

POLISH FINANCIAL SUPERVISION AUTHORITY**Current Report No.****41****/****2017**

Date:

June 19th 2017

Abbreviated issuer name

FAMUR S.A.

Subject

Answers to questions asked by a shareholder during the Extraordinary General Meeting of FAMUR S.A. on June 5th 2017

Legal basis

Art. 56.1.2 of the Public Offering Act – Current and periodic information

Text of the report:

Pursuant to Art. 428.5 of the Commercial Companies Code, the Management Board of FAMUR S.A. (the “Company”) publishes its answers to questions asked by a shareholder during FAMUR S.A.’s Extraordinary General Meeting held on June 5th 2017, which the Management Board decided to answer within two weeks of the Meeting’s date. At the same time, in order to systematise information on the resolutions passed during the General Meeting on June 5th 2017 and on their performance, the Company provides the following explanations:

1. On June 5th 2017, the Extraordinary General Meeting of FAMUR S.A. passed Resolution No. 3 to increase the Company’s share capital through the issue of Series D and Series E shares to be sold by way of a private placement with the existing shareholders’ pre-emptive rights waived in full, to convert Series D and Series E shares into book-entry form and introduce them to trading on the regulated market operated by the Warsaw Stock Exchange, and to amend the Company’s Articles of Association. Under Resolution No. 3, the General Meeting decided that all the new shares, i.e. 72,970,500 Company shares, conferring in aggregate the right to 72,970,500 votes at the Company’s General Meeting, will be offered to TDJ Equity I Sp. z o.o. of Tarnowskie Góry.
2. Next, on June 5th 2017, the Company executed a share placement agreement with TDJ Equity I Sp. z o.o. of Tarnowskie Góry, mBank S.A. of Warsaw, Mercurius Dom Maklerski Sp. z o.o. of Warsaw, and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Oddział - Dom Maklerski PKO Banku Polskiego w Warszawie of Warsaw. The Company reported on the execution of that agreement in Current Report No. 29/2017 of June 5th 2017. In accordance with the agreement, TDJ Equity I Sp. z o.o. offered to sell 72,970,500 Company shares, representing 15% of the Company’s share capital and conferring the right to 72,970,500 votes at its General Meeting. TDJ Equity I Sp. z o.o.’s offer was carried out by way of an accelerated bookbuild process (the “ABB Transaction”).
3. On June 6th 2017, given the high demand declared by institutional investors as part of the ABB Transaction, an annex was executed to the placement agreement referred to in item 2 above, providing for an increase in the number of Company shares to be offered for sale by TDJ Equity I Sp. z o.o. by 5% (in relation to the total number of Company shares). The Company reported on the execution of that annex in Current Report No. 31/2017 of June 6th 2017. As a result, TDJ Equity I Sp. z o.o. offered to sell in the Transaction an aggregate of 97,294,000 Company shares, representing 20% of the Company’s share capital and conferring the right to 97,294,000 votes at its General Meeting. As part of the ABB Transaction, all the shares offered by TDJ Equity I Sp. z o.o., i.e. 97,294,000 Company shares, were sold at a price of PLN 5.50 per share.

4. On June 9th 2017 (i.e. on the date of settlement of the sale of shares in the ABB Transaction), in the performance of Resolution No. 3 of the Extraordinary General Meeting of June 5th 2017, the Company made an offer to TDJ Equity I Sp. z o.o. to subscribe for 72,970,500 shares in the increased share capital of FAMUR S.A. On the same date, the Company and TDJ Equity I Sp. z o.o. signed an agreement on the subscription for Series D and Series E shares in the Company through a private placement, at an issue price of PLN 5.50 per share. The total issue price of Series D and Series E shares subscribed for was PLN 401,337,750.00. The Company reported on the execution of the share subscription agreement in Current Report No. 34/2017 of June 9th 2017.

5. The cash payment for all Series D and Series E shares, of PLN 401,337,750.00, was made on June 9th 2017. The Company reported on the receipt of the cash payment for Series D and Series E shares in Current Report No. 35/2017 of June 9th 2017.

