



**AUDYTORIUM**  
BIEGLI REWIDENCI

# CAPITAL GROUP INPRO

**Audit report**  
**on the consolidated financial statements**  
**for the operating period**  
**from 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014**

***A translation from the Polish original***



**Audit Report**  
**for the Shareholders and Supervisory Board of**  
**Capital Group INPRO**  
**for the operating period from 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014**

This report was prepared as a result of an audit of the consolidated financial statements of Capital Group INPRO, with Parent Company INPRO S.A. based in Gdańsk, 8 Opata Jacka Rybińskiego Street.


The audited consolidated financial statements consist of :

- (a) consolidated statement of the financial position for the period ended on 31<sup>st</sup> December 2014 presenting total assets and liabilities of **PLN 371.326 thousand**,
- (b) consolidated statement of comprehensive income for the operating period from 1<sup>st</sup> January to 31<sup>st</sup> December 2014 presenting the net profit of **PLN 8.172 thousand**,
- (c) consolidated statement of changes in equity for the operating period from 1<sup>st</sup> January to 31<sup>st</sup> December 2014 presenting an increase in equity of **PLN 3.915 thousand**,
- (d) consolidated statement of cash flow for the operating period from 1<sup>st</sup> January to 31<sup>st</sup> December 2014 presenting an increase of cash of **PLN 31.597 thousand**,
- (e) notes to the consolidated financial statements.

The consolidated financial statements were signed by the Parent Company's Management Board and the person responsible for the bookkeeping on 23<sup>rd</sup> of March 2015. This report should be read together with the auditor's opinion for the Shareholders and the Supervisory Board, signed on 23<sup>rd</sup> of March 2015, concerning the above mentioned consolidated financial statements.

**This report contains 15 consecutively numbered pages and consists of:**

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**Arkadiusz Grabowski**  
Auditor  
Registered Auditor No. 9706

Carrying out the audit on behalf of  
Audytorium Biegli Rewidenci  
Grabowski, Pigoń Sp. P.  
domiciled in Gdańsk  
9 Świętopełka Street

Gdańsk, 23<sup>rd</sup> of March 2015

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**I. GENERAL PART**

**The identity of the Parent Company:**

- INPRO S.A., hereinafter called Parent Company, runs its operations on the basis of the Commercial Code. Company's head office is located in Gdańsk, 8 Opata Jacka Rybińskiego Street.
- The articles of the Parent Company was concluded in the form of the Notary Deed – Repertory A No 825/1987 signed at the State Public Notary in Gdańsk on 6<sup>th</sup> of April 1987. After the change of the legal form of a limited liability company into joint-stock company on 29<sup>th</sup> of May 2008 the District Court in Gdańsk VII Commercial Division decided to enter company into the National Register Court with the reference No. 0000306071. From the year 2011 Parent Company's shares are traded on the parallel market of Warsaw Stock Exchange in Warsaw.
- The Company has received the tax identity number NIP 589-000-85-40 and statistic number REGON 008141071.
- The Parent Company's registered equity on the balance sheet date was PLN 4.004 thousand and divided into 40.040 thousand shares with the nominal value PLN 0,10 each. As at the balance sheet day the Group's equity equals PLN 207.027 thousand.
- As at the balance sheet day 31<sup>st</sup> December 2014 shareholding structure was:
  - Piotr Stefaniak – 8.460 thousand shares from series A, which represents 21,13 % of the share capital,
  - Zbigniew Lewiński – 9.460 thousand shares from series A, which represents 23,63% of the share capital,
  - Krzysztof Maraszek – 10.010 thousand shares from series A, which represents 25,00% of the share capital,
  - ING Otwarty Fundusz Emerytalny – 7.178 thousand shares from series A and B, which represents 17,93 % of the share capital,
  - Shareholders of less than 5% - total 4.932 thousand shares from series B, which represents 12.31% of the share capital.

Percentage of share capital corresponds to the percentage of votes at the General Shareholders Meeting.

During the audited period there were no changes in the shareholding structure.

- General Shareholders Meeting, Supervisory Board and the Board of Directors are the authorities of the Company.
- At the balance sheet date the members of the Board of Directors were:
  - Piotr Stefaniak – President of the Board,



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- Zbigniew Lewiński – vice President of the Board,
- Krzysztof Maraszek – vice President of the Board.

During the audited financial period to the date of the opinion on the Capital Group's consolidated financial statements there were no changes in the structure of the Parent Company's Board of Directors.

- The structure of the Supervisory Board at the balance sheet date was:
- Jerzy Glanc - President of the Supervisory Board
  - Krzysztof Gąsak - vice President of the Supervisory Board
  - Robert Maraszek - Secretary of the Supervisory Board
  - Szymon Lewiński - Member of the Supervisory Board
  - Wojciech Stefaniak - Member of the Supervisory Board

During the audited financial period to the date of the opinion on the Group's consolidated financial statements there were no changes in the structure of the Supervisory Board in Parent Company.

### **The main activities of the Capital Group**

The Capital Group's operations concern:

- the property development activity – construction and sale of residential and commercial real estate,
- hotel services,
- manufacturing of concrete, reinforced concrete and steel elements.

