5 as at 31 December 2014, and decreased in comparison to 3,8 as at 31 December 2013;
- liquidity III as at 31 December 2015 amounted to 0,1 and decreased in comparison to 0,2 as at 31 December 2014 and to 1,0 as at 31 December 2013;
- debtors days in the year 2015 amounted to 154 days and increased in comparison to 145 days in the year 2014 and to 120 days in the year 2013;
- creditors days in the year 2015 amounted to 48 days and decreased in comparison to 79 days in the year 2014, and increased in comparison to 32 days in the year 2013;
- inventory days in the year 2015 amounted to 83 days and decreased in comparison to 104 days in the year 2014, and increased in comparison to 54 days in 2013;
- stability of financing as at 31 December 2015 amounted to 78,8% and increased in comparison to 70,5% as at 31 December 2014, and decreased in comparison to 84,3% as at 31 December 2013;

- debt ratio as at 31 December 2015 amounted to 29,3% and decreased in comparison to 37,2% as at 31 December 2014, and increased in comparison to 26,2% as at 31 December 2013.

4.3 Going concern

Nothing came to our attention during the audit that caused us to believe that the holding company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2015 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note 1.III of the additional notes and explanations to the audited consolidated financial statements for the year ended 31 December 2015, the Management Board of the holding company has stated that the financial statements of the Group entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2015 and that there are no circumstances that would indicate a threat to its continued activity.

II. DETAILED REPORT

1. Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

2. Accounting policies for the valuation of assets and liabilities

The Group's accounting policies and rules for the presentation of data are detailed in Note 2 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2015.

3. Structure of assets, liabilities and equity

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2015.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

3.1 Goodwill on consolidation and amortisation

The method of determining goodwill on consolidation, the method on determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in Notes 2 and 16 of the additional notes and explanations to the consolidated financial statements.

3.2 Shareholders' funds including non-controlling interest

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Non-controlling interest amounted to 36 thousand zlotys as at 31 December 2015. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in Note 34 of the additional notes and explanations to the consolidated financial statements.

3.3 Financial year

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2015 and include the financial data for the period from 1 January 2015 to 31 December 2015.

4. Consolidation adjustments

4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

5. Disposal of all or part of shares in a subordinated entity

During the financial year the Group did not sell any shares in subordinated entities.

6. Items which have an impact on the Group's result for the year

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2015

7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting

8. Additional Notes and Explanations to the Consolidated Financial Statements

The additional notes and explanations to the consolidated financial statements for the year ended 31 December 2015 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

9. Directors' Report

We have read the 'Directors' Report for the period from 1 January 2015 to 31 December 2015 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of art. 49 para 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2014.133 with subsequent amendments).

10. Conformity with Law and Regulations

We have obtained a letter of representations from the Management Board of the holding company confirming that no laws, regulations or provisions of the Group entities' Articles of Association were breached during the financial year.

on behalf of
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warsaw
Reg. No 130

Key Certified Auditor

Leszek Lerch
certified auditor No. 9886

Warsaw, 27 April 2016