



*Since 1893*

**CONSOLIDATED  
FINANCIAL STATEMENT  
OF THE URSUS CAPITAL GROUP  
for the year 2015  
PREPARED IN ACCORDANCE WITH IFRS**

(for the period from January 1, 2015 to December 31, 2015)



Lublin, 21 March 2016

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## 1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period of 12 months ending on 31 December 2015 (in thousands of PLN)

	Note	period ended 31.12.2015	period ended 31.12.2014
		in thousands of PLN	in thousands of PLN
<b>Continued operations</b>			
Sales revenues	18	324 427	236 204
Own cost of sales	18	(255 412)	(193 235)
<b>Gross sales profit (loss)</b>		69 015	42 969
Costs of sales	18	(32 097)	(9 730)
General administrative costs	18	(21 377)	(17 282)
Other operating revenues	18	1 076	1 838
Revaluation of investment properties	18	2 592	4 034
Other operating costs	18	(3 106)	(1 477)
<b>Operating profit (loss)</b>		16 103	20 352
Financial revenues	18	321	70
Financial costs	18	(6 517)	(6 031)
Share in the financial result of the affiliated companies			
<b>Profit (loss) before taxation</b>		9 907	14 391
Income tax	19	(2 188)	(564)
<b>Profit (loss) from continued operations</b>		7 719	11 329
<b>Discontinued operations</b>			
Profit (loss) for the period of discontinued operations			
<b>Net profit (loss)</b>		7 719	11 329
Share in other comprehensive income of the affiliated companies			
Income tax on other comprehensive income			
<b>Other net comprehensive income</b>		-	-
<b>Total comprehensive income</b>		7 719	11 329
Net profit attributable to:			
Shareholders of the parent company		7 719	11 329
Minority shareholders		(335)	(402)
		7 384	10 927
Total income attributable to:			
Shareholders of the parent company		7 719	11 329
Minority shareholders		(335)	(402)
		7384	10 927

Lublin, 21.03.2016

## 2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the period of 12 months ending on 31 December 2015 (in thousands of PLN)

<b>ASSETS</b>	<b>Note</b>	<b>As of 31.12.2015</b>	<b>As of 31.12.2014</b>
		in thousands of PLN	in thousands of PLN
<b>Fixed assets</b>		<b>112 359</b>	<b>100 880</b>
Tangible fixed assets	23	83 460	68 968
Investment properties	24	12 869	15 007
Goodwill	26	422	422
Other intangible assets	25	12 532	11 266
Investments in affiliated companies			
Diferred tax assets	19	2 952	5 213
Receivables from the financial lease			
Other financial assets		125	5
Other assets (shares)		-	-
<b>Current assets</b>		<b>257 039</b>	<b>209 874</b>
Inventories	29	112 078	103 749
Trade and other receivables	30	143 143	105 390
Receivables from the financial lease			
Other financial assets			
Current tax assets			
Other assets			
Cash and cash equivalents	31	1 568	656
Income tax receivables		219	
Assets available for sale		31	79
<b>TOTAL ASSETS</b>		<b>369 398</b>	<b>310 754</b>
<b>LIABILITIES</b>		<b>As of 31.12.2015</b>	<b>As of 31.12.2014</b>
		in thousands of PLN	in thousands of PLN
<b>Equity</b>	32	<b>122 163</b>	<b>97 348</b>
Issued capital		54 180	41 180
Share premium		57 342	38 894
Capital under registration			
Reserve capital (revaluation reserve)			
Retained profits	32	10 641	17 274
		122 163	97 348
Amounts recognised directly in equity, relating to assets and available for sale			
Equity attributable to shareholders of the parent company		120 213	95 063
Equity attributable to minority shareholders		1 950	2 285
<b>Long-term liabilities</b>		<b>36 173</b>	<b>27 275</b>
Long-term loans and bank credits	36	17 492	14 485
Other financial liabilities	36	3 705	1 372
Pension liabilities			
Deferred tax provision	34	6 859	6 975
Long-term provisions	34	617	154
Deferred revenues			
Other liabilities	37	7 500	4 289
<b>Short-term liabilities</b>		<b>211 062</b>	<b>186 131</b>
Trade and other liabilities	37	74 274	84 056
Short-term loans and bank credits	36	130 535	74 019
Other financial liabilities	36	1 780	1 887
Current tax liabilities			485
Short-term provisions	34	3 022	3 371
Deferred revenues		1 450	22 313
Other liabilities			
		211 062	186 131
Liabilities relating to fixed assets and available for sale			
<b>Total liabilities</b>		<b>247 235</b>	<b>213 406</b>
<b>TOTAL LIABILITIES</b>		<b>369 398</b>	<b>310 754</b>

Lublin, 21.03.2016

### 3. CONSOLIDATED CASH FLOW STATEMENT

for the period of 12 months ending on 31 December 2015 (in thousands of PLN)

	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
<b>Operating cash flow</b>			
Net profit / (loss)		7 719	13 827
Corrections in the items:		(56 617)	(42 565)
Share in the result of the affiliated companies accounted for using the equity method			
Minority shareholders' profits / losses			
Depreciation	18	6 860	6 480
Net interest and dividends		3 048	3 037
(Profit) / loss on investment activities		(96)	(121)
(Increase) / decrease in receivables		(33 615)	(74 496)
(Increase) / decrease in inventories		(8 815)	(40 733)
Increase / (decrease) in liabilities		(11 664)	42 336
Change in provisions		2 498	(297)
Profits / losses on foreign exchange differences		415	1 587
Income tax paid		219	
Change in accruals		(15 662)	19 614
Other		195	28
<b>Net operating cash flow</b>		<b>(48 898)</b>	<b>(28 738)</b>
<b>Investment activities cash flow</b>			
Sale of tangible fixed assets and intangible assets		1 226	477
Acquisition of tangible fixed assets and intangible assets		19 309	11 955
Sale of investment properties			
Acquisition of investment properties			
Sale of financial assets			
Acquisition of financial assets		13 072	
Acquisition of a subsidiary, net of cash acquired			
Dividends and interest received		45	
Repayment of granted loans		1 592	
Loans granted		5 500	1 600
Other		(4)	(44)
<b>Net investment activities cash flow</b>		<b>(35 022)</b>	<b>(13 122)</b>
<b>Financial activities cash flow</b>			
Inflows from the issue of shares		32 279	30 000
Repayment of financial lease liabilities		3 305	2 365
Inflows from loans and bank credits		147 338	40 997
Repayment of loans / bank credits		87 601	23 631
Dividends paid to shareholders of the parent company			
Dividends paid to minority shareholders			
Interest paid, including		3 053	3 056
- activated external financing costs			
Other		(826)	(594)
<b>Net financial activities cash</b>		<b>84 832</b>	<b>41 351</b>
Net increase in cash and cash equivalents		912	(509)
Net foreign exchange differences			(7)
<b>Cash at the beginning of the period</b>		<b>656</b>	<b>1 172</b>
<b>Cash at the end of the period, including</b>	31	<b>1 568</b>	<b>656</b>
including: restricted cash		70	167

Lublin, 21.03.2016

#### 4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period of 12 months ending on 31 December 2015 (in thousands of PLN)

	Capital	Share premium	Other capitals	Retained profits	Non-controlling interests	Total
<b>As of 1 January 2014</b>	<b>26 180</b>	<b>24 488</b>	<b>-</b>	<b>3 679</b>	<b>2 266</b>	<b>56 613</b>
Other corrections				(19)	421	402
<b>As of 1 January 2014 after correction</b>	<b>26 180</b>	<b>24 488</b>	<b>-</b>	<b>3 679</b>	<b>2 266</b>	<b>57 015</b>
combination with a subsidiary						-
Profit or (loss) of the year				13 827	(402)	13 425
Issue of shares	-	-				-
Costs of share issuance						-
Capital under registration						-
Increase in capital	15 000					15 000
Share premium		14 406				14 406
Registration of the capital in the Polish NCR						
Dividend payment			-			-
Valuation of assets available for sale				-		-
Deferred tax				-		-
Minorowci shareholders' share						-
<b>As of 31 December 2014</b>	<b>41 180</b>	<b>38 894</b>	<b>-</b>	<b>17 487</b>	<b>2 285</b>	<b>99 846</b>
<b>As of 1 January 2015</b>	<b>41 180</b>	<b>38 894</b>	<b>-</b>	<b>17 487</b>	<b>2 285</b>	<b>99 846</b>
Other corrections				(2 498)	421	(2 498)
<b>As of 1 January 2015 after correction</b>	<b>41 180</b>	<b>38 894</b>	<b>-</b>	<b>17 487</b>	<b>2 285</b>	<b>97 348</b>
Discontinuing the use of the equity method						-
Profit or (loss) of the year				7 719	(335)	7 384
Issue of shares	-	-				13 000
Costs of share issuance						-
Capital under registration						-
Capital reserves (revaluation reserve)				(12 067)	(1 950)	(14 017)
Other capital reserves						
Increase in capital						15 000
Share premium		18 448				18 448
Registration of the capital in the Polish NCR						-
Dividend payment				-		-
Deferred tax				-		-
Minority shareholders' share						-
<b>As of 31 December 2015</b>	<b>54 180</b>	<b>57 342</b>	<b>-</b>	<b>10 641</b>	<b>-</b>	<b>122 163</b>

Lublin, 21.03.2016

## Additional explanatory notes

### 5. General information

The URSUS Capital Group ("the Group") consists of the parent company URSUS S.A. (until 31.05.2012 POL-MOT Warfama S.A.) and its subsidiaries Bioenergia Invest S.A., URSUS Zachód sp. z o.o., URSUS BUS S.A., OBR MOTO Lublin sp. s o.o. and Ursus Sp. z o.o. (in the Group till 28.01.2016). The consolidated financial statements cover the year ended 31 December 2015 and includes comparative data for the year ended 31 December 2014.

URSUS S.A. ("the parent company") was established by virtue of a Notarial Deed dated 24 June 1997.

The registered office of the Parent company is located in Dobre Miasto at ul. Fabryczna 21.

The parent company is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court, VI Commercial Division of the National Court Register, under the KRS number 13785.

The Company was given the statistical REGON number 510481080 and tax identification number (NIP): 739-23-88-088.

The duration of parent company as well as of entities comprising the Group is indefinite.

The main activities of the Company are:

- production of machinery for agriculture and forestry.

### 6. Composition of the Group

The Group consists of URSUS SA and the following subsidiaries:

Name of the company	Registered office	Scope of activities	Share in the share capital %	Share in the right to vote %	Balance sheet values of shares
1. Bioenergia Invest S.A.	Warszawa	biomass turnover	100	100	21 634
2. Ursus Sp z o.o.	Lublin	production of machinery for agriculture	100	100	5
3. URSUS Zachód sp. z o.o.	Koszalin	sales of tractors and mach.	51	51	2
4. URSUS BUS S.A.	Lublin	production of buses	60	60	60
5. OBR MOTO Lublin sp. z o.o.	Lublin	R&D	100	100	60

As of 31.12.2015, the share in the total number of votes held by the Group in subsidiaries is equal to the share of the Parent company in the capitals of the entity.

On the 23th December 2015 URSUS S.A. concluded with the company POL-MOT Holding S.A. with the seat in Warsaw the agreement of sales of shares of the Issuer's subsidiary Bioenergia Invest S.A. with the seat in Warsaw. On the basis of the concluded agreement the Issuer purchased 3.978.000 ordinary bearer shares of the company Bioenergia Invest S.A. of nominal value 1 PLN per share, of total nominal value 3.978.000 PLN, representing in total 36,10% of the share capital of Bioenergia Invest S.A., for the total purchase price of 14.565.049,20 PLN. The purchase price was determined on the basis of the evaluation of an independent court expert, the value of which was confirmed later by an opinion of a renowned financial institution. The executed transaction is a result of implementation by the Management Board of the Company of the adopted strategy concerning participation of URSUS S.A. in the widely understood agricultural sector, particularly in prospective and ecological areas, and helps to consolidate in the group the entities of relevant importance for its further development. Actually the company Bioenergia is changing its business model and concludes new contracts.

At balance sheet date the Company holds 100% shares shown at cost of purchase in the total amount of 21 634 thousand PLN. At balance sheet date an impairment test of shares of Bioenergia Invest S.A. was made with use of DCF method. The test confirmed that the value of shares of Bioenergia Invest S.A. has not lost value. The value of shares was 51,8 million PLN.

As of 31.12.2015 URSUS S.A. hold 11.018.000 shares of Bioenergia Invest S.A. in Warsaw, representing 100% of its share capital.

In the year 2015 any loss of control over the subsidiaries occurred.

On the 28 January 2016 the Company concluded with Mrs Edyta Lewandowska the agreement for sale of shares in the company URSUS sp. z o.o., on the basis of which the Company sold 50 shares in Ursus sp. z o.o. of nominal value 100 PLN, representing 100% of shares in the share capital, for the total price 5.000 PLN.

In the consolidated financial statement in accordance with IAS 8 point 8, which allows exemption from the rules contained in IFRS when the effects of exemption from their application is not important, were not consolidated by Ursus sp. z o.o., URSUS BUS S.A., URSUS Zachód sp. z o.o. and OBR MOTO Lublin sp. z o.o.

The amounts justifying an exemption of the company from consolidation (in thousands of PLN):



	Company 4	Company 5
Balance sheet total as of 31.12.2015	108	362
a percentage of the balance sheet total of the parent company (%)	0,0002	0,0009
Revenues for the period 01.01.201-31.12.2014	1	0
a percentage of the revenues of the parent company (%)	0	0
Net asset as of 31.12.2014	74	18
Financial result for the period 01.01.2014-31.12.2014	-25	5

**URSUS S.A. share capital as of 31.12.2015.** Company's share capital amounted to 54,180,000 ordinary bearer shares with a nominal value of PLN 1.00 each and divided into 39.180.000 dematerialized shares and 15 000 000 shares with a form of a document.

According to the knowledge of the Company, as of the date of this statement, shareholders holding at least 5% of the total number of votes are the following entities:

Entity name	number of shares	% share in the capital	number of votes	% share in the total number of votes
POL – MOT HOLDING S.A. with its registered office in Warsaw and subsidiaries	24 629 000	45,46%	24 629 000	45,46%
Others	29 551 000	54,54%	29 551 000	54,54%
<b>Total:</b>	<b>54 180 000</b>	<b>100,00%</b>	<b>54 180 000</b>	<b>100,00%</b>

Source: The Issuer's Management Board

## 7. Composition of the Management and Supervisory Board

The composition of the Management and supervisory Board as of 31.12.2015:

Karol Zarajczyk – CEO since 05.11.2013  
 Abdullah Akkus – Member of the Board since 01.03.2014  
 Jan Wielgus – Member of the Board since 30.06.2008  
 Wojciech Zachorowski – Member of the Board since 01.07.2011  
 Marek Włodarczyk – Member of the Board since 15.01.2015

As of 14 January 2015 the Supervisory Board adopted a resolution to accept the resignation of Mr. Tadeusz Ustyniuk and revoked him from the Management Board.

Simultaneously, the Board adopted a resolution in which the function was entrusted to Mr. Marek Włodarczyk, who became a Member of the URSUS S.A. Management Board since 15 January 2015.

On 8 January 2016 the Supervisory Board adopted a resolution on dismissal of Mr. Wojciech Zachorowski from the function of the Member of the Management Board. The reason of this recall was appointment of Mr. Wojciech Zachorowski to another responsible position in the Capital Group POL-MOT Holding.

The composition of the Supervisory board as of 31.12.2015:

Andrzej Zarajczyk – Chairman of the Supervisory Board  
 Henryk Goryszewski – Deputy Chairman of the Supervisory Board  
 Zbigniew Janas – Member of the Supervisory Board  
 Zbigniew Nita – Member of the Supervisory Board  
 Stanisław Służałek - Member of the Supervisory Board  
 Michał Szwonder - Member of the Supervisory Board

## 8. Approval of the financial statement

The financial statement was approved for publication by the Board on 21.03.2016. After approval of the financial statement for publication, it is not possible to make any changes in the accounting books and in the financial statement itself. If after the preparation of the financial statement the entity receives information about events that have a significant impact on the financial statement, the effects of these events, shall be recognized by the Company in the books of the financial year in which they were received.

## 9. The basis for the preparation of the annual financial statement

The financial statement was prepared according to the historical cost principle, except for tangible fixed assets and intangible assets which have been revalued as of 01.01.2005 to fair value. Investment properties and financial derivatives are valued at fair value.

The financial statement is presented in Polish zlotys ("PLN") and all values, unless indicated otherwise, are expressed in thousands of PLN.

The financial statement was prepared on the going concern assumption by the company in the foreseeable future. At of the date of preparing this financial statement, there exist no circumstances indicating threat to the continuation the business by the company.

## 10. Declaration of conformity

The present separate financial statement was prepared in accordance with the International Financial Reporting Standards ("IFRS") and the IFRS as adopted by the EU. The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the Commission for the International Financial Reporting Interpretations ("IFRIC").

The Company maintains its accounting books in accordance with the policy (principles) set by the International Financial Reporting Standards ("IFRS").

## 11. Measurement currency and the currency of the financial statement.

The measurement currency and the currency of the financial statement is Polish zloty.

## 12. Voluntary change in the accounting principles

In the year 2015 the Company changed its accounting principles related to calculation of employer reserves. The model of reserves calculation was changed. As a result, the provision for employees' leave was calculated as quotient of average salary and numer (in days) of not used holidays as at the balance sheet day of all employees, i.e. the Management Board, administration staff and production staff. The reserve was calculated by an actuary. As a result of the change in the accounting principles the Company established an additional provision in the amount of 2.498 thousand PLN, including it in the year 2014.

<b>Result of the voluntary change in the accounting principles</b>				
<b>Ensuring the comparability</b>				
No.	description	Report 2014 approved	Corrections	Report 2014 comparable
	Correction of costs resulting from establishment of the provision			
1.	BALANCE			
1.1	Provision (employees)	958	2 498	3 456
1.2	Profit (loss) 2014	14 924	-2 498	12 426
1.3	Equity	100 445	-2 498	97 947

## 13. Error correction

No error correction has been made by the Group in the year 2015.

## 14. New standards and interpretations

Accounting principles (policy) applied to the preparation of this separate financial statement for financial year ended 31 December 2015 are consistent with those applied in the preparation of the financial statement for the financial year ended 31 December 2014, except for the changes described below. The same principles were applied for the current and comparable period, unless the standard or interpretation assume a prospective application only.

In this financial statement, the Company decided not to use the published standards or interpretations before their effective date.

## Changes resulting from the IFRS changes

The following new or amended standards and interpretations issued by the International Accounting Standards Board or the Commission for International Financial Reporting Interpretations are effective from January 1st 2015:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of shares in other companies
- IAS 27 Separate Financial Statements
- IAS 28 Investments in affiliated companies and joint ventures
- Amendments to IAS 32 Offsetting financial assets and financial liabilities
- Information about the transitional provisions (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Amendments to IAS 36 Disclosure regarding the recoverable value of non-financial assets
- Amendments to IAS 39 Novation (renewal) of derivatives and hedge accounting continuation

Their use does not affect the results of operations and financial condition, and only resulted in changes in accounting principles used and possible extension of the necessary disclosures or change in the terminology used.

The main consequences of the application of the new regulations:

- IFRS 10 Consolidated Financial Statements

The new standard was published on 12 May 2011 and will replace SIC-12 Consolidation - Special Purpose Entities and part of IAS 27 Consolidated and Separate Financial Statements. The standard defines the concept of control as a factor in determining whether an entity should be included in the consolidated financial statement and provides guidance to help determine whether the entity exercises control or not.

The application of the new standard has no significant effect on the financial statement of the Group.

- IFRS 11 Joint Arrangements

The new standard was published on 12 May 2011 and will replace SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers and IAS 31 Share in Joint Ventures. The standard emphasizes the rights and obligations arising from the joint agreements, irrespective of their legal form and eliminates inconsistencies in reporting by specifying the method of accounting for shares in jointly controlled entities.