Questions asked during the Extraordinary General Meeting of FAMUR S.A. by the proxy for shareholder VALUE FIZ SUBFUNDUSZ 1 of Warsaw on the basis of Art. 428 of the Commercial Companies Code:

I. Questions concerning the increase in the Company's share capital through the issue of Series D and Series E shares and their sale by way of a private placement with the existing shareholders' pre-emptive rights waived in full, conversion of Series D and Series E shares into book-entry form and their introduction to trading on the regulated market operated by the Warsaw Stock Exchange, and amendment of the Articles of Association:

1) Question:

"The published Opinion was signed exclusively by Mirosław Bendzera, President of the Management of Board of FAMUR, who has served on the management boards of companies related to the TDJ Group since 2009, and since 2013 has been a member of the Board of TDJ's Foundation for the Promotion of Education and Development (Fundacja TDJ Na Rzecz Edukacji i Rozwoju), which also confirms his close relationship with TDJ. Has the Opinion been adopted by FAMUR's entire Management Board or is it only the expression of an individual opinion of the President of FAMUR's Management Board? If it has been accepted by FAMUR's Management Board in corpore, when did the Board's relevant meeting take place?"

ANSWER:

The written Opinion of the Management Board, stating the reasons for the disapplication of the shareholders' pre-emptive rights with respect to Series D and Series E shares, and the method of setting the issue price of those shares, was adopted in the form of a resolution of the FAMUR S.A. Management Board during the Management Board's meeting held in the afternoon on May 8th 2017. All members of the FAMUR S.A. Management Board were present at the meeting. The Management Board's resolution to adopt the Opinion was passed unanimously.

2) Question:

"Pursuant to Art. 377 of the Commercial Companies Code, if a conflict of interest arises between a company and persons with whom a board member has personal ties, the member should refrain from participating in the resolution of the matters which have given rise to such conflict. In addition, pursuant to principle V.Z.2. of the Code of Best Practice for Listed Companies 2016, which is applied by FAMUR (according to its statement): "Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case." Given the potential conflict between the interests of FAMUR and the interests of TDJ S.A. as well as the links between certain members of the FAMUR Management Board and TDJ S.A., did any of the members of the FAMUR Management

Board explicitly refrain from participating in activities related to the adoption of the Opinion or FAMUR's offer to purchase Kopex shares from TDJ S.A.'s subsidiaries?"

ANSWER:

The Management Board members are of the opinion that no conflict of interests, as defined in Art. 377 of the Commercial Companies Code, arose in connection with passing the resolution to adopt the Opinion of the FAMUR S.A. Management Board stating the reasons for the disapplication of the shareholders' pre-emptive rights and the method of setting the issue price of Series D and Series E shares, or in connection with making the offer to acquire KOPEX shares. It needs to be pointed out that the increase in FAMUR S.A.'s share capital through the issue of Series D and Series E shares in accordance with Resolution No. 3 of the FAMUR S.A. General Meeting not only was in the Company's interest, as it provided the Company with the possibility of raising capital in a very short time and in a cost-effective manner, but also took into account the current macroeconomic situation and trends prevailing on the WSE. In view of the fact that the entire process was completed and the Company received more than PLN 400m within just 30 days of the announcement of the planned activities related to the transaction, that method of raising funds turned out to be optimal from the point of view of the Company's further development. Likewise, the intention to acquire Kopex shares on the terms presented in the Company's current reports was positively assessed by the market participants and stock market analysts.

3) Question:

What analyses did the FAMUR Management Board carry out before issuing the Opinion to satisfy itself that in FAMUR's situation "the best way of increasing the Company's share capital is a private placement with the existing shareholders' pre-emptive rights waived in full"? When were those analyses carried out if the application by shareholder TDJ Equity I Sp. z o.o. for convening an Extraordinary General Meeting of FAMUR was submitted to the FAMUR Management Board "in the afternoon" on May 8th 2017 and the Opinion was prepared and delivered to the FAMUR Supervisory Board for review on the same day?"

