



Current report no.:	55/2016
Date:	2016-05-31
Name of the Issuer:	FERRUM S.A.
Title:	Information disclosed to the shareholder out of the general meeting
Legal basis:	Art. 56 item 1 point 2 Act on Public Offering – current and periodic information

Content of the report:

Acting pursuant to § 38 item 1 point 12 of the Minister of Finance Regulation of 19th February 2009 on current and periodic information [...] (Regulation), the Management Board of FERRUM S.A. (Company) presents information disclosed on 31st May 2016 under Art. 428 § 5 of the Commercial Companies Code as reply to a question raised by the shareholder at the General Meeting of Shareholders of 17th May 2016 regarding preconditions for declaring the Company bankruptcy to be proved as on the day of raising the subject question.

Concurrently the Company informs that subject to interpretation of the Act of 28th February 2003 on Corporate Bankruptcy and Reorganization Law (Act), the Company gave the shareholder, along with the above information, also the interpretation of the provision of Art. 11 of the Act. In consideration of the fact that this information is not about the Company, the disclosure of which would be required to evaluate the issues covered in the order of business (as defined in Art. 428 § 1 Commercial Companies Code), and de facto it is the Company knowledge on the generally applicable law that the Company is not authorized to disclose, the Company does not publish full content of the information including the interpretation of the subject provision.

„The Management Board of FERRUM S.A. having thoroughly analyzed the Company financial position and the generally applicable law is of the opinion that on the day the question was raised and on the day the reply was given there exist no preconditions to file a petition in the Company bankruptcy. (...)

FERRUM S.A. did not definitely lose capacity to perform its financial obligations. This position results from the analysis of the Company financial standing. The subject analysis considered the funds acquired from the planned issue up to 12.271.626 shares, the current assets of FERRUM S.A., operating cash flow or the level of EBITDA. As at the end of I quarter 2016 the FERRUM Capital Group owned current assets in the amount of 101 m PLN out of which 44,2 m PLN was the inventory, 39,9 m PLN the trade receivables, 12,7 m PLN the other receivables and 4,1 m PLN corresponded to cash and its equivalents. It should also be emphasized that additional cash flow is generated from the operating activities that amounted (+) 21,7 m PLN for the Capital Group in 2015, whereas only in the I quarter 2016 the operating cash flow amounted (+) 10,9 m PLN. Another standard confirming safe financial situation of the Capital Group is the operating profit level enhanced by the amortization (EBITDA) that amounted (+) 3,5 m PLN in the I quarter 2016. Moreover, it should also be noted that FERRUM S.A. owns substantial assets that are not used for the business activities and might be sold. In particular this includes an investment property and the Company own shares.

Based on the analysis, the Management Board of FERRUM S.A. stated that the Company assets, improving commercial conditions, particularly considerable increase in the value of orders for the gas pipes, improving



financial results and negotiations held to acquire additional financing, prove that on the day of raising the question as well as on the day of submitting this reply filing the petition in the Company bankruptcy was not and presently is not justified accordingly.

Additionally it should be underlined that the evaluation of the selected fixed assets of FERRUM S.A. carried out in November 2015 by Deloitte Advisory Sp. z o.o. proved that the value of these assets both according to the market value and distressed sale value of the assets exceeds the amount of the Company liabilities”.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Position	First name and surname
2016-05-31	President of the Management Board	Konrad Milterski
2016-05-31	Vice-president of the Management Board	Krzysztof Kasprzycki