The application of the new standard has no significant effect on the financial statement of the Group.

- IFRS 12 Disclosure of shares in other companies

The new standard was published on 12 May 2011 and includes requirements for disclosure of information on the involvement in other companies or investments.

The application of the new standard has no significant effect on the financial statement of the Group.

- IAS 27 Separate Financial Statements

The new standard was published on 12 May 2011 and is primarily due to the transfer of certain provisions of the existing IAS 27 to the new IFRS 10 and IFRS 11. The standard contains requirements for the presentation and disclosures in separate financial statements of investments in affiliated companies, subsidiaries and joint ventures. The standard will replace IAS 27 Consolidated and Separate Financial Statements.

The application of the new standard has no significant effect on the financial statement of the Group.

- IAS 28 Investments in affiliated companies and joint ventures

The new standard was published on 12 May 2011 and refers to settling investments in affiliated companies. It also specifies the requirements for the application of the equity method in investments in affiliated companies and jointly controlled entities. The standard will replace IAS 28 Investments in affiliated companies.

The application of the new standard has no impact on the financial statement of the Group.

- Amendments to IAS 32 Offsetting financial assets and financial liabilities

Amendments to IAS 32 were published on 16 December 2011 and are effective for annual periods beginning on 1 January 2014 or later. The changes are a response to the existing inconsistencies in the application of the offsetting criteria existing in IAS 32.

The application of the new standard has no significant effect on the financial statement of the Group.

- Guideline to the transitional provisions (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidelines were published on 28 June 2012 and provide additional information regarding the application of IFRS 10, IFRS 11 and IFRS 12, including the presentation of comparative data for the first application of the aforementioned standards.

The application of these amendments has no effect on the financial statement of the Group.

- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The guidelines were published on 31 October 2012 and contain different rules regarding the use of IFRS 10 and IFRS 12 in the case of entities as investment funds.

The application of these amendments has no effect on the financial statement of the Group.

- Amendments to IAS 36 Disclosure regarding the recoverable value of non-financial assets

The amendments were published on 29 May 2013 and are effective for annual periods beginning on 1 January 2014 or later. The changes result in a modification of the scope of disclosure in relation to the impairment of non-financial assets, including a requirement to disclose the recoverable amount of assets (cash-generating unit) only during periods in which an impairment or its reversal with respect to the asset (or unit) was represented. Furthermore, it follows from the amended standard that a broader and more precise scope of disclosures will be required for the determination of the recoverable amount as a fair value less costs of sale, and in the case of a determination of a fair value less costs of sale by using the technique for determining the present value (discounted cash flows), it will be necessary to provide information on the discount rate applied (in the case of the impairment or reversal).

Changes also adjust the scope of disclosures regarding the recoverable amount regardless of whether it has been determined as the value in use or fair value less costs of sale.

The application of these amendments has no effect on the financial statement of the Group.

- Amendments to IAS 39 Novation (renewal) of derivatives and hedge accounting continuation

The amendments were published on 27 June 2013 and are effective for annual periods beginning on 1 January 2014 or later. Changes allow to continue the application of hedge accounting (under certain conditions), in the case where a derivative being a hedging instrument is renewed by legislation, and as a result of such change, a change in the settlement institution takes place. The amendments to IAS 39 are the result of legislative changes in many countries, which resulted in the compulsory settlement of existing OTC derivatives and their renewal through an agreement with the central accounting institution.

The application of these amendments has no effect on the financial statement of the Group.

### **Inapplicable standards (New standards and interpretations)**

In this financial statement, the Company decided not to use the published standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Board or the Committee on International Financial Reporting Interpretations, but were not yet effective at the balance sheet date:

- IFRS 9 Financial Instruments

The new standard was published on 24 July 2014 and applies for annual periods beginning on 1 January 2018 or later. The purpose of the standard is to organize the classification of financial assets and introduce the uniform principles of approach to the assessment of impairment for all financial instruments. The standard also introduces a new model of hedge accounting in order to harmonize the changes in recording risk management information in the financial statements.

The Group applies the amended standards in terms of the changes from 1 January 2018 year.

As of the date of preparation of this financial statement it is not possible to reliably estimate the impact of adopting the new standard. The Group started examining the impact of this new standard.

- IFRS 14 Regulatory Deferral Accounts

The new standard was published on 30 January 2014 and applies for annual periods beginning on 1 January 2016 or later. The new standard has a transitional character due to the ongoing work of the IASB on the regulation of the method of accounting transactions in terms of price regulation. The standard introduces the principle of recognition of assets and liabilities arising in connection with the transactions of regulated prices when the entity decides to switch to IFRS.

The Group will apply the new standard from 1 January 2016.

The application of the amended standard will have no effect on the financial statement of the Group.

- IFRS 15 Revenue from contracts with customers

The new unified standard was published on 28 May 2014 and is effective for annual periods beginning on 1 January 2017 or later with a permission for early application. The standard is to lay down a uniform framework for revenue recognition and contains rules which will replace most of the specific guidance on revenue recognition existing in IFRS, in particular IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

As of the date of preparation of this financial statement it is not possible to reliably estimate the impact of adopting the new standard. The Group started examining the impact of this new standard.

- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012)

On 12 December 2013, further amendments to seven standards were published, resulting from the design of the proposed changes to the International Financial Reporting Standards published in May 2012. They are mainly used for annual periods beginning on 1 July 2014 or later.

The Group applies the amended standards in terms of the changes made from 1 January 2015 unless a different period of their entry into force shall be established.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2011-2013)

On 12 December 2013, further amendments to four standards were published, resulting from the design of the proposed changes to the International Financial Reporting Standards published in November 2012. They are mainly used for annual periods beginning on 1 July 2014 or later.

The Group will apply the amended standards in terms of the changes made from 1 January 2015 unless a different period of their entry into force shall be established.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendment to IAS 19 Defined benefit plans - the contributions of employees

The amendment was published on 21 November 2013 and is effective for annual periods beginning on 1 July 2014 or later. The amendments clarify and, in some cases, simplify the accounting principles for employee contributions (or other third parties) payable to the defined benefit plans.

The Group will apply the amended standard in terms of the changes made from 1 January 2015.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Interpretation IFRIC 21 Public Tribute

The new interpretation was published on 20 May 2013 and is effective for annual periods beginning on 1 January 2014 or later. This interpretation provides guidance as to in which periods to recognize the obligation to pay certain public burdens (tributes).

The Group will apply the new interpretation as of the date specified in the Regulation of the European Commission, which adopts the interpretation for use in the European Union, i.e. from 1 January 2015.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to IFRS 11 Recognition of the acquisition of shares in joint operations

Changes in the IFRS 11 were published on 6 May 2014 and are effective for annual periods beginning on 1 January 2016 or later. The aim is to provide specific guidelines clarifying the method of recognizing the acquisition of shares in joint operations which constitute an undertaking. The changes require the application of rules identical to those used in a business combination.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to IAS 16 and IAS 38 Explanations in terms of the accepted methods of recognizing cancellation and depreciation

The amendments to IFRS 16 Tangible Fixed Assets and IAS 38 Intangible Assets were published on 12 May 2014 and are effective for annual periods beginning on 1 January 2016 or later. The change provides additional clarification in relation to the use of the methods allowed for depreciation. The aim is to indicate that the method of calculating the cancellation of tangible fixed assets and intangible assets based on revenues is not appropriate, however, in the case of intangible assets, this method can be used in certain circumstances.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to IAS 16 and IAS 41 Agriculture: Production Plants

The amendments to IFRS 16 and 41 were published on 30 June 2014 and are effective for annual periods beginning on 1 January 2016 or later. This change indicates that the production plants shall be recognized in the same way as tangible fixed assets in the scope of IAS 16. Accordingly, the production plants are to be seen through the prism of IAS 16, instead of IAS 41. The agricultural products produced by production plants are still subject to IAS 41.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to IAS 27: The equity method in separate financial statements

The amendments to IAS 27 were published on 12 August 2014 and are effective for annual periods beginning on 1 January 2016 or later. The changes restore in IFRS the option of recognizing in separate financial statements the investments in subsidiaries, joint ventures and affiliated companies by means of the equity method. When selecting this method, it should be applied for each investments within a given category.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to IFRS 10 and IAS 28: Sales or transfers of assets between the investor and the affiliated company or joint venture

The change in the IFRS 10 and IAS 28 were published on 11 September 2014 and are effective for annual periods beginning on 1 January 2016 or later. The amendments clarify the accounting for transactions in which the parent company loses control of a subsidiary which does not constitute "a business" as defined in IFRS 3 "Business Combinations", by way of sale of all or part of the shares in the subsidiary to an affiliated company or joint venture recognized by using the equity method.

As of the date of preparation of this financial statement it is not possible to reliably estimate the impact of adopting the new standard.

- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2012-2014)

On 25 September 2014 subsequent amendments to four standards were published, resulting from the design of the proposed changes to the International Financial Reporting Standards published in December 2013. They are mainly used for annual periods beginning on 1 January 2016 or later.

The Group will apply the amended standards in terms of the changes made from 1 January 2016, unless a different period of their entry into force shall be established.

The application of the amended standards will not have a significant effect on the financial statement of the Group.

- Amendments to IAS 1: Initiative on disclosures

On 18 December 2014, as part of a large initiative aimed at improving the presentation and disclosure in the financial reports, amendments to IAS 1 were published. These changes are designed to further encourage the use of professional judgment in determining what information should be disclosed in the financial statements. For example, the changes clarify that the significance applies to entire financial statements and that the incorporation of irrelevant information can reduce the usefulness of purely financial disclosures. In addition, the changes clarify that entities should use

professional judgment in determining the place and order of the information presentation when disclosing the financial information.

The published changes are accompanied by a draft amendment to IAS 7 Cash flow statement, which enhances the disclosure requirements relating to cash flow from financial activities and cash and cash equivalents of the entities.

The changes may be applied immediately, and mandatory for annual periods beginning on 1 January 2016 or later. The Group started examining the effects of the implementation of such changes. The Group will apply the amendments not later than 1 January 2016, which may result in a change in the scope and / or form of disclosures presented in the financial statement.

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: an exception from consolidation

The amendments to IFRS 10, IFRS 12 and IAS 28 were published on 18 December 2014 and are effective for annual periods beginning on 1 January 2016 or later. Their aim is to clarify the accounting requirements of investment entities.

The Group believes that the application of the amended standards will have no effect on the financial statement of the Group.

IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments to them, which as of the date of approval of this financial statement for publication have not yet been adopted for application by the EU:

- IFRS 9 Financial Instruments published on 24 July 2014
- IFRS 14 Regulatory Deferral Accounts published on 30 January 2014
- IFRS 15 Revenue from contracts with customers published on 28 May 2014
- Amendments to IFRS 11 Recognition of the acquisition of shares in joint operations, published on 6 May 2014
- Amendments to IAS 16 and IAS 38 Explanations in terms of the accepted methods of recognizing cancellation and depreciation published on 12 May 2014
- Amendments to IAS 16 and IAS 41 Agriculture: Production Plants published on 30 June 2014
- Amendments to IAS 27: The equity method in separate financial statements published on 12 August 2014
- Amendments to IFRS 10 and IAS 28: Sales or transfers of assets between the investor and the affiliated companies or joint venture published on 11 September 2014
- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2012-2014) published on 25 September 2014
- Amendments to IAS 1: Initiative on disclosures,
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: an exception from consolidation.

## 15. Significant values based on the professional judgment and estimates

### 15.1. Professional judgment

When a transaction is not regulated by any standard or interpretation, the Management Board relies on a subjective judgment, determines and applies accounting policies which will ensure that the financial statement contains only relevant and reliable information, and will:

- be accurate, clear and provide a fair view of the material and financial situation of the Group, the results of its operations and cash flows;
- reflect the economic substance of transactions,
- be objective,
- be prepared in accordance with the principle of prudent valuation,
- be complete in all significant aspects.

### Uncertainty of estimates

The preparation of a separate financial statement requires from the Company's Management Board to make estimates, since many of the information contained in the financial statement can not be measured accurately. The Board verifies the estimates based on changes of the factors taken into account in their calculation, new information or past experience. Consequently, the estimates made as of 31 December 2014 can be changed in the future. The main estimates are described in the following notes:

Note		Type of information disclosed
30	Trade receivables revaluation	Non-repayment of debt risk
19	Income tax	Assumptions on the use of temporary differences between carrying value and tax value in the future.
35	Employee benefits	Discount rates - 3%, the rate of staff turnover - high, the expected rate of wage growth - 0.5% per annum
36	The fair value of derivatives and other financial instruments	Valuation at market value of concluded lease agreements
23, 25	The economic life of tangible and intangible assets	The economic lives and depreciation method are verified at least at the end of each financial year.

## 16. Significant accounting principles

### 16.1. Participation in joint ventures

Not occurred.

### 16.2. Translation of amounts denominated in a foreign currency

Transactions denominated in currencies other than the Polish zloty are translated into Polish zloty by using the exchange rate prevailing on the day preceding the date of the transaction.

As of the balance sheet date, monetary assets and liabilities denominated in currencies other than the Polish zloty are translated into Polish zloty by using the average exchange rate for a given currency by the Polish National Bank, prevailing at the end of the reporting period. The resulting exchange differences are recognized in the position:

- sales revenues; if they relate to trade receivables,
- own cost of sale; if they relate to trade liabilities,
- financial revenues (costs) in the case of other assets or liabilities.

Non-monetary items recognized at historical cost in a foreign currency are recognized at the historical exchange rate of the transaction date.

### 16.3. Rates adopted for balance sheet valuation

Exchange rate effective on the last day of the period	31.12.2015	31.12.2014
USD	3,9011	3,5072
EURO	4,2615	4,2623

The average exchange rate, calculated as an arithmetic average of the rates prevailing on the last day of each month during the period

	31.12.2015	31.12.2014
USD	3,7928	3,1784
EURO	4,1893	4,1893

### 16.4. Tangible fixed assets

Tangible fixed assets are recognized at the cost of acquisition / production cost less accumulated cancellation and any impairment loss in value. The initial value of fixed assets includes their acquisition price plus any costs directly attributable to the acquisition and adaptation of an asset to a condition of use and increased by external financing costs until the fixed asset is available for use. The cost also includes the cost of replacing parts of machinery and equipment when incurred, if the recognition criteria are met. The costs incurred after the fixed asset is set into use, such as maintenance and repair costs, are charged to the income statement when incurred.

The Company valued a part of the fixed assets at fair value and recognized that value as assumed cost as of 01.01.2005, which is the date of transition to IFRS. The fair value of assets acquired before 1.01.2005. (date of transition to IFRS) was based on the appraisal performed by property appraisers. The purchase price of fixed assets acquired after that date shall be considered as their fair value.

Major spare and service parts, recognized as tangible fixed assets are depreciated in accordance with the expected working life, but not longer than the life of fixed assets that are servicing.

The expenditure on repairs, which do not improve or extend the life of an asset, are recognized as expenses when incurred. Otherwise they are capitalized.

Depreciation is calculated on a straight-line basis by the estimated life of the asset, which is:

Type	Period
Buildings and constructions	-20-40 years
Machinery and equipment	-2-14 years
Computers	- 3 years
Vehicles	-2-7 years

Investments in progress, relate to fixed assets under construction or assembly and are recognized at acquisition price or production cost. Fixed assets under construction are not depreciated until completed and recognising the fixed asset as available for use.

The residual value, life and depreciation method of assets are verified and adjusted, if required - at the end of each financial year.

## 16.5. External financing costs

External financing costs are recognized as expenses when incurred upon the return of the fixed asset into use.

## 16.6. Investment properties

The initial recognition of investment properties is valued at acquisition price including transaction costs. The carrying amount includes the cost of replacing part of an investment property at the time when that cost is incurred if the recognition criteria are met, and does not include the cost of the maintenance of such properties. After initial recognition, investment properties are presented at fair value. Profits or losses arising from changes in fair value of investment properties are disclosed in the income statement in the period in which they arise.

Assets are transferred to investment properties only when there is a change in their use, evidenced by the end of the use of the asset by the owner, by an operating lease agreement or completion of building / construction of an investment property.

When transferring the investment property to assets used by the owner, or inventories, the alleged cost of such an asset, which will be adopted for the purposes of its recognition in a different category, is equal to the fair value at the date of a change in its use. If the asset used by the owner – Company, becomes an investment property, the Group applies the principles described in the section Tangible fixed assets up to the date of change in use of the property. When assets are transferred from inventories to investment properties, the difference between the fair value of the property at the date of the transfer and its previous carrying amount is recognized in profit or loss. When the Group completes the construction or production of an investment property, the difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

## 16.7. Leasing- and right of perpetual usufruct of land

Financial lease contracts which transfer to the Company substantially all of the risks and rewards resulting from the ownership the leased item, are capitalized at the lease commencement date according to the lower of the following two values: the fair value of the fixed asset, constituting the lease subject or the present value of the minimum lease payments. Lease payments are divided into financial costs and reduction of the lease liability so as to achieve a constant rate of interest of the outstanding obligations. Financial costs are charged directly to the income statement.

Fixed assets used under financial lease agreements are depreciated over the estimated life of the asset.

The right of perpetual usufruct of land is recorded in tangible fixed assets according to the historical value or in the investment properties at fair value and is not subject to cancellation.

## 16.8. Intangible assets

Intangible assets include: development costs, software, licenses, safety certificates and trademarks. In 2011, the company acquired the trademark URSUS. Since it is impossible to estimate the period of economic use of the trademark, the company makes no depreciation.

Research costs are recognized in the income statement in the period in which they are incurred. The development costs that meet criteria for capitalization, described below, as well as other intangible assets, are valued at acquisition price or production cost less accumulated cancellation.

Criteria for capitalization:

- a possibility, from a technical point of view, of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset as well as its use or sale,
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits. Among other things, the entity should demonstrate the existence of a market for products arising from the intangible asset or the asset itself or - if the asset is to be used by the entity - the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources which are to complete the development and the use or sale of the intangible asset,  
the ability to reliably measure the expenditure during the development work attributable to the intangible asset.

Depreciation is calculated on a straight-line basis, according to the estimated life, which amounts to:

- development costs 3-5 years
- licensing and software 3 years.

## 16.9. Recoverable amount of long-term assets

At each balance sheet date, the Group evaluates the assets for the existence of premises indicating their impairment. If any such indication exists, the Company makes a formal estimate of the recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, it is considered to be impaired and a revaluation of its value to the recoverable amount is made. The recoverable amount is one of two values depending on which one is higher: the fair value less costs of sale or value in use of an asset or cash-generating unit.



## 16.10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The Group classifies financial assets into the following categories:

- Financial assets at fair value by the financial result,
- Loans and receivables;
- Financial assets held until due,
- Financial assets available for sale.

Financial liabilities are divided into:

- Financial liabilities at fair value by the financial result,
- Financial liabilities valued at Th depreciated cost.

The basis of classification is the goal of the acquisition of financial assets and their character. The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each balance sheet date.

## 16.11. Financial assets

Financial assets are valued at the time they are recorded in the accounting books at fair value. The initial valuation is increased by transaction costs except for financial assets categorized at fair value by the financial result. Transaction costs related to a possible sale of the asset are not included in the subsequent valuation of financial assets. A financial asset is recognized in the balance sheet when the Company becomes a party to a agreement (contract) from which a financial asset arises.

At each balance sheet date, the Group assesses whether there is any indication of impairment of a financial asset (or group of financial assets). In the case of instruments classified as available for sale, in determining whether the assets are impaired, inter alia, a significant or prolonged decline in the fair value of the security below its cost shall be taken into account.

## 16.12. Financial assets at fair value by the financial result

This category includes two groups of assets: financial assets held for trading and financial assets designated upon initial recognition as at fair value by the financial result. A financial asset is classified as held for trading if it was acquired for the purpose of selling in the short term, if it is part of the portfolio, which generates short-term profits, or is a derivative with a positive fair value.

