

POLISH FINANCIAL SUPERVISION AUTHORITY

Current Report No.

87

/

2017

Date:

December 22nd 2017

Abbreviated issuer name:

FAMUR S.A.

Subject:

Decision to correct a tax return

Legal basis:

Art. 17.1 of MAR – Inside information

Text of the report:

The Management Board of FAMUR S.A. of Katowice (the “**Company**”) announces that following a legal analysis of the findings of a tax audit concerning value added tax for October 2013, carried out by the Head of the Tax and Customs Office in Kraków (the “**Office**”) with respect to the Company’s subsidiary FAMUR Finance Sp. z o.o of Katowice (the “**Subsidiary**”), the Company and the Subsidiary have decided to submit corrections to the VAT returns for the audited period. The audit carried out at the Subsidiary concerned in particular the in-kind contribution that the Company provided to the Subsidiary in October 2013 in exchange for shares issued by the Subsidiary as part of a share capital increase, as announced by the Company in Current Report No. 45/2013 of October 29th 2013.

In accordance with the Office’s position expressed in the audit findings, the VAT tax base for the in-kind contribution was determined erroneously and, consequently, in the opinion of the Office, the Subsidiary declared an incorrect amount of input VAT in the VAT-7 return for October 2013.

After a detailed legal analysis of the audit findings, acting in accordance with the prudence principle, the Company and the Subsidiary decided to correct the VAT return by reducing the input VAT and simultaneously reducing the Company’s output VAT. As a result of the reduction of the input VAT amount disclosed in the VAT return originally submitted by the Subsidiary, value added tax of PLN 48,899,276.00, plus interest, must be repaid. At the same time, the Company decided to correct the VAT return for the output tax related to the transaction and expects to receive a VAT refund by the statutory deadline.

The Company announces that the correction will be consistent with the Office’s position expressed in the audit findings, and the submission of the correction is driven by the concern about the correctness of tax calculations made by the Company and the Subsidiary. At the same time, the Company is continuing legal consultations regarding accounting for the VAT for October 2013 in order to determine the Company’s final position on the correctness of VAT accounting. In the opinion of the Company and the Subsidiary, the VAT accounting method used in 2013 in connection with the transaction described above complied with the laws then in force and with the uniform practice of tax authorities expressed in private letter rulings issued by tax authorities, as well as with administrative courts’ judicial decisions prevailing at that time. Moreover, the belief that the

accounting for VAT was correct resulted from the tax authorities' verification of the transaction, performed as part of an inspection carried out at the Subsidiary in November 2013.

Legal basis: Art. 17.1 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directives 2003/6/EC, 2003/124/EC, 2003/125/EC and 2004/72/EC.

FAMUR Spółka Akcyjna		(full issuer name)	
FAMUR S.A.	Electromechanical (ele)	(sector according to the WSE)	
(abbreviated issuer name)			
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(Tax Identification Number – NIP)			

SIGNATURES OF AUTHORISED REPRESENTATIVES

Date	Full name	Position	Signature
December 22nd 2017	Mirosław Bendzera	President of the Management Board	
December 22nd 2017	Olga Panek	Commercial Proxy	