ANSWER:

The Company's Management Board monitors the Company's capital needs, as well as the potential sources and methods of raising capital, on an ongoing basis. Given its experience with the Company's long-term presence on the Warsaw Stock Exchange and performance of regular market analysis, the Management Board was in a position to assume that the fastest and least expensive way of raising funds to finance the Company's further growth, and one that offered fair chances of success, was to increase the Company's share capital through the issue of new shares and to offer those shares by way of a private placement to TDJ Equity I Sp. z o.o., with the existing shareholders' pre-emptive rights waived. At the same time, the fact that TDJ Equity I Sp. z o.o. was planning to carry out a private placement of Company shares by way of an accelerated bookbuild process reassured the Company's Management Board as to the correctness of its assumptions, allowing it to adopt the Opinion.

4) Question:

Did the FAMUR Management Board take any steps (and if so, what steps) to find out whether the existing shareholders of FAMUR were willing to subscribe for additional shares in FAMUR by exercising their pre-emptive rights in connection with the contemplated increase in FAMUR's share capital?"

ANSWER:

An assessment of the macroeconomic environment and the trends prevailing on the Warsaw Stock Exchange pointed to a substantial likelihood that the sale of Company shares by TDJ Equity I Sp. z o.o. through an accelerated bookbuild process addressed to institutional investors would be

successful, which in turn would allow the Company to quickly raise capital at a low cost if it offered shares in its increased share capital to TDJ Equity I Sp. z o.o. at an issue price equal to the selling price of the Company shares obtained by TDJ Equity I Sp. z o.o. in the ABB procedure. The fact that investor demand was in excess of the number of Company shares offered for sale by TDJ Equity I Sp. z o.o. and that the issue price could be set at a good level, allowing the Company to raise more than PLN 400m in a very short time, confirmed that the decisions we made were correct.

5) Question:

“It was stated in the Opinion that a factor justifying full disapplication of the existing shareholders’ pre-emptive rights with respect to new FAMUR shares was the time required to carry out various types of subscription for those securities (“the disapplication of the existing shareholders’ pre-emptive rights and increasing the share capital through a private placement [...] is [...] the fastest way to carry out the share capital increase process). TDJ S.A. acquired the controlling interest in Kopex S.A. at the end of 2016, and TDJ S.A.’s press release published on its website

(at <http://tdj.pl/tdj/grupa-tdj-przejela-kontrolę-nad-kopex-s-a-najwieksza-akwizycja-w-historii-branzy-zakonczone/>) on December 2nd 2016 contained the following statement:

“Soon we will also start working on an optimal model to integrate the potentials of the Kopex and FAMUR Groups so as to be able to start the integration process early next year,” said Tomasz Domagała, owner of TDJ S.A. (...) “The plan to consolidate the potentials of FAMUR and Kopex will be prepared in the first quarter of 2017.”

This means that the plan to consolidate the potentials of the FAMUR and Kopex Groups was prepared by TDJ S.A. with a few months’ delay. Are FAMUR Management Board’s current references to the desire to accelerate the merger process, including the increase in FAMUR’s share capital, forced by a delay in TDJ S.A.’s actions?”

ANSWER:

The Company started work on the integration process at the end of 2016 and the beginning of 2017. As it was necessary to make a multifaceted analysis of the possible solutions and create a new management model to consolidate the entire mining machinery business within a single legal entity, and given the complexity of the potential integration process and the structures of the two corporate groups, the results of our work performed to develop the most advantageous integration model were presented in May 2017. The Management Board believes that taking into consideration the factors mentioned above, the integration model was prepared as quickly as practicable. After it was presented, the Company immediately proceeded to its implementation. To note, we raised over PLN 400m for increasing the Company’s share capital within just 30 days of announcing the steps we intended to take to that end.

6) Question:

“The Opinion stated that “TDJ Equity I Sp. z o.o. has declared that it intends to subscribe for the number of shares in the increased share capital of FAMUR S.A. equal to the number of shares sold by TDJ Equity Sp. z o.o. on the stock exchange, at a price corresponding to the price at which the shares were sold.” How will the FAMUR Management Board find out what number of shares was sold by TDJ Equity I Sp. z o.o. to “stock exchange investors” and at what price?” Does the FAMUR Management Board have any formal method of checking this information or will it rely solely on TDJ Equity I Sp. z o.o.’s declarations?”