In the Group, this category includes primarily derivative instruments (the Group does not apply hedge accounting) and debt or equity instruments that were purchased for resale in the short term.

Embedded derivatives are separated from the contracts and treated as derivatives if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the contract in which the instrument is embedded,
- a separate instrument entailing identical performance conditions as the embedded derivative would meet the definition of a derivative,
- hybrid instrument (complex) is not valued at fair value and changes in its fair value are recognized in net profit / loss (i.e. A derivative that is embedded in a financial asset or financial liability at fair value through profit or loss, is not separated).

Embedded derivatives are recognized in the same way as other derivatives.

Assets classified as financial assets at fair value by the financial result are valued at each balance sheet date at fair value and any profits or losses are recognized in financial revenues or costs. Derivatives valuation is carried at fair value on the balance sheet date and at the end of each reporting period based on valuations performed by the banks realizing the transactions. Other financial assets at fair value by a financial result are valued using stock quotes, and in the absence of appropriate evaluation techniques, which include: the use of prices of recent transactions or offer prices, comparison to similar instruments and option pricing models. The fair value of debt instruments represent future cash flows discounted at the current market interest rate for similar instruments.

## 16.13. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their due date they are classified as fixed assets (assets due within more than one year from the reporting date) or current assets (assets due within one year from the reporting date). Loans and receivables are valued at the balance sheet date at a depreciated cost. This group includes mainly trade receivables and bank deposits and other cash as well as loans and acquired unlisted debt instruments, not included in other categories of financial assets.

## 16.14. Financial assets held until due

Financial assets held until due date are investments with fixed or determinable payments and fixed maturities towards which the Company has a positive intent and ability to hold until maturity. The Company includes in this category only listed debt instruments unless they have been previously classified as financial assets at fair value by financial result or as financial assets available for sale. Financial assets held to due date are evaluated at each reporting date at depreciated cost using the effective interest rate method.

## 16.15. Financial assets available for sale

Financial assets available for sale are financial instruments, other than derivatives, designated as "available for sale" or that were not classified elsewhere. Financial assets available for sale primarily include debt instruments acquired to invest financial surpluses in so far as these instruments have not been classified as financial assets at fair value by the financial result due to the intention to hold them short in the Group. Furthermore, the Group includes in this category equity investments which are not subject to the consolidation requirement.

Financial assets available for sale are classified as fixed assets unless there is no intention to dispose of the investment within one year from the date of the balance sheet or otherwise they are classified to current assets. Financial assets available for sale are valued at each reporting date at fair value and profits and losses (except for losses from impairment) are recognized in equity.

#### **16.16. Financial liabilities at fair value by the financial result**

This category includes two groups of liabilities: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value by the financial result. Financial liabilities held for trading are liabilities which: have been incurred principally for the purpose of selling or repurchasing in the near time or are a part of a portfolio of certain financial instruments that are managed together and for which one can confirm the generation of short term profits or which are derivatives.

The Group's financial liabilities at fair value by the financial result are primarily derivatives (the Group does not apply hedge accounting) with a negative fair value. Liabilities classified as financial liabilities valued at fair value are valued at each reporting date at fair value and any profits or losses are recognized in financial revenues or costs. Derivatives valuation is carried at fair value at the balance sheet date and at the end of each reporting period based on valuations performed by the banks realizing the transactions. The fair value of debt instruments represents future cash flows discounted at the current market interest rate for similar instruments.

#### **16.17. Financial liabilities**

Financial liabilities are valued at the moment of their recognition in the accounting books at fair value. The initial valuation includes transaction costs except for financial liabilities categorized at fair value by the financial result. The transaction costs of selling a financial liability are not included in the subsequent valuation of these liabilities. A financial liability is recognized in the balance sheet when the Company becomes a party to a agreement (contract) from which a financial liability arises.

#### **16.18. Inventories**

Inventories are stated at their effective purchase prices or acquisition prices (in the case of goods) or production costs not higher than net selling prices. The net sale price constitutes an obtainable selling price at the balance sheet date without any tax payable on goods and services, less any rebates and discounts and the costs of adapting inventories to sale and bring them to fruition.

The value of decreases of inventory is determined according to the First-In-First-Out principle.

Costs incurred for bringing each inventory item to their present location and condition -

both for the current and previous year - are recognized as follows:

Materials	- at the effective purchase price;
Finished goods and work in progress	- cost of direct materials and labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, excluding external financing costs;
Products	- at acquisition cost

Inventories are valued at fair value (less Any impairment). The impairment of inventories is created in connection with the loss of their value, in order to bring the value of inventories to the net recoverable amount. Impairments are recognized in the income statement under "own cost of sale". In contrast, increases in value of inventories are recognized as a reduction of own cost of sale. The value of the impairment losses reduces the carrying amount of inventories subject to the impairment.

#### **16.19. Trade and other receivables**

Trade and other receivables are recognized at the amount due, according to the prudent valuation principle. The value of receivables is updated by making an impairment of all receivables whose collectability is in doubt, belonging to the cost of sale.

The value of receivables is updated by taking into account the likelihood of their payment and by making a impairment. Impairment of trade receivables is established when there are objective evidence that the collection of all amounts due according to the original contractual terms shall not take place. The assessment of whether there is objective evidence of impairment is performed on an ongoing basis, after receiving information about the occurrence of a objective evidence that may determine an impairment, at least at the end of a quarter.

In particular, the impairment is made equal to 100% in respect of the claim:

- from debtors put into liquidation or bankruptcy, to the extent not covered by guarantee or other security,
- from debtors in case of a dismissal of the bankruptcy petition, if the mass of the debtor is not sufficient to cover the costs of bankruptcy proceedings in the full amount of the claim,
- disputed by the debtors and with the payment with which the debtor falls behind to the extent not covered by a guarantee or other security, if the assessment of economic and financial situation of the debtor indicates that the payment of the contractual amount in the next six months is not possible,
- overdue or not overdue with a significant likelihood of irrecoverability, at reliably estimated amount of impairment of receivables deemed irrecoverable,

Impairment losses on receivables are recognized as costs of sale. Reversal of impairment loss is recognized in the the income statement as a reduction of cost of sale.

#### **16.20. Cash and cash equivalents**

Cash and short-term deposits recognized in the balance sheet comprise cash at the bank and in hand as well as short-term deposits with an original maturity up to three months.

The balance of cash and cash equivalents recognized in the cash flows statement consists of the aforementioned cash and cash equivalents.

### **16.21. Equity**

Equity is recognized in the accounting books by type, in accordance with the principles set out by law and the Articles of Association of the Company.

Share capital is recognized in the amount disclosed in the Articles of Association and the National Court Register.

The capital from issue of shares above their nominal value - this capital constitutes the surplus resulting from issuing, less costs incurred in connection with the issuance of shares.

Retained earnings constitute: supplementary capital and reserve capitals created from profit from subsequent years, retained earnings or uncovered loss from previous years (accumulated profits / losses from previous years), the result of the current financial year.

Declared but not paid capital contributions are recognized as outstanding share capital contributions. Own shares and due contributions to capital reduce the value of the Company's equity.

### **16.22. Interest-bearing bank credits, loans and debt securities**

Upon initial recognition, all bank credits are recognized at acquisition price being the fair value of cash received. The Group uses short-term bank overdrafts by charging interest on the accrual basis, interest-bearing credits are subsequently valued at the depreciated acquisition price using the effective interest rate method, due to the insignificance of the impact of the assignment of the interest by the principle of depreciated acquisition price.

### **16.23. Trade and other liabilities**

Trade and other liabilities are recognized at historical cost.

Liabilities not classified as financial liabilities valued at the amount due.

### **16.24. Provisions**

Provisions are recognized when the Group has an obligation (legal or constructive) as a result of past events and when it is probable that the fulfillment of this obligation will result in an outflow of resources embodying economic benefits, and one can make a reliable estimate of the amount of the obligation. When the effect of the money value in time is material, the value of provisions is determined by discounting the expected future cash flows to the current value using a discount rate that reflects current market assessments of the money value in time and possible risks specific to the liability.

### **16.25. Employee benefits**

#### **Retirement benefits**

In accordance with applicable rules on remuneration the employees of the company are entitled to severance pensions.

The Company does not assign assets which would be used for future settlement of liabilities for retirement benefits. The Company creates a provision for future liabilities for retirement benefits in order to allocate costs to the periods to which they relate.

The value of future liabilities due to retirement benefits is calculated by a qualified actuary using the method of accumulated future benefits, taking into account the projected increase in remuneration, which is the basis of assessment of future benefits, the assumed discount rate; the assumed probability of achieving an appropriate seniority, provided to stay in employment with the current employer, the likelihood of survival by an employee until the age of retirement (the likelihood of achieving a single entitlement to severance pay), provided to stay in employment with the current employer, the likelihood of invalidity of the employee before the age retirement (the likelihood of achieving a single entitlement to pension) provided to stay in employment with the current employer.

The amount of the provision is updated once a year - at the end of the year. A correction increasing or decreasing the amount of the provision is recognized in the operating costs (employee benefits).

The use of such provisions reduces provisions (current encumbrance of operating costs by amounts of paid benefits with a simultaneous adjustment of provisions at the end of the period is not acceptable). The dissolution of the above provision adjusts (decreases) the costs of employee benefits.

#### **The benefit relating to the termination of employment**

In the event of a termination of employment the employees of the company are entitled to the benefits provided by the applicable Polish labor laws, among others the equivalent due to a unused annual leave.

Provision for employee leaves is calculated as quotient of average salary and numer (in days) of not used holidays as at the balance sheet day of all employees.

#### **Awards from the net profit**

In accordance with applicable regulations on remuneration employees of the Group are entitled to the award from the net profit. In view of the fact that at the balance sheet date it is not possible to reliably estimate the amount of the liability, the Group recognizes the costs of employee benefits relating to awards from the net profit in the cost of the financial year in which the resolution was adopted on the distribution of profit and the awards from profits were paid out.

#### **Allowances for Company Social Benefit Fund from the net profit**

In accordance with applicable regulations on remuneration it is possible to allocate a part of profit to the Company Social Benefit Fund. In view of the fact that at the balance sheet date it is not possible to reliably estimate the amount of the liability, the Group recognizes the costs of employee benefits relating to allowances for Company Social Benefit Fund from the net profit to the cost of the financial year in which the resolution was adopted on allocation of the net profit to the Company Benefit Social Fund.

**Other employee benefits**

The costs of other employee benefits are recognized in the cost of the financial year in which they were approved for payment, as usually only upon approval of the amount to be paid, it is possible to reliably estimate the amount of the benefit.

**16.26. Revenues**

Revenues are recognized in the amount at which it is probable that the Group will collect economic benefits associated with the transaction and when the amount of the revenues can be measured reliably. Revenues are recognized after deducting the value added tax (VAT), excise tax as well as rebates (discounts, bonuses).

The amount of revenues is determined at the fair value of payment received or receivable. Revenues are valued according to values discounted if the effect of changes in the value of money in time is significant (the period to obtain payment longer than 360 days is considered as such). In the case of recognition of revenues at a discounted value, the value of the discount is recognized according to the leakage of time as the increase in the value of the receivables and reflected as financial revenues.

Foreign exchange differences resulting on the execution as well as balance sheet valuation of trade receivables adjust sales revenues.

The recognition of revenues is also subject to the criteria set forth below.

**Sale of goods**

Revenues are recognized when the significant risks and rewards of ownership of the goods have been assigned to the purchaser and when the amount of revenues can be measured reliably.

**Providing services**

Revenues from services are recognized on the basis of the stage of completion.

**Dividends**

Dividends are stated upon the determination of shareholders' right to receive them.

**Revenues from lease**

Revenues from investment property lease are recognized on a straight-line basis throughout the lease term in relation to open contracts

**Government grants**

The Group recognizes government grants at the time of the reasonable assurance that the grant will be received and that it will comply with the relevant conditions. In order to recognize government grant both of the above conditions must be met.

If the grant relates to an asset, its fair value is recognized in deferred revenues and then gradually, by means of equal annual written-offs, write off to the profit and loss account during the estimated life of the asset.

If the grant relates to an expense item, it is recognized as revenue proportionally to the costs that the grant is intended to compensate.

If the grant is a form of compensation for costs already incurred or losses, or has been granted to an enterprise in purpose of giving immediate financial support with no future related costs, it shall be recognized as revenue in the period in which it becomes receivable.

Tangible fixed assets and intangible assets received in the form of grants are recognized at fair value.

**Income tax**

For financial reporting purposes, the provision for income tax is provided by using the liability method, on all temporary differences at the balance sheet date between the tax value of assets and liabilities and their carrying amounts recognized in the financial statement.

The provision for deferred tax is recognized for all taxable temporary differences:

- except situation where the provision for deferred tax arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction other than a business combination and at its conclusion, having no influence on the gross financial result nor taxable profit or loss; and
- in respect of taxable temporary differences arising from investments in subsidiaries, affiliated companies and interests in joint ventures - except situations when the dates of the reversal of temporary differences are subject to an investor control and it is probable that in the foreseeable future the temporary differences will not reverse.
- Deferred tax assets are recognized for all deductible temporary differences as well as unused tax assets and unused tax losses carried forward to subsequent years, in the amount that would enable achieving the taxable profit, which will allow for the use of the aforementioned differences, assets and losses:
- except situation where the deferred tax relating to the deductible temporary differences, which arise from the initial recognition of an asset or liability in a transaction other than a business combination and at its conclusion shall not affect neither the gross financial result nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, affiliated companies and interests in joint ventures, the deferred tax asset is recognized only to the extent that would make probable that in the foreseeable future the aforementioned temporary differences shall be reversed and the taxable profit will be achieved, sufficient for deduction of deductible temporary differences.

The carrying amount of deferred tax is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that a taxable income sufficient for a partial or full realization of the asset for deferred income tax shall be achieved.

Deferred tax assets and deferred tax provision are valued using the tax rates which are expected to be applicable in the period when the asset is realized or the provision is terminated, assuming as the basis tax rates (and tax regulations) in force at the balance sheet date or those whose future application is certain on the balance sheet date.

The income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

From 2012, the Company calculates the tax depreciation of the trademark. The Company does not determine the provision for income tax of the trademark, because it does not provide for the completion of the asset sale transaction.

### Net earnings per share

The net earnings per share for each period are calculated by dividing the net profit for the period by the weighted average number of shares at a given reporting period. The Company does not present diluted earnings / loss per share, as there are no dilutive potential ordinary shares.

## 17. Information on business sectors

An operating segment is a component of an entity:

- which engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the chief operating decision maker in the unit and using these results to decide on the allocation of resources to the segment and assess its performance segment, as well as
- in the case of which separate financial information is available.

The range of products of the Group are addressed to the same audience and are subject to the same risk. The Group's products are characterized by a similar level of return on investment. In view of the above, the Group prepares a report by operating segments as the Management Board shall examine the results of generating profit centers or facilities.

The following tables present revenue and profits and certain assets and liabilities of individual operating segments of the Group for the year ended 31 December 2015 respectively and 31 December of 2014.

01.01.2015-31.12.2015

	Continued activity					In total	Exclusions
	Division of production in Dobrze Miasto	Division of production in Opalenica	Division of production in Lublin	Bioenergia Invest	URSUS Zachód		
<b>Income</b>							
Sale for external customer including:							
- customers when value of transactions in the period exceeds 10% or more of income	66 090	40 754	215 634	5 321	2 584	330 383	(5 956)
Inter-segment sale						-	
<b>Total income of the segment</b>	<b>66 090</b>	<b>40 754</b>	<b>215 634</b>	<b>5 321</b>	<b>2 584</b>	<b>330 383</b>	<b>(5 956)</b>
<b>Costs</b>							
Own cost of sales for external customers including	(51 342)	(29 387)	(172 814)	(4 709)	(2 598)	(260 850)	5 438
own cost of inter-segment sale						-	
<b>Total costs of segment</b>	<b>(51 342)</b>	<b>(29 387)</b>	<b>(172 814)</b>	<b>(4 709)</b>	<b>(2 598)</b>	<b>(263 448)</b>	<b>5 438</b>
<b>Gross profit (loss) from the sale of the segment</b>	<b>14 748</b>	<b>11 367</b>	<b>42 820</b>	<b>612</b>	<b>(14)</b>	<b>69 533</b>	<b>(518)</b>
Costs of sale	(5 455)	(4 171)	(22 462)	-	(9)	(32 097)	-
Costs of total management	(4 994)	(3 196)	(11 786)	(1 186)	(214)	(21 377)	
<b>Operational profit (loss) of segment*</b>	<b>4 299</b>	<b>3 999</b>	<b>8 572</b>	<b>(574)</b>	<b>(237)</b>	<b>16 059</b>	<b>(518)</b>
Other operational profits/costs	113	191	458	(195)	(5)	562	-
Profit (loss) from continuing operations before tax and finance costs						16 621	17

Revenue due to interests						257	
Costs due to interests						(3 614)	
Other financial revenues/costs net						(2 839)	
Share in the profit of affiliated companies							
Profit (loss) before tax						10 425	17
Income tax						(2 185)	(3)
<b>Profit (loss) net for financial year</b>						<b>8 240</b>	<b>(3)</b>

<b>Assets and liabilities</b>							
Assets of segment	77 010	12 425	230 083	10 588	6 676	336 782	
Unallocated assets						32 616	-
<b>Total assets</b>	<b>77 010</b>	<b>12 425</b>	<b>230 083</b>	<b>10 588</b>	<b>6 676</b>	<b>369 398</b>	<b>-</b>
Liabilities of segment	11 703	3 239	48 049	5 410	7 009	75 410	-
Unallocated liabilities						171 825	
Equity						122 163	
<b>Total liabilities and capitals</b>	<b>11 703</b>	<b>3 239</b>	<b>48 049</b>	<b>5 410</b>		<b>369 398</b>	<b>-</b>

#### Other information concerning segment

Total investment expenditure:							
Tangible fixed assets	5 073	266	13 629		95	19 063	-
Intangible assets	1 179		1 717	4	7	2 907	-
Amortization of tangible fixed assets	2 385	636	1 930			4 951	-
Amortization of intangible assets	442		979			1 421	-
Current write-offs due to loss of value						-	-
Current write-offs of value of investments real estates						-	-
Other expenditures:						-	-
reserve for warranty repairs	19		326			345	-

01.01.2014-31.12.2014

	Continued activity						Exclusions	Total operations
	Division of production in Dobrze Miasto	Division of production in Opalenica	Division of production in Lublin	Bioenergia Invest	URSUS Zachód	In total		
<b>Income</b>								
Sale for external customer including:								
- customers when value of transactions in the period exceeds 10% or more of income	42 859		22 075	159 132	12 481	236 547	(343) 236 204	
Inter-segment sale						-	-	
<b>Total income of the segment</b>	<b>42 859</b>	<b>-</b>	<b>22 075</b>	<b>159 132</b>	<b>12 481</b>	<b>236 547</b>	<b>(343) 236 204</b>	
<b>Costs</b>								
Own cost of sales for external customers including	(42 204)		(17 728)	(121 895)	(11 772)	(193 599)	364 (193 235)	
own cost of inter-segment sale						-	-	
<b>Total costs of segment</b>	<b>(42 204)</b>	<b>-</b>	<b>(17 728)</b>	<b>(121 895)</b>	<b>(11 772)</b>	<b>(205 371)</b>	<b>364 (193 235)</b>	

<b>Gross profit (loss) from the sale of the segment</b>	<b>654</b>	<b>-</b>	<b>4 347</b>	<b>37 237</b>	<b>709</b>	<b>42 948</b>	<b>21</b>	<b>42 969</b>
Costs of sale	(2 545)		(1 012)	(5 532)	(641)	(9 730)	-	(9 730)
Costs of total management	(3 369)		(2 887)	(9 785)	(1 241)	(17 282)		(17 282)
<b>Operational profit (loss) of segment*</b>	<b>(5 259)</b>	<b>-</b>	<b>448</b>	<b>21 921</b>	<b>(1 173)</b>	<b>15 936</b>	<b>21</b>	<b>15 957</b>
Other operational profits/costs	1 369		188	2 590	248	4 395	-	4 395
Profit (loss) from continuing operations before tax and finance costs						20 331	21	20 352
Revenue due to interests						58		58
Costs due to interests						(3 652)		(3 652)
Other financial revenues/costs net						(2 367)		(2 367)
Share in the profit of affiliated companies								
Profit (loss) before tax						14 370	21	14 391
Income tax						(562)	(2)	(564)
<b>Profit (loss) net for financial year</b>						<b>13 808</b>	<b>(2)</b>	<b>13 827</b>

#### Assets and liabilities

Assets of segment	68 598	-	12 431	168 035	15 521	264 585		264 585
Unallocated assets						46 169	-	46 169
<b>Total assets</b>	<b>68 598</b>	<b>-</b>	<b>12 431</b>	<b>168 035</b>	<b>15 521</b>	<b>310 754</b>	<b>-</b>	<b>310 754</b>
Liabilities of segment	9 300	-	926	28 177	11 659	50 062	-	50 062
Unallocated liabilities						160 846		160 846
Equity						99 846		99 846
<b>Total liabilities and capitals</b>	<b>9 300</b>	<b>-</b>	<b>926</b>	<b>28 177</b>		<b>310 754</b>	<b>-</b>	<b>310 754</b>

#### Other information concerning segment

Total investment expenditure:								
Tangible fixed assets	125	-	570	9 217		9 912	-	9 912
Intangible assets	-	-	-	2 310		2 310	-	2 310
Amortization of tangible fixed assets	2 960	-	706	1 100		4 766	-	4 766
Amortization of intangible assets	327	-	21	856		1 204	-	1 204
Current write-offs due to loss of value								
Current write-offs of value of investments real estates								
Other expenditures:								
reserve for warranty repairs	25			232		257	-	257

#### Geographical segments

	<b>Poland</b>	<b>Union</b>	<b>Outside Union</b>	<b>Exclusions</b>	<b>Total</b>
<b>Revenue</b>					
Sale for external customers	131 834	35 983	162 565	(5 956)	324 427
<b>Total revenue of segment</b>	<b>131 834</b>	<b>35 983</b>	<b>162 565</b>	<b>-</b>	<b>324 427</b>
<b>Costs</b>					
Own costs of sale for external customers	(118 449)	(31 143)	(111 259)	5 438	(255 412)
<b>Total costs of segment</b>	<b>(118 449)</b>	<b>(31 143)</b>	<b>(111 259)</b>	<b>-</b>	<b>(255 412)</b>

<b>Profit (loss)of segment</b>	<b>13 386</b>	<b>4 841</b>	<b>51 306</b>	<b>-</b>	<b>69 015</b>
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<b>01.01.2014-31.12.2014</b>	<b>Poland</b>	<b>Union</b>	<b>Outside Union</b>	<b>Exclusions</b>	<b>Total</b>
<b>Revenue</b>					
Sale for external customers	113 692	35 885	86 970	(343)	236 204
<b>Total revenue of segment</b>	<b>113 692</b>	<b>35 885</b>	<b>86 970</b>	<b>-</b>	<b>236 204</b>
<b>Costs</b>					
Own costs of sale for external customers	(101 644)	(31 419)	(60 537)	364	(193 235)
<b>Total costs of segment</b>	<b>(101 644)</b>	<b>(31 419)</b>	<b>(60 537)</b>	<b>-</b>	<b>(193 235)</b>

<b>Profit (loss)of segment</b>	<b>12 049</b>	<b>4 466</b>	<b>26 433</b>	<b>-</b>	<b>42 969</b>
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## 18. Revenue and costs

Revenue	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Continued activity		
Revenue from sale of products	285 503	193 940
Revenue from sale of services	11 064	8 906
Revenue from sale of goods and materials	29 860	33 358
	324 427	236 204
Discontinued operations		
Revenue from sale of goods		
Revenue from sale of services		
Revenue from contracts for the construction		
	0	0
<b>Total</b>	<b>324 427</b>	<b>236 204</b>

At the beginning of November 2015 the Company started execution of the contract with a foreign company. Revenues generated were recognized on the basis of stock documents (goods out) and issued invoices. Before the 31 December 2015 the machines were picked up by the operator indicated by the Buyer. The Company has appropriate statements confirming receipt by the operator of the shipped and sold goods. The Company applied to an independent law office with a request of opinion as to the correctness of including the revenues in the year 2015. The opinion indicates that the terms Incoterms 2010, including DAT clause, determine the moment of transferring risk related to damage or loss. According to this opinion it is allowed to assume that the execution of the contract took place at the date of receipt of goods by the operator for shipment. According to the Management Board, this opinion confirms correctness of qualification of the revenues to the year 2015. Therefore, in the Company's opinion, the revenues are correctly included in the year 2015, which reflects also the actual execution of the contract and was confirmed with the payment received for the shipped goods in the total amount of 17.595 thousand USD, of which the Company informed with the Current reports no. 7 and 11.



<b>Costs by type:</b>			
		<b>01.01.2015 - 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Amortization of fixed assets, intangible assets and legal assets		6 860	6 480
Costs of employee benefits including		46 656	35 489
Use of materials and energy		196 511	138 919
Foreign services		30 127	15 369
Taxes and payments		3 338	3 029
Life and non-life insurances		323	303
Cost of research and development works			
Other costs including		8 068	401
- current write-offs of value of stocks			
-reversal of write-offs of value of stocks		-	-
-current write-offs of values of charges		1 086	740
reversal of write-offs of values of charges	-	- 172	4 089
- exchange rate differences concerning liabilities due to supplies and services		- 805	274
-other costs of operational activity			
<b>Total generic costs</b>		<b>291 883</b>	<b>199 990</b>
Change of state of products, production during the year and accruals (+/-)	-	3 382	3 011
Value of sold goods and materials (+) including		20 166	20 268
-current write-offs of value of stocks		-	-
-reversal of write-offs of value of stocks		-	-
- exchange rate differences concerning liabilities due to supplies and services		805	274
Cost of production of products for own needs (-)	-	2 500	2 510
Costs of sale (+)		32 097	9 730
Costs of general management (+)		21 377	17 282
Costs of production of sold products ( + )		235 246	172 967
<b>Total costs of sold products, goods and materials, sale and costs of general management</b>		<b>303 004</b>	<b>214 726</b>

<b>Costs of employee benefits</b>			
		<b>01.01.2015 - 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Costs of remunerations (+)		34 608	28 474
Costs of social insurances and other benefits (+)		12 048	7 015
Revenue from social activity (-)			
Subsidies for enterprise social facilities from ZFSS funds			
Costs of functioning and maintenance of enterprise social facilities (-)			
Costs of future benefits (reserves) due to retirement benefits, jubilee bonuses and other similar employee benefits (+/-)			
Net profit bonus (+)			
Write-offs on ZFSF from net profit (+)			
<b>Total costs of employee benefits</b>		<b>46 656</b>	<b>35 489</b>

<b>Other operational revenue</b>	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Net profit from sale:	96	139
- non-financial fixed assets	96	139
- investment real estates		
Dissolution of current write-off of intangible and legal assets		
Dissolution of write-off of tangible fixed assets		
Dissolution of current write-off of financial assets		
Dissolution of current write-off of value of stocks		
Dissolution of current write-off of value of trade receivables		
Profit from closure of tangible fixed assets and intangible assets		
Revenue due to lease of investment property		
Profit from property appraisal at fair value	2 592	4 034
Received subsidies	236	58
Received donations		
Redeemed liabilities	-	-
Received compensations and contractual penalties		36
Calculated compensations and contractual penalties		1 104
Return for complained parts		
Remuneration for income tax payer and Social Security Contributions		
Tax refund		
Others	744	501
<b>Total other operational income</b>	<b>3 668</b>	<b>5 873</b>

	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Other operational costs	-	18
- Net loss from sale	-	18
- non-financial fixed assets		
- investment real estates		
Current write-off of value of the Company		
Current write-off of intangible assets		
Current write-off of tangible fixed assets		
Current write-off of value of financial assets		
Current write-off of value of stocks		
Current write-off of trade receivables	-	-
Cost of unredeemed fixed assets carried within the contribution		
Loss from evaluation of assets and financial liabilities and investment real estates:		
- from evaluation of financial assets valued in fair value by income statement (according to fair valuation)		
- from evaluation of financial assets classified as intended for trade		
- from evaluation of financial liabilities valued in fair value by income statement (according to fair valuation)		
- from evaluation of financial liabilities classified as intended for trade		
- losses transferred from equity concerning sale of investments classified as available for sale		
Loss from closure of tangible fixed assets and intangible assets	51	14
Loss from closure of stocks	4	86
Other operating expenses related to investment property not generating income from the lease, including:		
- depreciation costs		
Other operating expenses related to investment property generating income from the lease, including:		
- depreciation costs		
Loss from re-sale of services, recharged payments		
Given donations	658	311
Penalty payments	-	-
Returns of subsidies		
Costs connected with unused assets and production capabilities		2 498
Costs of discontinued activity		
Expenditures of written-off fixed assets under construction	-	
Others	1 646	1 048
<b>Total of other operation costs</b>	<b>3 106</b>	<b>3 975</b>

<b>Financial revenue</b>		
	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Income due to interests	257	58
- cash deposits		
- charges	257	58
- investments available for sale		
- investments maintained to fixed maturity		
- Financial assets that lost their value		
Profit from sale of financial investments		
Profits transferred from equity concerning sale of investments classified as available for sale		
Profit from evaluation of assets and financial liabilities:		
- from evaluation of financial assets valued in fair value by income statement (according to fair valuation)		
- from evaluation of financial assets classified as intended for trade		
- from evaluation of financial liabilities valued in fair value by income statement (according to fair valuation)		
- from evaluation of financial liabilities classified as intended for trade		
- on derivatives protected fair value	62	
- on adjustments of derivatives protected fair value		
- increase of fair value transferred from equity concerning protection accounts		
Reversal of write-off for percentage charges		
Received dividends		
Profits from foreign exchange differences		
Changes in long-term receivables resulting from zooming pending receipt of receivables (effect of unwinding of the discount)		
Revenues from derivative instruments		
Profit on disposal of shares and other securities		
Other financial revenues, including:		
- ineffectiveness of cash flow hedges		
- net investment hedge ineffectiveness	22	12
<b>Total financial revenues</b>	<b>321</b>	<b>70</b>

In 2011 the Company charged its contractors with interests for late payment of charges in years 2009-2011 in total amount of 1.677PLN. The amount of interests was mentioned in financial income. From the appointed amount the amount of 1.304 PLN was regulated in years: 2011, 2012, 2013, 2014 and 2015.

In 2012 the Company charged its contractors with interests for late payments of charges for 2012 in total amount of 1.069PLN. The amount of interests was mentioned in financial income. From the appointed amount 1.004.000PLN was regulated in 2012, 2013, 2014 and 2015.

Charges from non-regulated part from years 2009-2011 were covered by current write-off on amount of 138.000PLN and the amount of 235.000PLN was recorded into losses. Charges from non-regulated part from 2012 were covered by current write-off in the amount of 28.000PLN and the amount of 31.000 PLN was recorded into losses.

<b>Financial costs</b>		
	<b>01.01.2015 -31.12.2015</b>	<b>01.01.2014 -31.12.2014</b>
Costs due to interests		
- due to credits	1 9 58	1 9 58
- due to financial lease	188	188
- others	1 506	1 506
<b>Total costs due to interests</b>	<b>3 652</b>	<b>3 652</b>
Minus amounts included in costs of assets fulfilling capitalization conditions		
	3 614	3 652
Creation of write-off on interest charges		
Loss from evaluation of assets and financial liabilities:	-	53
- from evaluation of financial assets valued in fair value by income statement (according to fair valuation)		
- from evaluation of financial assets classified as intended for trade		
- from evaluation of financial liabilities valued in fair value by income statement (according to fair valuation)	-	53
- from evaluation of financial liabilities classified as intended for trade		
- losses on derivatives in hedging relationships of fair value		
- losses on adjustments of derivatives in hedging relationships of fair value		
- decrease of fair value transferred from equity concerning protection account		
Losses due to exchange rate differences concerning assets and liabilities other than trade charges and liabilities.	1 828	1 384
Changes of amount of liabilities and long-term reserves resulting from shortening time of performance of liability (unwinding of the discount effect).		
Costs due to derivatives		
Loss from sold shares, subsidiaries and other transferable securities.		
Inefficiency of protection of cash flows		
Inefficiency of protection of investments net		
Reversal of discount of reserves		
Reversal of discount from costs of sale of fixed assets classified as intended for sale		
Provisions from credits and factoring	1 008	942
Other financial costs	67	-
<b>Total financial costs</b>	<b>6 517</b>	<b>6 031</b>

## 19. Income tax

Main components of tax burden for finished on 31 December 2015 and 31 December 2014 are as follows:

	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
<b>Consolidated profit and loss statement</b>		
<b>Current income tax</b>	-	(485)
Current burden due to income tax	-	(485)
Adjustment concerning current income tax from past years		
<b>Deferred income tax</b>	(2 188)	(79)
Connected with creation and reversal of temporary differences	(2 188)	(79)
Deferred tax transferred from equity		
<b>Tax burden recognized in profit and loss account</b>	<b>(2188)</b>	<b>(564)</b>

The reconciliation of the income tax on gross financial result before tax at the statutory tax rate with income tax counted according to effective tax rate for the year finished on 31 December 2014 and comparatively to the day of 31 December 2013 is as follows:

	01.01.2014 - 31.12.2014	01.01.2013 - 31.12.2013
Profit/(loss) gross before tax from continued operations	9 907	14 391
Profit/(loss) before tax from discontinued operations		
<b>Profit/(loss) gross before tax</b>	<b>9 907</b>	<b>14 391</b>
A statutory income tax rate of 19% in Poland	1 882	2 734
Adjustments related to current income tax from previous years	(4 098)	(3 317)
Tax losses on which deferred tax assets were not recognized		
Utilization of tax losses previously not recognized		
Capital allowances		
Costs not being tax deductible costs	3 082	8 035
Deductible temporary differences where assets due to deferred income tax were not recognized		
Revenues not being the basis for taxation	(2 397)	(5 613)
Others		
Basis for current and deferred income tax calculation	<b>6 494</b>	<b>13 496</b>
<b>Income tax reported in separate profit and loss account</b>	<b>2 188</b>	<b>564</b>
<b>Current tax</b>	-	<b>485</b>
<b>Deferred tax</b>	<b>2 188</b>	<b>79</b>
<b>Effective tax rate</b>	<b>22,1%</b>	<b>3,9%</b>

## Deferred income tax

In the connection with tax losses from previous years in total amount of 18.548 PLN the Company accounted the amount of 10.869 PLN that could be used in 2014. For the remained part of tax loss the Company created in 2014 the asset, i.e. from the basic amount 7.678 PLN. In the year 2015 the Company used from the remaining part the amount of tax loss of 6.620.000 PLN. Deferred income tax results from the following positions:

31.12.2015	Balance at the beginning of period	Included in income	Included in equity	Recovered from equity to income	Acceptances / sales	Exchange rate differences	Amendment of the interest rate	Balance in the end of period
<b>Temporary differences concerning assets due to deferred tax:</b>								
Net investment hedging								-
Reserves	216	34						250
Doubtful receivables	1 076	166						1 242
Other financial liabilities	398	136						534
Unused costs due to repurchase and emission of shares								-
Reserve for bad debts	1 898	(1 121)						777
Others	167	(320)				0	102	(50)
	3 755	(1 105)	-	-	-	0	102	2 753
<b>Temporary differences concerning reserve due to deferred tax:</b>								
Cash flow hedging								-
Equity accounted investments								-
Tangible fixed assets	4191	(722)	-					3 469
Financial leasing	670	141	-					811
Intangible and legal assets	-							-
Financial assets available for sale	-							-
Convertible bonds	-							-
Exchange rate differences of foreign subsidiary	-							-
Revaluation of investment property at fair value	1977	341						2318
Other	137	124						261
	6975	(116)	-	-	-	-	-	6859
<b>Unused tax losses and other reliefs:</b>								
Tax losses	1459	(1258)						201
Tax reliefs								-
Other	(1)						(1)	(2)
	1458	(1258)	-	-	-	-	(1)	199
Total assets (reserves) due to deferred tax	(1762)	(2247)	-	-	-	0	(101)	(3907)

The parent company does not make determination of income tax provision from the difference between the carrying value and the tax value of the acquired trademark URSUS, since the disposal of this asset is not anticipated.

31.12.2014	Balance at the beginning of period	Included in income	Included in equity	Recovered from equity to income	Acceptances / sales	Exchange rate differences	Amendment of the interest rate	Balance in the end of period
<b>Temporary differences concerning assets due to deferred tax:</b>								
Net investment hedging								-
Reserves	229	(13)						216
Doubtful receivables	1 792	(716)						1076
Other financial liabilities	164	234						398
Unused costs due to repurchase and emission of shares								-
Reserve for bad debts	1048	850						1898
Others	91	76				0		167
	3324	431	-	-	-	0	-	3755
<b>Temporary differences concerning reserve due to deferred tax:</b>								
Cash flow hedging								-
Equity accounted investments								-
Tangible fixed assets	3182	1009	-					4191
Financial leasing	1228	(558)	-					670
Intangible and legal assets	-							-
Financial assets available for sale	-							-
Convertible bonds	-							-
Exchange rate differences of foreign subsidiary	-							-
Revaluation of investment property at fair value	2643	(666)						1977
Other	144	(7)						137
	7197	(222)	-	-	-	-	-	6975
<b>Unused tax losses and other reliefs:</b>								
Tax losses	2188	(729)						1459
Tax reliefs								-
Other							(1)	(1)
	2188	(729)	-	-	-	-	(1)	1458
Total assets (reserves) due to deferred tax	(1686)	(76)	-	-	-	0	(1)	(1762)

## 20.Social assets and Social Fund Liabilities

The act of 4 March 1994 on the Company Social Fund states with later amendments states that the Company Social Fund is constituted by employers permanently employing over 20 employees. The company creates such Fund and makes periodic allocations to it in the basic amount. The Fund's purpose is to subsidize the operation of the company's social activity.

	31.12.2015	31.12.2014
Fixed assets contributed to the Fund		
Loans granted to the employees Cash	4	5
Social Fund Liabilities	70	48
	(128)	(109)
<b>The netted balance</b>	<b>(54)</b>	<b>(56)</b>
Deduction for the Fund in accounting period	772	731



## 21. Earnings per share

Basic earnings per share are computed by dividing net profit for the period attributable to holders of ordinary shares of the Company divided by the weighted average number of issued ordinary shares outstanding in such period. The tables below contain the net consolidated profit and the number of shares used for the calculation of basic earnings per share:

	<b>01.01.2015- 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Net profit from continued operations	<b>7 719</b>	<b>13 827</b>
Net profit from discontinued operations		
Net profit	<b>7 719</b>	<b>13 827</b>
Interests from redeemable preference shares convertible into ordinary shares		
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share.	<b>7 719</b>	<b>13 827</b>
	<b>01.01.2015- 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Weighted average of issued ordinary shares applied to the basic calculation of the profit per share.	<b>54 180</b>	<b>41 180</b>
Diluting impact: Subscription rights for shares Redeemable preference shares		
Adjusted weighted average number of ordinary shares applied to calculation of diluted earnings per share	<b>54 180</b>	<b>41 180</b>

	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Net loss on discontinued operation attributable to ordinary equity holders used to calculate basic loss per share	-	-
Net loss on ceased activity attributable to ordinary equity holders used to calculate diluted share	-	-
<b>Basic earnings per share</b>	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Net profit	7 719	13 827
Weighted average number of shares	54 180	41 180
Basic earnings per share (PLN/share)	0,14	0,34
<b>Diluted profit per share</b>	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Net profit attributable to the shareholders used to calculate diluted earnings per share	7 719	13 827
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	54 180	41 180
Diluted profit per share (PLN/share)	0,14	0,34
	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Net profit from continuing operation	7 719	13 827
Weighted average number of shares	54 180	41 180
Basic earnings per share (PLN/share)	0,14	0,34
<b>Diluted profit per share from continuing operation</b>	<b>01.01.2015 – 31.12.2015</b>	<b>01.01.2014 – 31.12.2014</b>
Net profit attributable to the equity holders used to calculate diluted profit per share from continuing operation	7 384	13 425
Adjusted weighted average number of ordinary shares used to calculate diluted profit per share	54 180	41 180
Diluted profit per share (PLN/share)	0,14	0,33

## 22. Payments in shares

In 2015, there were no payments in shares.