ANSWER:

The Company entered into a share placement agreement with TDJ Equity I Sp. z o.o., mBank S.A. of Warsaw, Mercurius Dom Maklerskim Sp. z o.o. of Warsaw, and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Oddział - Dom Maklerski PKO Banku Polskiego w Warszawie of Warsaw, as reported by the Company in its Current Report No. 29/2017 of June 5th 2017. The share placement agreement provided for the possibility for the Company to obtain information on the price and

number of shares sold by TDJ Equity I Sp. z o.o. through the ABB process. This information was published by the Company in Current Report No. 32/2017 of June 6th 2017.

7) Question:

“Are the above declarations of a formal nature (e.g. has any agreement been made in this respect between TDJ Equity I Sp. z o.o. and FAMUR) or are they merely a unilateral statement by TDJ Equity I Sp. z o.o.?”

ANSWER:

As indicated in the answer to Question 6), the Company is a party to the share placement agreement described above, on the basis of which it was provided with information on the price and the number of shares sold. This information was published in the Company’s Current Report No. 32/2017 of June 6th 2017.

8) Question:

“The Opinion stated that TDJ Equity I Sp. z o.o. “proposed to sell a part of its shareholding (by way of invitations addressed to selected investors).” Will the FAMUR Management Board have any formal possibility of checking to what persons TDJ Equity I Sp. z o.o. sold its FAMUR shares; will the Management Board have any powers to influence to what persons TDJ Equity I Sp. z o.o. sells the shares?”

ANSWER:

A decision to sell shares is made by the shareholder as the person authorised to make dispositions with respect to the shares. In accordance with the share placement agreement referred to above in the answer to Question 6), TDJ Equity I Sp. z o.o. sold the shares by way of an accelerated bookbuild process, involving the participation of professional advisors conducting brokerage activities. The Company did not check to what persons TDJ Equity I Sp. z o.o. sold the shares or influence the choice of such persons.

9) Question:

“Why does the draft resolution on the increase in the Company’s share capital through the issue of Series D and Series E shares (the “DRAFT RESOLUTION”) not provide for any issue price range with respect to those securities?”

ANSWER:

According to the applicable laws, there is no requirement to give an issue price range for securities in a General Meeting’s resolution. Since there was no pre-determined issue price range, the share subscription offer could be adapted to the changing market situation. At the same time, combining the sale of Company shares by TDJ Equity I Sp. z o.o. through a private placement (an accelerated bookbuild process) with the Company’s share capital increase made it possible to achieve the issue price of PLN 5.50 per share, that is higher than the average price of the Company’s stock on the WSE on the date of the General Meeting which resolved on the increase in the Company’s share capital. By setting the issue price at such level, the Company was able to raise over PLN 400m in just four days of the General Meeting date.

II. Other questions:

1) Question:

“Has the FAMUR Management Board consulted with TDJ S.A. on the integration plan for the FAMUR and Kopex Groups since December 2016?”

ANSWER:

As follows from Current Report No. 5/2016 of December 22nd 2016, the integration plan was

prepared individually by FAMUR S.A. TDJ S.A. is not an entity involved in the planned demerger of Kopex S.A. or integration of the mining machinery assets.

2) Question:

“FAMUR’s Current Report No. 19/2017 of May 9th 2017 states that as part of integration of the FAMUR Group with the Kopex Group “a plan to demerge Kopex by spinning off the Machinery Business, to be acquired by FAMUR in exchange for new issue FAMUR shares, will be prepared by June 30th 2017. In exchange for Kopex shares representing the Machinery Business, minority shareholders will, following the demerger of Kopex, receive new shares issued by FAMUR.” Does this not mean that this process will require preparing a prospectus for the FAMUR shares to be offered to the minority shareholders of Kopex and obtaining its approval by the Polish Financial Supervision Authority?”