## 23. Dividends paid and declared

In 2015, there were no dividends paid.

## 24. Tangible fixed assets

The carrying amount of plant and equipment held under finance lease and tenancy agreement with an option to purchase at 31 December 2015 is 8.124 PLN (31.12.2014 – 6 308 PLN). Land and buildings with investment property in total balance sheet of 60.828 PLN (31.12.2014 – 48 310 PLN) are covered by mortgage established in order to secure bank credit of the Company. The Group evaluated the tangible assets as of the balance sheet day 31.12.2015 as for any impairment indicators. As of 31.12.2015 no impairment of assets occurred.

31.12.2015								
<b>THE TABLE OF CHANGES IN TANGIBLE FIXED ASSETS</b>	Land	Buildings, premises and civil engineering facilities	Technical devices and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Exclusions	All
<b>a) Gross tangible fixed assets at beginning of period</b>	2889	41 902	38848	4715	6653	12107	(446)	106 668
<b>b) increase (from)</b>	-	18 356	13 504	246	1792	21 869	(13)	55 754

- purchase			12 564	246	1792	4		14 606
- adoption from investment		13 424						13 424
- modernization								-
- reference of liquidation costs on opening value								-
- investment on fixed assets under construction						21 865		21 865
- investment in foreign fixed assets								-
- transferred under the agreement of financial leasing		996						996
- external financial costs		4 931						4 931
- reallocation from tangible fixed assets of investment			(56)				(13)	(68)
- others								-
<b>c) decrease (from)</b>	202	3	9 871	356	15	31 210	-	41 657
- sale			9894	356	2			10 252
- closure		3			13			16
- adoption to fixed assets						31210		31
- reclassification to other generic group								210
- cash donations	202							-
- transfer to investment in real estate			(23)					-
- others								20
								2
								(23)
<b>d) Gross value of fixed assets in the end of the period</b>	2667	60255	42481	4605	8430	2766	(459)	120 765
<b>e) Accumulated depreciation (cancellation) in beginning of period</b>	-	7 345	23 101	2934	4393	-	(73)	37 700
<b>f) Depreciation (from)</b>	-	1269	(2748)	269	845	-	(30)	(395)
- annual amortization		1269	2774	552	860			5455
- sale of fixed asset			(5562)	(283)	(15)			(5860)
- closure of fixed asset								-
- donation of fixed asset								-
- reclassification to other group								-
- other (decreases)								-
- transfer to the group of assets intended to resale								-
- decrease								-
- transfer to investment in real estate								-
- other (increase)			40				30	70
<b>g) Accumulated amortization (cancellation) in the end of period</b>	-	8614	20353	3208	5238	-	(103)	37305
<b>h) Deduction due to permanent loss of value in the beginning of period</b>								-
<b>Increase (from)</b>	-	-	-	-	-	-	-	-
- creation of deduction due to permanent loss of value in profit or loss								-
<b>Decrease (from)</b>	-	-	-	-	-	-	-	-
- sale of fixed asset								-
- closure of fixed assets								-
- reversal of deduction due to permanent loss of value compared to the financial result								-
- used revaluation								-
- others								-
<b>i) write-offs of permanent loss of value in the end of the period</b>	-	-	-	-	-	-	-	-
<b>j) net value of fixed assets in the beginning of period 2883</b>	2889	34557	15747	1781	2260	12107	(373)	68968
<b>k) net value of fixed assets in the end of period 2889</b>	2687	51641	22 128	1402	3192	2766	(356)	83460

31.12.2014								
<b>THE TABLE OF CHANGES IN TANGIBLE FIXED ASSETS</b>	Land	Buildings, premises and civil engineering facilities	Technical devices and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Exclusions	All
<b>a) Gross tangible fixed assets at beginning of period</b>	2889	34108	33691	4477	5878	4529	(433)	90133
<b>b) increase (from)</b>	-	7827	904	618	945	13008	(13)	2389
- purchase		5	711	618	945			2279
- adoption from investment		322	193					515
- modernization								-
- reference of liquidation costs on opening value								-
- investment on fixed assets under construction						13008		13 008
- investment in foreign fixed assets								-
- transferred under the agreement of financial leasing								-
- external financial costs		7500						7500

- reallocation from tangible fixed assets of investment									-
- others									
<b>c) decrease (from)</b>	-	33	747	380	169	5430	-		6759
- sale			<b>281</b>		<b>380</b>				66
- closure		<b>33</b>	<b>466</b>		<b>169</b>				1
- adoption to fixed assets					<b>5430</b>				66
- reclassification to other generic group									8
- cash donations									54
- transfer to investment in real estate									30
- others									-
									-
									-
<b>d) Gross value of fixed assets in the end of the period</b>	2889	41902	38848	4715	6653	12107	(446)		106 668
<b>e) Accumulated depreciation (cancellation) in beginning of period</b>	-	6276	20712	2549	3832	-	(43)		33376
<b>f) Depreciation (from)</b>	-	1069	2389	385	511	-	(30)		4324
- annual amortization		<b>1078</b>	<b>2973</b>	<b>556</b>	<b>675</b>				<b>5292</b>
- sale of fixed asset		<b>(9)</b>	<b>(133)</b>	<i>(181)</i>					<b>(314)</b>
- closure of fixed asset			<b>(471)</b>		<b>(164)</b>				<b>(644)</b>
- donation of fixed asset									-
- reclassification to other group			<b>20</b>						-
- other (decreases)									<b>20</b>
- transfer to the group of assets intended to resale – decrease									-
- transfer to investment in real estate									-
<b>g) Accumulated amortization (cancellation) in the end of period</b>	-	<b>7345</b>	23101	2934	4393	-	(73)		37700
<b>h) Deduction due to permanent loss of value in the beginning of period</b>									-
<b>Increase (from)</b>	-	-	-	-	-	-	-		-
- creation of deduction due to permanent loss of value in profit or loss									-
<b>Decrease (from)</b>	-	-	-	-	-	-	-		-
- sale of fixed asset									-
- closure of fixed assets									-
-reversal of deduction due to permanent loss of value compared to the financial result									-
- used revaluation									-
- others									-
<b>i) write-offs of permanent loss of value in the end of the period</b>	-	-	-	-	-	-	-		-
<b>j) net value of fixed assets in the beginning of period</b>	2889	27832	17979	1927	1996	4529	(390)		56762
<b>k) net value of fixed assets in the end of period 2889</b>	2889	34557	15747	1781	2260	12107	(373)		68968

## 25. Tangible assets held for sale

The parent Company has tangible assets held for sale of the balance value 30.000 PLN. The Company estimates the sales price at the balance value of these assets.

## 26. Investment property

INVESTMENT PROPERTY	31.12.2015	31.12.2014
<b>Gross value in beginning of period</b>	15 007	18 437
- purchase		
- transfer from/to tangible fixed assets	(4 730)	(7 500)
- closure		
- revaluation to fair values		
- expansion of the Capital Group	2 592	4 034
- sale of real property		
- exchange rate differences		
- dedicated for sale		
<b>Gross value in the end of period</b>	12 869	15 007
<b>Accumulated amortization and write-offs due to permanent loss of value in beginning of period</b>	-	
- depreciation for period		
- write-off due to loss of value		
- transfer from/to tangible fixed assets	-	
- sale of real estate		
- closure		
- expansion of Capital Group		
- others (adjustment of cancellation)		
<b>Accumulated amortization and write-offs due to permanent loss of value in the end of period</b>	-	-
<b>Net value in beginning of period</b>	15 007	18 473
Net value in the end of period	12 869	15 007

On the day of preparation of financial statement the Company had no limitations in disposal of investment properties, gaining economic benefits due to rent and sale above mentioned properties. Investment properties secure credit commitments. Revenue gained by the Company due to lease of investment properties for 2015 is 757.000 PLN. For the year 2014 the Company received revenues in the amount of 534.000 PLN. Costs of current maintenance, supply of utilities are covered by lessees.

On 31.08.2015 the Company transferred a part of investment properties to tangible assets in the amount of 4.931.000 PLN. The fair value of the part of investment properties held for use in the business activity was estimated by an independent asset valuer in the total amount of 10.067.000 PLN, including additional expenditures incurred for adjustment of the property to the needs of the activity - 5.128.000 PLN. The valuation showed an of the value of the investment property by 2.554.000 PLN. In the year 2015 the Company did not order a separate valuation of investment properties.

The fair value of the other investment property in Lublin was included in a complex valuation together with valuation of the Company's properties and their fair value was estimated in the amount higher than in the year 2014. The results of the valuation have not been entered into the books of the year 2015.

The fair value of investment properties as of 31.12.2015 located in Opalenica and Zakroczym were estimated by the Company. The determined fair values indicate that there was no loss in value in comparison with the year 2014. The Company intends to order estimated operates made by assets valuers in the year 2016.

The Company Bioenergia Invest S.A. carried out a revision of the investment properties as of 31.12.2015 for properties in Mircze and Perespa. The fair value determined by assets valuers indicate an increase of the properties value in 2015 in comparison with the value of 2013/2014.

The effects of valuations were entered into the books of 2015 and the influence of the value of investment properties on the result was 38.000 PLN.

Another increase of value results from transfer of the value of land accounted in the tangible assets to the value of investment properties in the amount of 202.000 PLN.

Balance sheet valuation of investment properties, according to the fair value, is reproducible and is conducted on the third level of hierarchy of fair value. In the estimation of fair value of the property was used the best and most convenient used assets that does not differ from the actual use.

In the hierarchy of the valuation of fair value the investment properties were classified to the third level where:

1. Values from quoting of assets/financial liabilities without any adjustments
2. Inputs other than quoting, that are observed directly or not directly
3. Inputs which cannot be observed

The hierarchy is established on the basis of the lowest level of input.

Localization of the property	1 level	2 level	3 level	Fair value of the property in the balance sheet at 31.12.2015
Opalenica	0		1 162	1 162
Lublin	0		6 597	6 597
Lands in Zakroczym	0		1 789	1 789
P W U G Lublin	0		14 56	14 56
Mircze			<b>946</b>	<b>946</b>
Perespa			<b>920</b>	<b>920</b>
				12 869

## 27. Intangible assets

31.12.2015

Changes in intangible assets (in accordance with generic groups)	Costs of finished works	Value of development companies	Acquired concessions, patents, licences, incl.	Computer software	Emission rights CO2	Other intangible assets incl. the trade mark URSUS	Exclusions	ALL
<b>a) Gross value of the value of intangible assets in beginning of period</b>	<b>6 902</b>	-	<b>961</b>	<b>2 472</b>	-	<b>8 154</b>	-	<b>18 488</b>
<b>b) increase (from)</b>	<b>2 037</b>	-	<b>50</b>	<b>603</b>	-	-	-	<b>2 690</b>
-purchase			568	104				672
- transfers from development works	2 018							2 018
- intake from investment								-
- reclassification between generic groups	19		(518)	499				-
- costs of external financing								-
- spending on intangible assets during the realization								-
- valuation of the Company on foreign company								-
- valuation								-
"- increases (Bioenergia)								-
<b>c) decrease (from)</b>	-	-	-	-	-	-	-	-
- sale								-
- closure								-
- reclassification between generic groups								-
<b>d) Gross value of intangible assets in the end of period</b>	<b>8 939</b>	-	<b>1 011</b>	<b>3 075</b>	-	<b>8 154</b>	-	<b>21 178</b>
<b>e) Accumulated amortization in beginning of period</b>	<b>4 792</b>	-	<b>716</b>	<b>1 714</b>	-	-	-	<b>7 222</b>
<b>e) Accumulated amortization in beginning of period</b>								
<b>f) Amortization for period (due to)</b>	<b>1 037</b>	-	<b>121</b>	<b>266</b>	-	-	-	<b>1 424</b>
<b>f) Amortization for period (due to)</b>								
"-amortization (annual deduction)			121	266				387
- closure								-
- sale								-
<b>g) Accumulated amortization (cancellation) in the end of period</b>	<b>5 829</b>	-	<b>837</b>	<b>1 980</b>	-	-	-	<b>8 646</b>
<b>h) Deductions due to permanent loss of value in beginning of period</b>	-	-	-	-	-	-	-	-
- increase	-	-	-	-	-	-	-	-
- reclassification between generic groups								-
- other (redemption Bioenergia)								-
<b>- decrease</b>	-	-	-	-	-	-	-	-

- reversal of deductions due to permanent loss of value recognized in the profit/loss									-
- reclassification between generic groups									-
<b>i) Deductions due to permanent loss in the end of period</b>	-	-	-	-	-	-	-	-	-
<b>j) NET VALUE OF INTANGIBLE ASSETS IN BEGINNING OF PERIOD</b>	<b>2 110</b>	-	<b>244</b>	<b>757</b>	-	<b>8 154</b>	-		<b>11 266</b>
<b>k) NET VALUE OF INTANGIBLE ASSETS IN THE END OF PERIOD</b>	<b>3 110</b>	-	<b>173</b>	<b>1 094</b>	-	<b>8 154</b>	-		<b>12 532</b>

In the year ended 31 December 2015:

- Patents and licenses were depreciated in the period of their economic useful lives from 2 to 3 years,
- Assets produced on the Group's own account include R&D costs and were depreciated in the period of their economic useful lives from 3 to 5 years.
- The trademark URSUS was not depreciated.

In 2015 the parent company did not order valuation of the trademark URSUS at fair value.

The valuation of fair value was carried out as at 31.12.2014 with the date of issue of the document 27.02.2015 with use of the licensing fee method and capitalization of profits.

The Company verified the valuation of fair value of the trademark URSUS as at 31.12.2015. The following data were analyzed:

- 1) financial reports of the Company for the years 2012-2015,
- 2) development strategy of the Company, including financial forecasts for the years 2016-2020,
- 3) current sales agreements,
- 4) executed R&D projects,
- 5) other available financial data: macroeconomic, agricultural market in the world and in Poland, competitive position of URSUS S.A. on the domestic market of tractors.

The executed verification based on the method of capitalization of profits confirmed that there is no indication that any loss of value of the trademark occurred. The assumptions adopted to the previous valuation, including the market and macroeconomic data, have been verified. The valuation of the independent valuer the financial forecasts related to future sales incomes and obtained profits from sale in the years 2015-2019 were adopted. At the same time, after taking into account the situation of the Company on the market and the macroeconomic data, according to the adopted methodology, the discount rate at the level 2,5% was applied. Both financial plans and the discount rate used in the valuation have not changed in 2015.

The Company in the year 2015 concluded significant contracts with Ethiopian Sugar Corporation (ESC) from Ethiopia in the amount of 31 million USD and with The National Service Corporation Sole (SUMA JKT) from Tanzania in the amount of 55 million USD, the execution of which takes place in the years 2015 -2016. On the domestic market in 2015, despite a decline in the total number of registration of new tractors, URSUS recorded a growth in tractors' market share. The forecasts of incomes for the year 2015 and following years show an increase if incomes and profits.

With regard to the above, in the Company's opinion, in 2015 there were no indication that any loss of value of the trademark URSUS occurred and at the balance date 31.12.2015 and it is well founded to evidence this position in assets at unchanged level.

### 31.12.2014

Changes in intangible assets (in accordance with generic groups)	Costs of finished works	Value of development companies	Acquired concessions, patents, licences, incl.	Computer software	Emission rights CO2	Other intangible assets incl. the trade mark URSUS	Exclusions	ALL
<b>a) Gross value of the value of intangible assets in beginning of period</b>	<b>6 100</b>	-	<b>870</b>	<b>2 254</b>	-	<b>8 154</b>	-	<b>17 377</b>
<b>b) increase (from)</b>	<b>1 076</b>	-	<b>91</b>	<b>218</b>	-	-	-	<b>1 385</b>
-purchase			91	218				309
- transfers from development works	1 076							1 076
- intake from investment								-
- reclassification between generic groups								-
- costs of external financing								-
- spending on intangible assets during the realization								-

- valuation of the Company on foreign company								-
- other increase (Bioenergia)								-
<b>c) decrease (from)</b>	<b>274</b>	-	-	-	-	-	-	<b>274</b>
- sale	274							274
- closure								-
- reclassification between generic groups								-
<b>d) Gross value of intangible assets in the end of period</b>	<b>6 902</b>	-	<b>961</b>	<b>2 472</b>	-	<b>8 154</b>	-	<b>18 488</b>
<b>e) Accumulated amortization in beginning of period</b>	<b>979</b> <sup>3</sup>	-	<b>645</b>	<b>1 485</b>	-	-	-	<b>6 109</b>
<b>e) Accumulated amortization in beginning of period</b>								
<b>f) Amortization for period (due to)</b>	<b>813</b>	-	<b>71</b>	<b>229</b>	-	-		<b>1 113</b>
<b>f) Amortization for period (due to)</b>								
"-amortization (annual deduction)	904		71	229				204 <sup>1</sup>
- closure	(91)							(91)
- sale								-
<b>g) Accumulated amortization (cancellation) in the end of period</b>	<b>792</b> <sup>4</sup>	-	<b>716</b>	<b>1 714</b>	-	-		<b>7 222</b>
<b>h) Deductions due to permanent loss of value in beginning of period</b>	-	-	-	-	-	-		-
- increase	-	-	-	-	-	-		-
- reclassification between generic groups								
- other (redemption Bioenergia)								-
- decrease	-	-	-	-	-	-		-
- reversal of deductions due to permanent loss of value recognized in the profit/loss								-
- reclassification between generic groups								-
<b>i) Deductions due to permanent loss in the end of period</b>	-	-	-	-	-	-		-
<b>j) NET VALUE OF INTANGIBLE ASSETS IN BEGINNING OF PERIOD</b>	<b>2 121</b>	-	<b>224</b>	<b>768</b>	-	<b>8 154</b>	-	<b>11 268</b>
<b>k) NET VALUE OF INTANGIBLE ASSETS IN THE END OF PERIOD</b>	<b>2 110</b>	-	<b>244</b>	<b>757</b>	-	<b>8 154</b>	-	<b>11 266</b>



## 28. Combinations of businesses

In 2015 the combination of businesses had no place.

### Goodwill from consolidation

	31.12.2015	31.12.2014
The carrying amount of goodwill from consolidation		
Bioenergia Invest Company	422	422
Company B		
<b>Total carrying value</b>	<b>422</b>	<b>422</b>

During 2015 and 2014, the following changes goodwill from consolidation occurred:

	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Goodwill from consolidation at the beginning of the period	422	422
Increase in the goodwill from consolidation by acquisition		
Foreign Exchange differences of foreign entities		
Decrease in the goodwill due to write-offs		
Decrease in the goodwill due to sale		
<b>Total carrying amount at the end of the period</b>	<b>422</b>	<b>422</b>
<b>The carrying value of intangible assets with indefinite lives</b>		
<b>31.12.2015 31.12.2014</b>		
The carrying amount of goodwill	422	422
Bioenergia Invest Company	422	422
Company B		
Allowances for impairment		
Company A		
Company B		
<b>The carrying amount of other intangible assets of indefinite period of use</b>	<b>422</b>	<b>422</b>

## 29. Investments in associated entities evaluated with the method of property rights

At the balance sheet data the company had no shares in associated entities.

## 30. Financial assets available for sale and other financial assets (long and short term)

The company did not use protections in accounting periods covered by the report. Therefore all derived financial instruments were classified as financial assets evaluated in fair value by income statement. At the balance sheet data the company had no opened transactions of exchange of currencies.

The Group did not use hedge accounting in the reporting periods included in the report, therefore all financial derivative instruments were classified as financial assets valued at fair value through profit or loss.

At the balance date the parent Company had one opened transaction of foreign currency exchange. On the 8<sup>th</sup> December 2015 the Company concluded a forward transaction with mBank S.A. in the amount of 1 million EUR with the exchange rate 4,3271 and the settlement date the 11<sup>th</sup> January 2016.

### Other financial assets (short-term)

	31.12.2015	31.12.2014
Derivative instrument including:	4327	
- contracts forward EUR/PLN	4327	
- contracts forward USD/PLN		
- others		
Capital instruments		
Debt instruments		
Others (loan)	5810	
<b>All other financial assets</b>	<b>10137</b>	

## 31. Stocks

Stocks of materials, finished goods and work in progress of the value of 71.463 thousand PLN were the protection for bank credits in 2015.

	31.12.2015	31.12.2014
<b>Materials</b>	<b>67999</b>	<b>70165</b>
At purchase prices	67999	70165
Current write-off		
In accordance with net value possible to gain		
<b>Goods</b>	<b>16179</b>	<b>1680</b>
In accordance with purchase price	16179	1680
In accordance with net price possible to gain		
<b>Work in progress (in accordance with the costs of production)</b>	<b>16746</b>	<b>21455</b>
<b>Finished products</b>		
In accordance with price of purchase/cost of production	11154	10449
Current write-off		
	(6)	(6)
In accordance with net value possible to gain		
<b>Overall stocks based on the lower of two evaluations:</b>		
<b>price of purchase (cost of production)</b>		
<b>and net value possible to gain</b>		
	<b>112078</b>	<b>103749</b>

	01.01.2015-31.12.2015	01.01.2014-31.12.2014
<b>Current write-offs concerning stocks on 1 January</b>	<b>205</b>	<b>205</b>
Created write-off in costs of sold products (note 17.1)		
Reversed write-off in costs of sold products (note 17.1)		
Created write-off in value of sold goods and materials (note 17.1)		
Reversed write-off in value of sold goods and materials (note 17.1)		
Impairment losses on inventories of Bioenergia		
<b>Current writer-offs concerning stocks on 31 December</b>	<b>205</b>	<b>205</b>

### 32. Charges due to supplies and services and other charges

	31.12.2015	31.12.2014
<b>Charges from related entities</b>	<b>7 610</b>	<b>12 093</b>
Charges due to supplies and services	1 800	10 493
Charges due to dividends		
Granted loans	5 810	1 600
Other financial charges		
Other non-financial charges	-	-
<b>Charges from other entities</b>	<b>141 923</b>	<b>98 446</b>
Charges due to supplies and services	123 502	84 070
Granted loans		
Other financial charges		
Budgetary receivables due to other reasons than current deferred tax	16 629	13 683
Advances for inventories		
Advances for tangible assets		
Advances for intangible assets		
Other non-financial charges	941	206
Active accruals including:	851	487
-costs of subscriptions of newspapers	-	-
-write-off on ZFŚS		
- prepayments for trainings		
- costs of IT services		
- costs of insurances	57	62
- annual charge for perpetual usufruct of land		
- charges resulting from other lease contracts	679	
- contributions resulting from membership in organizations		
-Technical Supervision Office services		
-costs of the charges – radio, TV and Internet		
- annual charges for licenses		
- charges concerning GPW and KDPW		139
- other active accruals	115	286
<b>Gross charges</b>	<b>149 533</b>	<b>110 539</b>
<b>Current write-off of charges</b>	<b>(6 390)</b>	<b>(5 149)</b>
<b>All charges (net)</b>	<b>143 143</b>	<b>105 390</b>

Charges due to supplies and services usually have payment deadline of 14-30 days.

Charges due to supplies and services with maturity date under

360 days from the day of the establishment of the charge are not subject of discounting.

Description of risks connected with charges due to supplies and services and other charges and the Company's policy concerning managing of the risks is depicted in 39 point of additional information.

In 2014 the Company performed current write-offs concerning difficult to

collect receivables from URSUS d o.o. in Bosnia and Hercegovina. Despite difficult situation and high risk connected with reimbursement of tractors or payment the whole debt by URSUS d o.o. the Management Board of URSUS S.A. led to partial recovery in total amount of 4.169 thousand PLN. Receivables were settled in a set of tractors received from URSUS d o.o. On 31 December 2014 URSUS S.A. did not hold the shares in URSUS d o.o.

### 33. Funds and their equivalents

	<b>31.12.2015</b>	<b>31.12.2014</b>
Cash in bank and cash register	1 568	656
Short-term deposits		
Payable or enforceable within 3 months from the day of receiving, issue, purchase, premise – REPO transactions, cheques, foreign bills and other cash assets		
<b>All cash and their equivalents</b>	<b>1 568</b>	<b>656</b>

	<b>31.12.2015</b>	<b>31.12.2014</b>
cash in PLN	1 459	610
cash in EUR	82	30
cash in USD	16	14
cash in other currencies	11	2
<b>All cash and their equivalents</b>	<b>1 568</b>	<b>656</b>

### 34. Share capital and other capitals

#### Share capital

Changes in share capital of the Company has occurred during financial year.

Share capital in the revaluation to hyperinflation conditions on the day of transition of Capital Group to MSSF

Registered  
share capital

**Total**

<b>State on 31 December 2014</b>	<b>41 180</b>	<b>0</b>
<b>State on 31 December 2015</b>	<b>54 180</b>	<b>0</b>

Series	Types of shares	Type of share privileges	Limitation of right to shares	Amount of shares	Nominal value per share	Value of series / issue according to value	Capital coverage method	Date of registration	Right to dividend (as of)
A	ordinary			700 000	1	700	in-kind contribution	27.06.1997	27.06.1997
B	ordinary			400 000	1	400	cash	21.08.1998	21.08.1998
C	ordinary			800 000	1	800	cash	17.06.1999	17.06.1999
D	ordinary			600 000	1	600	cash	25.01.2000	25.01.2000
E	ordinary			900 000	1	900	cash	21.12.2000	21.12.2000
F	ordinary			320 000	1	320	cash	18.10.2001	18.10.2001
G	ordinary			600 000	1	600	cash	07.08.2002	07.08.2002
H	ordinary			360 000	1	360	cash	13.03.2003	13.03.2003
I	ordinary			4 000 000	1	4000	cash	11.01.2006	11.01.2006
J	ordinary			6 000 000	1	6000	cash	22.12.2006	22.12.2006
K	ordinary			7 500 000	1	7500	cash	08.01.2008	08.01.2009
N	ordinary			4 000 000	1	4000	cash	28.03.2013	28.03.2013
O	ordinary			15 000 000	1	15000	cash	31.01.2015	31.01.2015
P	ordinary			4 100 000	1	4100	cash	12.11.2015	12.11.2015
Q	ordinary			8 900 000	1	8900	cash	13.11.2015	13.11.2015

<b>Total</b>	<b>54 180 000</b>	<b>1</b>	<b>54 180</b>	
<b>Structure of the initial capital:</b>				
POL - MOT HOLDING S.A. with the seat in Warsaw with its subsidiaries	24 629 000	45,46%	24 629 000	
Others	29 551 000	54,54%	29 551 000	
<b>All:</b> Source: the Board of the Issuer	<b>54 180 000</b>	<b>100,00%</b>	<b>54 180 000</b>	

### Issue of P and Q series shares

On the 7<sup>th</sup> October 2015 the Extraordinary General Meeting URSUS S.A. adopted the following resolutions:

- the resolution on increasing the Company's share capital by means of issuance of ordinary bearer shares of P series and complete exclusion of the preemptive rights of the existing shareholders to the series P shares;
- the resolution regarding issue of subscription warrants of 2. series with the right to acquire series Q shares and complete exclusion of the preemptive rights of the existing shareholders to the subscription warrants of 2. series;
- the resolution on conditional increase of the Company's share capital in order to grant the right to subscribe Q series shares to the holders of subscription warrants of 2. Series issued by the Company, entitling to acquire Q series shares;
- the resolution on an amendment to the Statute aimed at authorizing the Management Board to increase the share capital within the limits of the authorized capital.

The increase of the Issuer's share capital, adopted on the basis of the resolution 6/2016, from 41.180.000 (forty one million one hundred eighty thousand) to the amount of 45.280.000 (forty five million two hundred eighty thousand) PLN, i.e. by the amount of 4.100.000 (four million one hundred thousand) PLN by issue of 4.100.000 (four million one hundred thousand) ordinary P series bearer shares of nominal value of 1 (one) PLN per share, was registered by the Court on the 12<sup>th</sup> November 2015.

On 13<sup>th</sup> November 2015 the Court registered the increase of the Issuer's share capital was registered from 45.280.000 (forty five million two hundred eighty thousand) to the amount of 54.180.000 (fifty four million one hundred eighty thousand) PLN, i.e. by the amount of 8.900.000 (eight million nine hundred thousand) PLN by issue of 8.900.000 (eight million nine hundred thousand) ordinary Q series bearer shares of nominal value of 1 (one) PLN per share.

The Company URSUS S.A. with the seat in Lublin is subsidiary of the company POL-MOT Holding S.A. with the seat in Warsaw. At the date of publication of this report, POL-MOT HOLDING S.A. together with its subsidiary - the company Reo limited liability company Inwestycje S.K.A. holds in total 24.629.000 shares of URSUS S.A. representing 45,46% of the Issuer's share capital and entitling to 24.629.000 votes at the General Meeting of the Issuer, what represents 45,46% of the total number of votes at the Issuer's General Meeting.

## Nominal value of shares

All emitted shares have nominal value of 1PLN and have been fully paid.

## Shareholders rights

Shares of all series are privileged in the same way concerning dividends and return from the capital.

Retained earnings and limitations connected with the capital

Retained earnings	31.12.2015	31.12.2014
Results retained from preceding years	3 257	6 347
Results retained from preceding years (reserve capital)		
Financial result net of the current period		
-	7 384	13 425
Hiperinflationary revaluation of the capital made during commercialization		
Total value adjustment of the capital resulting from the change of accounting rules on MSR/MSSF		

**All retained earnings** **10 641** **19 772**

Economy of Poland according to the provisions of MSR 29 "Financial Reporting in Hiperinflationary Economies" was concerned as hyperinflationary economy until the end of 1996. Regarding that URSUS S.A. (former POL-MOT Warfama) was established in effect of transformation of Government-Owned Enterprise on 1 January 1997 there is no obligation to revalue share capital according to the clauses of the standard.

## 35. Minority shares

**01.01.2015 - 31.12.2015** **01.01.2014 - 31.12.2014**

### As of 1 January

Dividends paid by subsidiaries

Liquidation of the company ...

Acquisition of company's shares ...

Changes in the structure of shareholders in subsidiaries

Minority interest in the result of subsidiaries

**As of 31 December** **(335)** **(335)** **(402)** **(402)**

## 36. Reserves

### Changes of reserve state

	Benefits after employment period (35 point of additional information)	Reserve for jubilee bonuses	Reserve for disputes, penalties, fines and compensations	Other reserves	All
<b>For the day 1 January 2015</b>	<b>621</b>	<b>0</b>	<b>50</b>	<b>355</b>	<b>1 027</b>
Change of the accounting policy				2498	2498
<b>For the day 1 January 2015</b>	<b>621</b>	<b>0</b>	<b>50</b>	<b>2853</b>	<b>3 525</b>
Purchase of subsidiary					-
Created during financial year	254			87	<b>341</b>
Used	(158)		(50)	(29)	<b>(237)</b>
Resolved					-
Adjustment of discount rate					-
<b>For the day 31 December 2015</b>	<b>717</b>	<b>0</b>	<b>-</b>	<b>2 911</b>	<b>3 629</b>

<b>Time structure of reserves</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Long-term part	617	154
Short-term part	3 012	3371
<b>All reserves</b>	<b>3 629</b>	<b>3525</b>

## Other reserves

Other reserves concern reserves of audit works and guarantee repairs.

In the year 2015 the parent Company changed its accounting principles related to calculation of employer reserves. The model of reserves calculation was changed. As a result, the provision for employees' leave was calculated as quotient of average salary and number (in days) of not used holidays as at the balance sheet day of all employees, i.e. the Management Board, administration staff and production staff. The reserve was calculated by an actuary. As a result of the change in the accounting principles the Company established an additional provision in the amount of 2.498 thousand PLN, including it in the year 2014.

### 37. Employee benefits

#### Pension benefits and other benefits after employment period

The Group pays the employees retiring the retirement benefits in the amount defined by Labor Code. Therefore the Company on the basis of valuation performed by professional actuarial company creates reserve for value of current liabilities due to retirement benefits. The amount of the reserve and reconciliation depicting the changes of the situation during financial period are in the following table:

	31.12.2015	31.12.2014
For 1 January	621	460
Creation the reserve	253	161
Costs of paid provisions		
Termination of the reserve	158	
The change of components in capital group		
For 31 December	716	621
Main assumptions taken by the actuary for the balance day and taken for year finished on 31 December 2015 and 31 December 2014 for calculations of the amount of liability are as follows:		
	31.12.2015	31.12.2014
Discount rate (%)	2,80	3,00
Expected inflation rate (%)		
Employees turnover rate	5% annually	5% annually
Expected growth rate (%)	0,5	0,5
In the connection with resolved Collective agreement from the day of 1 January 2014 employee benefits are paid only to the amount regulated by provisions of Labor Code.		

### 38. Interest bank credits and loans

Long-term	31.12.2015	31.12.2014
Liabilities due to Financial leasing and leasehold contracts with an option to buy	3 705	1 372
Credits in account	3 910	6 070
Bank credits	743	1 735
Taken loans	12 839	6 680
Others		
<b>Credits and loans together</b>	<b>21 197</b>	<b>15 857</b>
Short-term	31.12.2015	31.12.2014
Liabilities due to financial leasing	1 780	1 887
Credits in account	38 130	24 019
Bank credits	85 787	36 680
Taken loans	6 619	13 320
Others	4	4
<b>Short-term credits and loans together</b>	<b>132 320</b>	<b>75 910</b>

URSUS

At the balance day the Company had the following credits, loans and opened credit lines:

Financing entity	Currency of the credit	Amount of the credit / limit	Value of the credit as of		Interest rate conditions	Due date	Collateral
			in currency	in thousands of PLN			
Bank Millennium S.A.	PLN	10 000 000 PLN	9 933 PLN	9 933 PLN	WIBOR 1 M + bank margin	2016-12-31	1. Capped mortgage up to 57.137.000 PLN – KW OL10/00097764/2 with the assignment of rights under the insurance policy of the property, on which mortgage was established 2. Assignment of contractual receivables
	PLN	10 000 000 PLN	6 070 PLN	6 070 PLN	WIBOR 1 M + bank margin	2017-12-18	
	PLN	12 000 000 PLN	6 087 PLN	6 087 PLN	WIBOR 1 M + bank margin	2016-12-15	
	PLN	5 000 000 PLN	4 848 PLN	4 848 PLN	WIBOR 1 M + bank margin	2016-12-15	
mBANK S.A.	PLN	11 000 000 PLN			PLN: WIBOR ON + bank margin	2016-11-18	1. Joint mortgage up to 25,5 mln PLN on properties that are in perpetual usufruct of the Issuer, located in Lublin and the buildings situated on them, owned by the Company KWLU11/00180343/9, OL1K/00012743/6, 2. a statement of the Issuer on a voluntary submission to enforcement 3. assignment of rights under the insurance
	EUR		2 579 EUR	10 990 PLN	EUR: LIBOR ON + bank margin		
	PLN	3 000 000 PLN	3 000 PLN	3 000 PLN	PLN: WIBOR 1 M + bank margin		

	EUR	600 000 EUR	600 EUR	2 557 PLN	EUR: EURIBOR 1M + bank margin		policy 4. blank promissory note with a promissory note agreement
mBank S.A.	EUR	1 500 000 EUR	800 EUR	3 409 PLN	EUR: EURIBOR 1M + bank margin	2016-07-29	Joint mortgage on properties in Lublin KW nr LU11/00180343/9 and in Opalenica KW Nr PO1N/00014427/2, PO1N/00017663/9, PO1N/00018940/2, PO1N/00018941/9, PO1N/00020140/1, PO1N/00020142/5 up to 2.250.000 EUR
mBANK S.A.	EUR	4 000 000 EUR	1 617 EUR	6 892 PLN	EUR: EURIBOR 1M + bank margin	2017-11-17	1. Joint mortgage up to 3.9 mln PLN KW Nr PO1N/00014427/2, PO1N/00017663/9, PO1N00018940/2, PO1N/00018941/9, PO1N/00020140/1, PO1N/00020142/5. 2. lien on inventories based on the pledge agreement nr 05/007/12 as of 20.04.2012- 4.031.200 PLN 3. blank promissory note 4. assignment to the Bank of claims due under the contract with Getin Bank S.A.
mBANK S.A.	EUR	10 000 000 EUR	6 265 EUR	26 698 PLN	EUR: EURIBOR 1M + bank margin	2016-02-29	1. assignment to the Bank of receivables from teh contract with ESC Sugar Corporation (ESC), 2. blank promissory note with a promissory note agreement
mBank S.A.	PLN	3 304 027 PLN	1 735 PLN	1 735 PLN	WIBOR 1 M + bank margin	2017-09-30	1. contractual mortgage on the property in Lublin KW nr LU11/00180343/9 up to 4.960.000 PLN 2. assignment of rights under the insurance policy of the property, on which mortgage was established
mBANK S.A.	PLN	-	18 PLN	18 PLN		-	Payment cards
Bank Millennium S.A.	PLN	-	32 PLN	32 PLN		-	Payment cards
Bank HSBC Polska S.A.	PLN	-	10 PLN	10 PLN		-	Line for guarantees and letters of credit
Bank Polska Kasa Opieki S.A.	EUR	1 500 000 EUR	0 PLN	0 PLN	EURIBOR 1M + bank margin	2017-06-30	1. Registered pledge on stocks of imported engines, 2.Surety of POL-MOT Holding S.A., 3. Blank promissory note with a promissory note agreement, 4. Power of attorney to bank accounts
Bank Polska Kasa Opieki S.A.	PLN	65 000 000 PLN	19 764 PLN	19 764 PLN	WIBOR 1M + bank margin	2016-12-30	1. Power of attorney to bank accounts in the Bank, 2. blank promissory note with a promissory note agreement.
	EUR		2 318 EUR	9 878 PLN			
	USD		426 USD	1 662 PLN			
Bank PKO BP S.A.	PLN	15 000 000 PLN	7 102 PLN	7 102 PLN	WIBOR 1M + bank margin	2016-10-06	1. Registered pledge on stocks of minimal value 20.000.000,00 PLN, with assignment of rights under the insurance policy; 2. Mortgage up to 22.500.000 zł (KW LU11/00180343/9); 3. blank promissory note with a promissory note agreement; 4. Surety of POL-MOT Holding S.A. 5. Registered pledge on stocks purchased with use of letters of credit opened in PKO BP S.A.
	PLN		3 944 PLN	3 944 PLN			
	EUR		11 EUR	46 PLN	EURIBOR 1M + bank margin		
Getin Noble Bank S.A.	PLN	2 000 000 PLN	1 999 PLN	1 999 PLN	WIBOR 1 M + bank margin	2016-03-29	1. Statement on voluntary submission to execution, 2. Power of attorney to bank accounts in the Bank, 3. Surety of Pol-Mot Holding S.A. with statement on voluntary submission to execution.