ANSWER:

Pursuant to Art. 7.14.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies: “Admission to trading on the regulated market of securities issued by an issuer for whom the Republic of Poland is the home country and which are or have been offered as part of an offering addressed exclusively to shareholders of a demerged company in connection with its demerger does not require the publication of a prospectus, subject to the publication of the information memorandum referred to in Art. 38b.”

3) Question:

“Pursuant to Art. 4023.1.3 of the Commercial Companies Code, a public company should maintain its own website where it should make available, from the date of publishing a notice of a General Meeting, the documentation to be presented to the General Meeting. In accordance with principle I.Z.1.14. of the Code of Best Practice for Listed Companies 2016, a public company should operate a corporate website and publish on it, in a legible form and in a separate section, the materials to be provided to the General Meeting. According to FAMUR’s Current Report No. 20/2017 of May 9th 2017 and the notice of the Extraordinary General Meeting, TDJ Equity I Sp. z o.o.’s request to convene the EGM was to be published on FAMUR’s website along with other materials concerning the EGM. However, this has never happened.

a) Why did the FAMUR Management Board not publish

TDJ Equity I Sp. z o.o.’s request despite previous announcements that it would do so?

b) Why did the FAMUR Management Board not publish on May 8th 2017 the inside information concerning receipt of the TDJ Equity I Sp. z o.o.’s request to convene

an Extraordinary General Meeting, thus failing to meet the disclosure requirement specified in Art. 17 of the Market Abuse Regulation?

According to FAMUR’s Current Report No. 20/2017 of May 9th 2017, the Company’s Management Board received the request “in the afternoon” on May 8th 2017. On the same day the FAMUR Management Board managed to prepare the Opinion of the FAMUR Management Board stating the reasons for the disapplication of the shareholders’ pre-emptive rights and the method of determining of the issue price of the shares (the “OPINION”), while the Supervisory Board of FAMUR found the time to pass resolutions expressing its position on the request submitted by shareholder TDJ Equity I Sp. z o.o. and the Opinion. At the same time, the Management Board was not able to “promptly” publish information on the receipt of the request and disclose its full text.”

ANSWER:

In the Management Board’s opinion, the shareholder’s request to convene a General Meeting does not constitute a material referred to in Art. 4023.1.3 of the Commercial Companies Code, and all relevant information contained in the request was published by the Company.

According to the abovementioned Current Report No. 20/2017 of May 9th 2017, the Management Board received the request in the afternoon on May 8th 2017. The information contained in the request was published in the morning on May 9th 2017, before the beginning of the trading session, together with the notice of the Extraordinary General Meeting, therefore the Company believes that the disclosure requirement provided for in Art. 17 of the Market Abuse Regulation was properly satisfied by the Company. Furthermore, in connection with a question submitted by a shareholder during the General Meeting, all the shareholders present at the Meeting were presented with a copy of the request to convene a GM made by shareholder TDJ Equity I Sp. z o.o. of Tarnowskie Góry.

4) Question:

“The FAMUR Management Board’s offer to purchase a controlling interest in Kopex from TDJ S.A.’s subsidiaries was submitted on May 5th 2017? Why was this not done earlier?”

ANSWER:

The offer to buy Kopex S.A. shares was submitted by the Company’s Management Board to TDJ S.A.’s subsidiaries holding the shares immediately after completing the work on the most optimal model for integration of FAMUR S.A.’s and Kopex S.A.’s potentials.

5) Question:

“To the best of the FAMUR Management Board’s knowledge, does TDJ Equity I Sp. z o.o. hold a brokerage licence from the Polish Financial Supervision Authority?”

ANSWER:

This question does not concern the Company and is irrelevant to assessing matters included in the agenda.

Detailed legal basis: Par. 38.1.12 of the Minister of Finance’s Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009

FAMUR Spółka Akcyjna	(full issuer name)
FAMUR S.A.	Electromechanical (ele)
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SIGNATURES OF AUTHORISED REPRESENTATIVES

Date	Full name	Position	Signature
June 19th 2017	Dawid Gruszczyk	Vice President of the Management Board	
June 19th 2017	Olga Panek	Commercial Proxy	