Polski Bank Spółdzielczy w Ciechanowie	PLN	500 000 PLN	500 PLN	500 PLN	WIBOR 3M + bank margin	2015-12-31	1. Blank promissory notes with promissory note agreements, 2. Power of attorney to the bank account 3. Mortgage up to 750 thousand PLN on the property of Pol-Mot Holding S.A., KW no. WA1M/00424929/0, 4. Assignment of rights under the insurance policy, 5. assignment of claims from 3 rental agreements.
BS DOŁHOBYCZÓW	PLN	1 500 000 PLN		1 396 PLN	0,07	28.06.2016	Power of attorney to the bill, promissory note with a promissory note agreement, assignment of receivables attributable to the GDF SUEZ, contractual joint mortgage in the amount of 1 billion set for the various claims of one borrower to KW no ZA1H/00073125/5, KW ZA1H/00073553/4 conducted by the District Court in Hrubieszów and KW ZA1T/00071485/3 conducted by the District Court in Tomaszów Lubelski.

Financing entity	Currency of the loan	Amount of the loan / limit	As at 31.12.2015	Interest rate conditions	Due date	Collateral
			in thousand PLN			
Agencja Rozwoju Przemysłu S.A.	PLN	20 000 000 PLN	14 180 PLN	WIBOR 1 M + bank margin	2018-10-31	1. property mortgage located in Biedaszki Małe in Kętrzyn municipality, included in the land and mortgage register Nr OLIK/00012743/6, 2. lien on inventories of the Issuer located in the registered office of the Company in Lublin and branches in Opalenica, Dobre Miasto and Biedaszki Małe, 3. lien on the right of the trademark registration URSUS ie. number of protective right 260749, 241814, 241813, 241812, 54394, 56476, 47098, 4. transfer of rights from property insurance contracts covered by the registered pledges and the mortgage in favor of ARP S.A. 5. surety of the company POL-MOT Holding SA seated in Warsaw, together with a declaration of submission to enforcement, 6. own blank promissory note with a promissory note agreement and declaration of submission to enforcement.
mLeasing sp. z o.o.	PLN	2 269 350 PLN	1 724 PLN	WIBOR 1 M + bank margin	2020-07-30	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy, 4. power of attorney to the bank account with a blockade of assets
mLeasing sp. z o.o.	PLN	1 878 302 PLN	1 447 PLN	WIBOR 1 M + bank margin	2020-08-11	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy, 4. power of attorney to the bank account with a blockade of assets
SG Equipment Leasing Polska sp. z o.o.	PLN	1 440 750 PLN	1 090 PLN	WIBOR 1 M + bank margin	2020-04-05	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. blockade of assets on the bank account
SG Equipment Leasing Polska sp. z o.o.	PLN	510 647 PLN	388 PLN	WIBOR 1 M + bank margin	2020-04-05	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. blockade of assets on the bank account
SG Equipment Leasing Polska sp. z o.o.	PLN	100 598 PLN	76 PLN	WIBOR 1 M + bank margin	2020-04-05	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. blockade of assets on the bank account
Idea Leasing Polska S.A. sp. k.	PLN	115 362 PLN	92 PLN	WIBOR 1 M + bank margin	2020-07-15	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy
Idea Leasing Polska S.A. sp. k.	PLN	339 480 PLN	330 PLN	WIBOR 1 M + bank margin	2020-09-15	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy
Idea Leasing Polska S.A. sp. k.	PLN	37 392 PLN	29 PLN	WIBOR 1 M + bank margin	2020-07-15	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy
Idea Leasing Polska S.A. sp. k.	PLN	47 847 PLN	38 PLN	WIBOR 1 M + bank margin	2020-07-15	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy
Idea Leasing Polska S.A. sp. k.	PLN	101 967 PLN	82 PLN	WIBOR 1 M + bank margin	2020-07-15	1. blank promissory note with a promissory note agreement, 2. registered pledge, 3. assignment of rights from insurance policy
Europejski Fundusz Leasingowy S.A.	PLN	135 977 PLN	136 PLN	WIBOR 1 M + bank margin	2020-11-30	1. registered pledge, 2. assignment of rights from insurance policy



In the periods covered by the financial statement, there were no breaches of loan agreement provisions.

Future minimum lease payments under these agreements and the current value of net minimum lease payments are as follows:

**Liabilities from leasing contracts and lease agreements with purchase option**

	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>The nominal value of minimum payments</b>		
Within 1 year	2 046	1 830
In the period from 1 to 5 years	4 119	1 484
Over 5 years		
<b>Total liabilities under finance lease - Total minimum lease payments</b>	<b>6 165</b>	<b>3 314</b>
Financial costs of finance lease liabilities	721	230
Valuation of leases in currencies	11	
<b>Current value of minimum lease payments</b>		
Within 1 year	1 779	1 887
In the period from 1 to 5 years	3 665	1 372
Over 5 years		
<b>Total current value of minimum lease payments</b>	<b>5 444</b>	<b>3 259</b>

Information on the operating lease agreements is described in detail in the point 14 of the Report on the Capital Group URSUS activity.

### 39. Trade and other (short-term) liabilities

31.12.2015 31.12.2014

<b>Other long-term liabilities</b>	7 500	4 289
<b>Other financial liabilities</b>		
Other liabilities		
Non-financial accruals constitute liabilities of revenues	7 500	4 289
<b>All other long-term liabilities</b>	<b>7 500</b>	<b>4 289</b>
	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>Liabilities due to supplies and services towards related entities</b>	3 738	2 964
<b>Liabilities due to supplies and services</b>	2 123	2 964
Other financial liabilities	-	-
Other non-financial liabilities	1 615	
<b>Liabilities due to supplies and services towards other entities</b>	<b>71 986</b>	<b>103 405</b>
Liabilities due to supplies and services	58 597	68 325
liabilities due to remunerations	3 442	1 832
liabilities due to dividends		
Other financial liabilities		
Budget liabilities due to other reasons than current income tax	6 988	6 624
Received payments		
Special funds (20 point in additional information)		
Other non-financial liabilities	1 509	4 311
Accrual of income	1 450	22 313
Accrual of costs		
<b>All liabilities due to supplies and services and other short-term liabilities</b>	<b>75 724</b>	<b>106 369</b>
<b>All liabilities due to supplies and services and other liabilities</b>	<b>83 224</b>	<b>110 658</b>

Rules and conditions of payment of the above financial liabilities:

Liabilities due to supplies and services are interest-free and usually are settled in terms of 14-45 days. Other liabilities are interest-free with average deadline payment of 1-3 months.

The amount resulted from the differences between the liabilities and charges due to VAT tax is paid to proper tax authorities in monthly periods.

#### Other financial liabilities (short-term)

	31.12.2015	31.12.2014
Derivative instruments, including:	4 327	
-contracts forward EUR/PLN	4 327	
-contracts forward USD/PLN		
-other		
Other		
<b>All other financial liabilities</b>	<b>4 327</b>	<b>-</b>

### 40. Government grants

Grants received from assets						
Goal of grant	Condition of government grants on 1.01.2015	Increase in period 1.01.2015 – 31.12.2015	Written down grants in other operating income in period 1.01.2015 – 31.12.2015	Returns of grants in period 1.01.2015 – 31.12.2015	Other decreases of grants in period 1.01.2015 – 31.12.2015	Condition of government grants on 31.12.2015
Grant for AT PHARE	2		(2)			-
Grant PORPW	2 826	4 420	(229)			7 017
Grant POIG	329				(65)	264
	-					-
	-					-
<b>Total</b>	<b>3 157</b>	<b>4 420</b>	<b>(231)</b>	<b>-</b>	<b>(65)</b>	<b>7 281</b>

Information on the grants is described in detail in the point 19 of the Report on the Capital Group URSUS activity.



## 41. Liabilities and contingent receivables

### Contingent liabilities

<b>Other contingent liabilities</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Guarantee of the credit repayment		
Guarantee of the leasing repayment by Bioenergia	877	606
Liabilities in respect of bank guarantees issued mainly as warranty of execution of sales contracts	1 624	6 496
Liabilities in respect of bank guarantees issued mainly as warranty of execution of sales contracts in USD at the exchange rate of 31.12.2015	11 965	
Guarantee of the credit repayment granted to third parties		
Surety for repayment of bank guarantees		
Contractual obligation under the license agreement		
Liabilities of legal claims		
Liabilities of unsettled disputes with tax authorities		
Other contingent liabilities		
<b>Total contingent liabilities</b>	<b>14 466</b>	<b>7 102</b>

### Contingent receivables

Non.

### Investment liabilities

The Group plans to incur expenditure for tangible fixed assets in 2016 in the amount of 23.356.000 PLN. The amount will be intended to the purchase of new machines and devices, equipment and modernization of buildings. Moreover expenditures for research and development in the amount of 10.669.000 PLN and informatization of the Company in the amount of 805.000 PLN are planned.

### Court cases

The Group did not started, and does not run before a Court, organ proper for arbitral procedure and before public administrative bodies concerning liabilities or claims of the Issuer or entity dependent from him, the total value of which is at least 10% of equity of the Company. The Issuer does not conduct procedures concerning liabilities or claims, the total value of which is at least 10% of equity of the Company respectively.

### Warranties

On the day of 31 December 2015 the parent Company gave the following warranties:

<b>Financer</b>	<b>Goal</b>	<b>Currency</b>	<b>Amount of the warranty in thousand PLN</b>	<b>Deadline</b>
mBank S.A.	Warranty	PLN	1 624	2016-04-30
mBank S.A.	Warranty	USD	3 067	2016-08-13

Information on the warranties is described in detail in the point 15 of the Report on the Capital Group URSUS activity.



### Tax settlements

Tax settlements and other regulated areas of activity (e.g. customs and exchange issues) can be controlled by administrative authorities entitled to impose high penalties and sanctions. Lack of reference to long-term and well-established legal regulations in Poland results in inconsistencies and inaccuracies in the regulations in force. Differences in opinions with regard to the interpretation of tax regulations both in tax authorities and between individual governmental bodies and enterprises cause uncertainty and conflicts. Due to these phenomena the tax risk in Poland is much higher than in the countries where tax systems are more developed. The tax settlements might be the subject of control in the period of five years starting from the year when the tax was settled. As a result of performed controls, previous tax settlements of the Company may be increased by additional tax liabilities.

According to the Company for the day of 31 December 2014 there was no need to create reserves on identified and quantifiable tax risk.

## 42. Information about related entities

Table below presents total amounts of the transactions concluded with related entities in the given financial year

<b>01.01.2015 - 31.12.2015</b>			
<b>Revenue from sale to related entities</b>	Revenue from sale	Income from sale of goods and materials	Income from sale of tangible assets, intangible assets, investment real estates and others
- to associated entities - subsidiaries which are not subject of consolidation - members of key managing staff and supervisors - other related entities	14 236	483	
<b>All income from sale to related entities</b>	<b>14 236</b>	<b>483</b>	-
<b>01.01.2015 - 31.12.2015</b>			
<b>Purchase from related entities</b>	Purchase of services	Purchase of goods and materials	Purchase of tangible assets, intangible assets, investment real estates
- from associated entities - from subsidiaries which are not subject of consolidation - from members of key managing staff and supervisors - from other related entities	17 581	15 595	23
<b>All purchases from related entities</b>	<b>17 581</b>	<b>15 595</b>	<b>23</b>

<b>Charges from related entities</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
- from associated entities - from subsidiaries which are not subject of consolidation - from members of key managing staff and supervisors - from other related entities	6 552	11 003
<b>All charges from related entities</b>	<b>6 552</b>	<b>11 003</b>
<b>Liabilities towards related entities</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
- towards associated entities - towards subsidiaries which are not subject of consolidation - towards members of key managing staff and supervisors - towards other related entities	3 738	2 792
<b>All liabilities towards related entities</b>	<b>3 738</b>	<b>2 792</b>



In 2015 the Company did not conclude agreement with related entities which would result in obligation of providing financial support. On the 21 March 2016 the Company declared its will of capital assistance for the company Bioenergia Invest S.A. in case of a risk to continuation of its operation or its liquidity.

#### 43. REMUNERATION OF SENIOR MANAGEMENT OF THE GROUP

	<u>01.01.2015-31.12.2015</u>	<u>01.01.2014-31.12.2014</u>
Short-term employee benefits (remunerations and overheads)	5 902	4 344
Jubilee bonuses and retirement benefits	0	0
Benefits due to dissolution	100	65
Employee benefits in the form of shares	0	0
<b>All amount of remuneration paid to senior management</b>	<b>6 002</b>	<b>4 409</b>

Remuneration paid to members of the Management Board and members of the Board of Directors of the Company was as follows:

	<u>01.01.2015- 31.12.2015</u>	<u>01.01.2014-31.12.2014</u>
Management Board	3 387	1 539
Board of Directors	201	181
Management Board – subsidiaries or associates	0	0
Board of Directors - subsidiaries or associates	0	0
<b>All</b>	<b>3 588</b>	<b>1 720</b>

#### 44. GOALS AND RULES OF MANAGEMENT OF FINANCIAL RISK

Main financial instruments used by the Company include bank credits, financial leasing contracts, leasing contracts with a purchase option and cash.

Main goal of the financial instruments is gaining cash for activity of the Company. The Company has also other financial instruments, such as charges and liabilities due to supplies and services that arise directly during conducted activity. The rule used by the Company currently and during all period under review is not to engage in instruments trading.

Main kinds of risk resulting from financial instruments of the Company include interest rate risk, risk connected with liquidity, currency risk and credit risk. The Management Board verifies and agrees on the principles of the management of each of the aforementioned risks and these principles are briefly discussed below.

##### INTEREST RATE RISK

The Company has liabilities due to credits for which the interests are calculated on the basis of variable interest rate. Therefore there is a risk of increase the interest rates in relation to the date of conclusion of agreement. Information about assets and liabilities exposed on the interest rate risk were presented in additional information. Considering that the Company had in the reporting period both assets and liabilities bearing interest at variable rates (which balanced the risk) and for insignificant volatility of interest rates in past periods. Moreover for a lack of anticipations of dramatic changes of interest rates in subsequent accounting periods the Company did not used protections of interest rates recognizing that the risk of interest rate is insignificant.

Regardless the current situation the Company monitors the level of exposure on the interest rate risk and the anticipations of interest rates and does not exclude protection activities in the future.

In following table the balances value of financial instruments exposed on the interest rate risk of the Company is presented divided into age categories.



01.01.2015 - 31.12.2015							
Fixed interest rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Loan bond							-
Liabilities due to financial leasing and lease agreement with a purchase option	1 779	1 553	895	734	484		5444
Obligations %							-
Bank credit in the amount of PLN							-
Redeemable preference shares convertible into ordinary shares							-
<b>Total</b>	<b>1 779</b>	<b>1 553</b>	<b>895</b>	<b>734</b>	<b>484</b>		<b>5444</b>

  

Variable interest rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets	1 568						1 568
Credits on a current account	38 070	3 910					41 980
Loans in the amount of 19.611 thous. PLN	6 773	5 899	5 221	1 095	623		19 611
Bank credit in the amount of 1.735 thous. PLN.	992	743					1 735
Bank credit in the amount of 5.557 thous. PLN.	5 557						5 557
Bank credit in the amount of 6.892 thous. PLN.	6 892						6 892
Bank credit in the amount of 26.698 thous. PLN.	26 698						26 698
Bank credit in the amount of 6.087 thous. PLN.	6 087						6 087
Bank credit in the amount of 4.848 thous. PLN.	4 848						4 848
Bank credit in the amount of 3.409 thous. PLN.	3 409						3 409
Bank credit in the amount of 31.304 thous. PLN.	31 304						31 304
Share in a credit taken by joint venture							-
Protected bank credit							-
Loan protected at interest of % ( USD)*							-
Swap contract for change of interest rates*							-
<b>Total</b>	<b>132 198</b>	<b>10 552</b>	<b>5 221</b>	<b>1 095</b>	<b>623</b>	<b>-</b>	<b>149 689</b>

01.01.2014 - 31.12.2014							
Fixed interest rate	<1 year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
Loan bond							-
Liabilities due to financial leasing and the lease agreement with a purchase option	1 887	842	347	183	-		3 259
Obligations %							-
Bank credit in the amount of PLN							-
Redeemable preference shares convertible into ordinary shares							-
<b>All</b>	<b>1 887</b>	<b>842</b>	<b>347</b>	<b>183</b>	<b>-</b>	<b>3 259</b>	

Variable interest rate	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
------------------------	---------	-----------	-----------	-----------	-----------	----------	-------



Cash assets	656					656
Credits on a current account	24 015	6 070				30 085
Loan in the amount of 20.000 thous. PLN	13 320	6 680				20 000
Bank credit in the amount of 2.726 thous. PLN.	991	1 735				2 726
Bank credit in the amount of 5.557 thous. PLN.	5 557					5 557
Bank credit in the amount of 7.833 thous. PLN.	7 833					7 833
Bank credit in the amount of 13.288 thous. PLN.	13 288					13 288
Bank credit in the amount of 5.820 thous. PLN.	5 820					5 820
Bank credit in the amount of 3.190 thous. PLN.	3 190					3 190
Share in a credit taken by joint venture						-
Protected bank credit						-
Loan protected at interest of % ( USD)*						-
Swap contract for change of interest rates*						-
<b>Total</b>	<b>74 671</b>	<b>14 485</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89 156</b>

**CURRENCY RISK**

The Company is exposed to the risk of currency course changes in the light of significant sale of products in foreign currency and bearing costs of production mostly in national currency. Currency risk is connected mostly with changes of level of USD and EUR course.

On the balance day 31 December 2015 charges in currency were 60.828.000 PLN which was 78,58% of total charges due to supplies and services. In the comparative period 31 December 2014 the values were 51.655.000 PLN and 57,77 % respectively. The balance of receivables in currency on the balance day 31 December 2015 constituted:

Receivables id USD in amount (converted to PLN) 81.423.000 PLN  
 Receivables in EUR in amount (converted to PLN) 11.347.000 PLN  
 Other currency receivables (converted into PLN) 672.000 PLN

On the balance day 31 December 2015 liabilities in currency were 8.124.000 PLN which was 15,06 % of all liabilities due to supplies and services. In the comparative period 31 December 2014 the values were 11.358.000 PLN and 16,18 % respectively. The balance of liabilities in currency on the balance day 31 December 2015 constituted:

Receivables in USD in amount (converted to PLN) 69.000 PLN  
 Receivables in EUR in amount (converted to PLN) 11.345 PLN  
 Other currency liabilities (converted into PLN) 0 PLN

**OTHER PRICE RISK**

The Company is not exposed on significant other price risk connected with financial instruments but there is price risk of prices of the Company's products and raw materials. The Company's products are not offered commonly at commodity exchanges which prevents the implementation of protection strategies.

**Analysis of sensitivity on market risk**

Potentially possible changes in terms of market risk the Company evaluated as follows:  
 1,0% change in terms of interest rate PLN (increase or decrease of interest rate), 0,75% change in terms of interest rate USD (increase or decrease of interest rate), 0,75% change in terms of interest rate EUR (increase or decrease of interest rate), 0,75% change in terms of interest rate SEK (increase or decrease of interest rate), 0,75% change in terms of interest rate GBP (increase or decrease of interest rate), 30% change of currency course PLN/USD (increase or decrease of interest rate), 30% change of currency course PLN/EUR (increase or decrease of interest rate), 30% change of currency course PLN/SEK (increase or decrease of interest rate).



Influence of potentially possible changes on financial result and the capital of the Company is presented in the following table:

Position in financial statement	Value of position in tvs. PLN	Interest rate risk		Currency risk		Other price risk		ALL :
		+ 100 pb PLN	- 100 pb PLN	+ 30%	- 30%	+ 8%	- 8%	
		+ 75 pb EUR	- 75 pb EUR					
		+ 75 pb SEK	- 75 pb SEK					
		+ 75 pb GBP	- 75 pb GBP					
		+ 75 pb USD	- 75 pb USD					
<b>Financial assets</b>								
Cash on interest bearing accounts (currency)	1 568	15	-15	32	-32	0	0	48
Charges with recipients (currency)	118 912	956	-956	28 032	-28 032	0	0	28 988
Shares in subsidiary	0	n/d	n/d	n/d	n/d	n/d	n/d	n/d
<b>Financial liabilities</b>								
Derivatives – appointed as the protection of cash flows (currency options)	0	0	0	0	0	0	0	0
Liabilities due to supplies and services	60 720	1 325	-1 325	18 640	-18 640	0	0	19 965
Bank credits and loans	148 027	785	-785	10 257	-10 257	0	0	11 041
Liabilities due to financial leasing (currency)	5 485	52	-52	282	-282	0	0	334
<b>ALL:</b>	<b>334 712</b>	<b>3 133</b>	<b>-3 133</b>	<b>57 243</b>	<b>-57 243</b>	<b>0</b>	<b>0</b>	<b>60 376</b>

1. **Cash and its equivalents** include cash remunerated on bank account exposed in USD, EUR, GBP, SEK, PLN with a value of:

USD = 4 thous. ; PLN = 16 thous. (PLN/USD on 31.12.2015= 3,9011)

EUR = 19 thous.; PLN = 82 thous. (PLN/EUR on 31.12.2015 = 4,2615)

GBP = 1,2 thous.; PLN = 7 thous. (PLN/GBP on 31.12.2015 = 5,7862)

SEK = 3,1 thous.; PLN = 1,4 thous. (PLN/SEK on 31.12.2015 = 0,4646)

PLN = 1 461 000

Total 1. 568.000 PLN Variable interest rate

**Sensitivity to changes +/- 75pb market interest rates in USD:** +/- [ 16 thous.PLN x 0,75% ] = 0 thous.PLN

**Sensitivity to changes +/- 75pb market interest rates in EUR:** +/- [ 82 thous.PLN x 0,75% ] = 1 tys.PLN

**Sensitivity to changes +/- 75pb market interest rates in GBP:** +/- [ 7 thous.PLN x 0,75% ] = 0 tys.PLN

**Sensitivity to changes +/- 75pb market interest rates in SEK:** +/- [ 1,4 thous.PLN x 0,75% ] = 0 tys.PLN

**Sensitivity to changes +/- 100pb market interest rates in PLN:** +/- [1 461 thous.PLN x 1% ] = 15 tys.PLN

Sensitivity to changes +/- 30% rate of exchange USD - PLN: +/- [ 4 thous.USD x 3,9011 x 30% ] = 5 thous.PLN

Sensitivity to changes +/- 30% rate of exchange EUR - PLN: +/- [ 19 thous.EUR x 4,2615 x 30% ] = 25 tys.PLN

Sensitivity to changes +/- 30% rate of exchange GBP - PLN: +/- [ 1,2 thous.GBP x 5,7862 x 30% ] = 2 thous.PLN

2. **Receivables** include:

USD = 20.872 thsd.; PLN= 81.423 thsd. (PLN/USD as of 31.12.2015 = 3,9011)

EUR = 2.663 thsd.; PLN = 11.347 thsd. (PLN/EUR as of 31.12.2015 = 4,2615)

SEK = 1.439 thsd.; PLN = 668 thsd. (PLN/SEK as of 31.12.2015 = 0,4646)





GBP = 0,57 thsd.; PLN = 3,3 thsd. (PLN/GBP as of 31.12.2014 = 5,4648)  
 PLN = 25.471 thsd.  
 Total: 118.912 thsd. PLN  
 Sensitivity to a change of +/- 30% in the USD to PLN exchange rate: +/- [20.872 thsd. USD x 3,9011 x 30% ]= 24.427 thsd. PLN  
 Sensitivity to a change of +/- 30% in the EUR to PLN exchange rate: +/- [2.663 thsd. EUR x 4,2616 x 30%] = 3.404 thsd. PLN  
 Sensitivity to a change of +/- 30% in the SEK to PLN exchange rate: +/- [1.439 thsd. SEK x 0,4646 x 30%] = 201 thsd. PLN  
 Sensitivity to a change of +/- 30% in the GBP to PLN exchange rate: +/- [0,57 thsd. GBP x 5,7862 x 30%] = 1 thsd. PLN

**3. Shares in subsidiary** – valuation at cost of acquisition.

**4. Derivative instruments** – designated as at fair value through profit and loss is the currency options to be applied to the security needs of projected cash flows in EUR and USD.

**5. Liabilities** include:

EUR = 2 129 thsd.; PLN = 9 074 thsd. (PLN/EUR as of 31.12.2015 = 4,2615)  
 USD = 18 thsd.; PLN = 69 thsd. (PLN/USD as of 31.12.2015 = 3,9011)  
 PLN = 51.576 thsd.  
 Total: 60.270 thsd. PLN  
 Sensitivity to a change of +/- 30% in the EUR to PLN exchange rate: +/- [ 2.129 thsd. EUR x 4,2615 x 30%] = 2.722 thsd. PLN  
 Sensitivity to a change of +/- 30% in the USD to PLN exchange rate: +/- [18 thsd. USD x 3,9011 x 30%] = 21 thsd. PLN

**6. Credits** include

The loan bears interest rate at a variable rate, expressed in PLN in the amount of 85.895 thsd. PLN  
 Sensitivity to a change of +/- 100 basis points in market interest rates in PLN: +/- [85.895 thsd. PLN x 1 %] = 858 thsd. PLN

Loans bearing an interest rate at a variable rate, expressed in EUR in the amount of 14.190 thsd. EUR  
 Sensitivity to a change of +/- 75 basis points in market interest rates in EUR: +/- [14.190 thsd. EUR x 4,4615 x 0,75%] = 454 thsd. PLN  
 Sensitivity to a change of +/- 30% in EUR to PLN exchange rate: +/- [14.190 thsd. EUR x 4,2615 x 30%] = 18.141 thsd. PLN

Loans bearing interest at a variable interest rate, expressed in USD in the amount of 426 thsd. USD  
 Sensitivity to a change of +/- 75 basis points in market interest rates in USD: +/- [426 thsd. USD x 3,9011 x 0,75%] = 12 thsd. PLN  
 Sensitivity to a change of +/- 30% in the USD to PLN exchange rate: +/- [426 thsd. USD x 3,9011 x 30%] = 499 thsd. PLN

**7. Liabilities from finance leases** (currency) include:

EUR = 220 thsd.; PLN = 939 thsd. (PLN/EUR as of 31.12.2015 = 4,2615)  
 PLN = 4.515 thsd.  
 Total: 5.485 thsd. PLN  
 Sensitivity to a change of +/- 30% in the EUR to PLN exchange rate: +/- [220 thsd. EUR x 4,2615 x 30% ] = 282 thsd. PLN  
 Sensitivity to a change of +/- 75 basis points in market interest rate in EUR: +/- [939 thsd. PLN x 0,75%] = 7 thsd. PLN  
 Sensitivity to a change of +/- 100 basis points in the market interest rate in PLN: +/- [4.515 thsd. PLN x 1%] = 45 thsd. PLN

The Company has estimated the possible changes in market risk, as follows:  
 1% change in the PLN interest rate (increase or decrease in the interest rate),  
 0.75% change in the USD interest rate (increase or decrease in the interest rate),  
 0.75% change in the SEK interest rate (increase or decrease in the interest rate),  
 0.75% change in the EUR interest rate (increase or decrease in the interest rate),  
 0.75% change in the GBP interest rate (increase or decrease in the interest rate),  
 30% change in the PLN/USD interest rate (increase or decrease in the interest rate),  
 30% change in the PLN/EUR interest rate (increase or decrease in the interest rate),  
 30% change in the PLN/SEK interest rate (increase or decrease in the interest rate),  
 30% change in the PLN/GBP interest rate (increase or decrease in the interest rate).



The above determined values were determined on an annual basis.

The sensitivity analysis carried out by the Company does not consider the impact of taxation. Potential impact of possible changes to the income statement and equity of the Company are presented below:

#### CREDIT RISK

The Group is exposed to credit risk, defined as the risk that the creditors do not fulfill their obligations and thus cause the Company to incur losses. The maximum exposure to credit risk is 104.355 thousand PLN at the balance sheet date and has been estimated as the carrying value of receivables.

01.01.2015-31.12.2015			Overdue receivables that are impaired				
The age structure of financial claims	The nominal value of the receivables	Unexpired receivables that have not lost value	< 30 days	31-90 days	91-180 days	181-360 days	>360 days
trade receivables	118 912	103 265	5 720	2 970	1 489	1 409	4 059
other receivables	25 243	25 243					
01.01.2014-31.12.2014			Overdue receivables that are impaired				
The age structure of financial claims	The nominal value of the receivables	Unexpired receivables that have not lost value	<30days	31-90 days	91-180 days	181-360 days	>360 days
trade receivables	89 414	72 291	6 842	2 763	3 693	1 946	1 879
other receivable	14 941	14 941					

In the opinion of Management Board of the Group there is no important concentration of credit risk because the Company has many recipients. In view of those above in the opinion of the Company the credit risk was depicted in financial statement through creation of current write-offs.

Credit risk connected with bank deposits, derivatives and other investments is considered as insignificant because the Company concluded transactions with institutions of the established financial position.

In the Company there are no significant concentrations of credit risk.

#### RISK CONNECTED WITH LIQUIDITY

The Group is exposed to the risk of loss of liquidity understood as the risk of loss of capacity to regulate liabilities in specified terms.

The risk results from potential limitation in access to financial markets that can cause a lack of possibilities to gain new financing or refinancing own debts. In the estimation of the Company's Management Board great value of cash on balance sheet day, available credit lines and good financial condition of the Company cause that the risk of loss of liquidity is low.

The analysis of financial liabilities in intervals is depicted below. Depicted amounts are undiscounted cash flows that are maximal risk exposure of the Group.

#### Age structure of financial liabilities

01.01.2015 -31.12.2015		due liabilities in the period				
Age structure of financial liabilities	total liabilities	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 180 to 360 days	above 361 (see note below)
Liabilities due to supplies and services	60 720	36 648	19 686	3 159	573	654
Credits and loans	148 027	5 163	37 737	36 339	51 296	17 492
Other financial liabilities	5 485	180	313	544	753	3 665
<b>ALL</b>	<b>214 233</b>	<b>41 991</b>	<b>57 736</b>	<b>40 042</b>	<b>52 042</b>	<b>21 811</b>
<b>Liabilities required above</b>	<b>1-2y.</b>	<b>2-3 y.</b>	<b>3-4 y.</b>	<b>4-5 y.</b>	<b>&gt;5y</b>	<b>Total</b>



361 days						
Liabilities due to supplies and services	654			623		719
Credits and loans	10552	5221	1095			14485
Other financial liabilities	1176	1025	864	601		1372
<b>All</b>	<b>12382</b>	<b>6246</b>	<b>1959</b>	<b>1224</b>	<b>-</b>	<b>16576</b>

## Age structure of financial liabilities

01.01.2014 -31.12.2014		due liabilities in the period				
Age structure of financial liabilities	total liabilities	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 180 to 360 days	above 361 (see note below)
Liabilities due to supplies and services	71 289	42 364	25660	2565	203	719
Credits and loans	88504	4897	12527	13 445	43146	14485
Other financial liabilities	3259	95	192	290	616	1372
<b>All</b>	<b>163 052</b>	<b>47 366</b>	<b>38379</b>	<b>16300</b>	<b>43966</b>	<b>16576</b>

Liabilities required above 361 days	1-2y.	2-3 y.	3-4 y.	4-5 y.	>5y	Total
Liabilities due to supplies and services	719				-	719
Credits and loans	14485					14485
Other financial liabilities	842	347	183			1372
<b>All</b>	<b>16046</b>	<b>347</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>16576</b>

Assurances established by the Company – fair value	31.12.2015	Conditions of protections	31.12.2014	Conditions of protection
- real estates		98 858		99 245
- financial asset				
- others		71 463		52 370
<b>Total</b>		<b>170 321</b>		<b>151 615</b>

Balance sheet value of chargeable liabilities but unpaid	31.12.2015	31.12.2014
- bank credits	2 282	-
- loans - others	400	
<b>Total value of chargeable liabilities but unpaid</b>	<b>2 682</b>	<b>-</b>

## 45. CAPITAL MANAGEMENT

The Company manages the capital in order to maintain the capacity to continue its operations, including the realization of planned investments, in a manner enabling it to generate returns for the shareholders and benefits to other stakeholders. In accordance with market practice the Company monitors the capital among others on the basis of own equity index and the indicator credits, loans and other sources of financing/EBITDA.

Own equity index is calculated as a relation of net value of fixed assets (equity less intangible assets) to balance sheet value. Indicator of credits, loans and other financial sources/EBITDA is calculated as a relation between credits, loans and other financial sources and EBITDA. Credits, loans and other financial sources mark total amount of liabilities due to credits, loans and leasing and EBITDA is a profit from operations after the addition of amortization.

Indicator of credits, loans and other financial sources/EBITDA is calculated as a relation between credits, loans and other financial sources and EBITDA. Credits, loans and other financial sources mark total amount of liabilities due to credits, loans and leasing and EBITDA is a profit from operations after the addition of amortization.



	<b>31.12.2015</b>	<b>31.12.2014</b>
Own equity	122 163	99 846
Minus: intangible assets	(12 532)	(11 266)
<b>Net value of tangible fixed assets</b>	<b>83 460</b>	<b>68 968</b>
<b>Total balance sheet</b>	<b>369 398</b>	<b>310 754</b>
Own equity index	0,23	0,22
Profit from operations Plus:	16 103	20 352
amortization	6 860	6 480
<b>EBIDTA</b>	<b>22 963</b>	<b>26 832</b>
<b>Credits, loans and other sources of financing</b>	<b>153 517</b>	<b>91 767</b>
Indicator: Credits, loans and other sources of financing /EBIDTA	0,15	0,29

#### 46. Financial instruments

##### Financial assets

	<b>31.12.2015</b>	<b>31.12.2014</b>
Evaluated in fair value through financial result. Intended to be marketed. Classified to valuation in fair value by financial result.	21 761	-
Derivatives remaining in hedging relationships.		
Investments kept to maturity.		
Loans and receivables (including cash and its equivalents)	144 711	106 046
Financial asset available for sale		
	<hr/> 166 472	<hr/> 106 046
Proven in the report on the financial situation as:		
Other financial assets	21 761	
Receivables due to supplies and services and other receivables.	143 143	105 390
Other financial asset.		
Cash and its equivalents.	1 568	656
	<hr/> 166 472	<hr/> 106 046



**Financial liabilities**

	<b>31.12.2015</b>	<b>31.12.2014</b>
Valued in fair value through financial result Dedicated to trading	73	(53)
Classified for valuation in fair value through financial result	235 214	202 474
Derivatives remaining in protective connections		
Amortized cost of financial guarantee contract		
Loans and charges classified for valuation in fair value through financial result		
Cumulated changes of fair value attributable to changes of credit risk		
Cumulated changes of fair value attributable to changes of credit risk provided in accounting period		
	235 287	202 421
Proven in report on financial situation as:		
Long-term loans and bank credits	17 492	14 485
Liabilities due to supplies and services and other liabilities	81 774	110 658
Short-term loans bank credits	130 535	74019
Other financial liabilities	5 485	3 259
	235 287	202 421

**Financial assets valued in fair value**

	<b>31.12.2014</b>	<b>31.12.2015</b>
Assets valuates in fair value through income statement		
Currency contracts – unsecured	-	-
Currency contracts – secured	-	-
Integrated derivatives	-	-
Assets available for sale	-	-
Shares and subsidiaries	-	-
Debt securities		

**Financial liabilities valued in fair value**

	<b>31.12.2014</b>	<b>31.12.2015</b>
Liabilities valuated in fair value through income statement	73	(53)
Currency term contracts – secured	-	-
Contract forward	-	-
Swaps	-	-
Currency term contracts – unsecured	-	-
Integrated derivatives	-	-


**47. Reasons for occurrence of differences between balance changes of some positions and changes resulting from the account of cash flows.**

	<b>01.01.2015 - 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Balance change of charges due to supplies and services and other charges Change of the state of charges due to dividends Change of the state of charges due to members of Capital Group	(33 615)	(63 271)
Change in investment receivables		
Change of state of charges due to income tax Change of state of advances for fixed assets and intangible assets		
Change in receivables (tax) Change in receivables (other)		(11 225)
<b>Change of the state of charges in the account of cash flows</b>	(33 615)	(74 496)
	<b>01.01.2015 - 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Balance change of liabilities due to supplies and services and other liabilities	(15 138)	40 389
Change of the state of liabilities due to dividends Change of the state of liabilities due to members of Capital Group Change of the state of investment liabilities	3 474	1 947
Change of the state of liabilities (other)		
<b>Change of the state of liabilities in account of cash flows</b>	(11 664)	42 336
	<b>01.01.2015 - 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Net accounting value of disposed tangible fixed assets, intangible assets	3 737	598
Profit/loss on disposal of tangible fixed assets and intangible and legal assets	(3 641)	(121)
Change of the state of charge due to income tax		



Change in investment receivables		
<b>Income from sale of tangible fixed assets, intangible assets</b>	96	477
	<b>01.01.2015 - 31.12.2015</b>	<b>01.01.2014 - 31.12.2014</b>
Book value of increases of tangible fixed assets, intangible assets	57 409	19 101
Costs of external financing		
Change of the state of advances to fixed assets and intangible assets		
Relocation from investment liabilities	(4 931)	(7 500)
Change in investment liabilities	3 474	1 947
Change in investment liabilities	(36 643)	(25 503)
<b>Expenses on the purchase of tangible fixed assets, intangible assets</b>	19 309	(11 955)



#### 48. STRUCTURE OF EMPLOYMENT

Average employment in the Company in 2015 and 2014 was as follows:

	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Board of Directors	7	5
Management of the company's entities	3	3
Administration	208	147
Sales Department	41	35
Production Division	350	380
Others	111	119
<b>Total</b>	<b>720</b>	<b>689</b>

Pursuant to the authorization resulting from the Art. 66 Section 4 of the Act of 29 September 1994 on accounting and 26 paragraph 19 point of the Statute of the Company the auditor was chosen by Board of Directors of the Company.

By means of the resolution 83/3014 of 18 April 2013 the Board of Directors of the Company chose as the auditor BDO Sp. z o.o. Company with its registered seat in Warsaw, ul. Postępu 12, entered in the list of entities entitled to audit of financial statements under the reference code 3355.

On 18 July 2015 the agreement with chosen entity was concluded and it covered with its scope the review of the financial statement of the Issuer for first six months of 2015 and the audit of the financial statement for 2015. The remuneration resulting from the above mentioned agreement is 85.000 PLN net.

Annual financial statement for 2014 was audited by BDO Sp. z o.o. with its registered seat in Warsaw, ul. Postępu 12 entered in the list of entities entitled to audit of financial statements under the reference code 3355. Total cost of the audit was 85.000 PLN net.

#### 49. EVENTS AFTER BALANCE SHEET DAY

On the 8th January 2018 the Supervisory Board with the Resolution no. 160/2016 decided to remove Mr. Wojciech Zachorowski from the position of the Member of the Management Board of URSUS S.A. as from the 31st January 2016. The reason of this recall is appointment of Mr. Wojciech Zachorowski to another position in the Capital Group POL-MOT Holding.

On the 28 January 2016 the Company concluded with Mrs Edyta Lewandowska the agreement for sale of shares in the company URSUS sp. z o.o., on the basis of which the Company sold 50 shares in Ursus sp. z o.o. of nominal value 100 PLN, representing 100% of shares in the share capital, for the total price 5.000 PLN. According to thus agreement, the ownership of the shares was transferred to the Buyer on the date of the agreement.

On the 17th March 2016 the parent Company concluded an annex to the sales contract, on the basis of which URSUS S.A. will supply to Ethiopian Sugar Corporation an additional lot of 27 cane haulage tractors, 54 tandem cane haulage trailers and spare parts of the total value 5.021.476,45 USD.

Lublin, 21 March 2016

Karol Zarajczyk  
President of Management  
Board

Jan Wielgus  
Member of  
Management Board

Marek Włodarczyk  
Member of Management  
Board

Abdullah Akkus  
Member of  
Management Board