### **Information about the entities composing the Capital Group:**

1. **Inpro S.A.** based in Gdańsk – the parent company

Core business – the property development activity

The basic information about the financial statements:

- reporting period .....	from 1.01.2014 to 31.12.2014
- total assets and liabilities.....	PLN 334.863 thousand
- net sales revenues .....	PLN 102.318 thousand
- net profit.....	PLN 7.620 thousand

2. **Przedsiębiorstwo Budowlane Domesta Sp. z o.o.** based in Gdańsk – subsidiary entity

Parent Company's participation in financial result: 54,26%

Core business – the property development activity

Consolidation method: full

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The basic information about the financial statements:

- reporting period ..... from 1.01.2014 to 31.12.2014
- total assets and liabilities..... PLN 21.128 thousand
- net sales revenues ..... PLN 15.246 thousand
- net profit ..... PLN 1.525 thousand

3. **InBet Sp. z o.o.** (formerly name Rugby Prefabrykaty Sp. z o.o.) based in Kolbudy - subsidiary entity

Parent Company's participation in financial result: 51%

Core business – manufacturing of concrete, reinforced concrete and steel elements

Consolidation method: full

The basic information about the financial statements:

- reporting period ..... from 1.01.2014 to 31.12.2014
- total assets and liabilities..... PLN 5.504 thousand
- net sales revenues ..... PLN 7.589 thousand
- net loss..... PLN -226 thousand

4. **Dom Zdrojowy Sp. z o.o.** based in Gdańsk – subsidiary entity

Parent Company's participation in financial result: 100%

Core business – hotel services

Consolidation method: full

The basic information about the financial statements:

- reporting period ..... from 1.01.2014 to 31.12.2014
- total assets and liabilities..... PLN 24.085 thousand
- net sales revenues ..... PLN 12.286 thousand
- net profit ..... PLN 785 thousand

5. **Hotel Mikołajki Sp. z o.o.** based in Gdańsk – subsidiary entity

Parent Company's participation in financial result: 100%

Core business – hotel services

Consolidation method: full

The basic information about the financial statements:

- reporting period ..... from 1.01.2014 to 31.12.2014
- total assets and liabilities..... PLN 81.016 thousand
- net sales revenues ..... PLN 18.388 thousand
- net loss..... PLN -1.560 thousand

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**Information on the Consolidated Financial Statements for the previous financial period:**

- The consolidated financial statements for the previous period from 1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013 were audited by Audytorium Biegli Rewidenci Grabowski, Pigoń Sp. P. based in Gdańsk, 9 Świętopełka Street, entity enrolled on the list of entities authorized to audit financial statements under No. 3488. The audit was performed by Anna Pigoń, registered auditor No. 10368. Audited Financial Statements obtained the unqualified audit opinion.
- The consolidated financial statements for the previous financial period were approved by the resolution No. 7/2014 passed by the Annual Meeting of Shareholders on 11<sup>th</sup> June 2014.
- The consolidated financial statement for the previous year was submitted in National Register Court (KRS) on 25<sup>th</sup> June 2014.

**The identity of the auditing company and the auditor:**

- The audit was conducted in head office of the Parent Company on the basis of an agreement concluded on 8<sup>th</sup> April 2014 between the Parent Company and Audytorium Biegli Rewidenci Grabowski, Pigoń Sp. P. – entity enrolled on the list of entities authorized to audit financial statements conducted by the Polish National Chamber of Statutory Auditors under No. 3488. On behalf of Audytorium the audit was conducted by Arkadiusz Grabowski, registered auditor No. 9706.
- Audytorium Biegli Rewidenci Grabowski, Pigoń Sp. P. has been chosen as the auditor of the Capital Group by resolution No. 25/2013 passed by the Supervisory Board on 6<sup>th</sup> December 2013.
- The audit was conducted from 9<sup>th</sup> of March 2015 until the date of the issue of the opinion. We were present at the Company's head office from 9<sup>th</sup> March 2015 to 13<sup>th</sup> March 2015.
- The auditing company and the auditor are independent from the Group Companies being audited in accordance with paragraph 56.3 and 4 of the Auditors Act from 7<sup>th</sup> May 2009 (Polish Law Journal of year 2009, No. 77, item 649 with supplementary changes).

**Information about the performed audits of the financial statements of the Parent Company and subsidiary entities**

The separate financial statements were audited:

- Parent Company INPRO S.A. – unqualified audit opinion of the financial statements dated 23<sup>rd</sup> March 2015 issued by Audytorium Biegli Rewidenci Grabowski, Pigoń sp.p.
- Subsidiary entities:
  - a) Przedsiębiorstwo Budowlane Domesta sp. z o.o. - unqualified audit opinion of the financial statements dated 23<sup>rd</sup> March 2015 issued by Audytorium Biegli Rewidenci Grabowski, Pigoń sp.p.

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- b) Inbet sp. z o.o (formerly name Rugby Prefabrykaty Sp. z o.o.) – unqualified audit opinion of the financial statements with an explanatory note, dated 23<sup>rd</sup> March 2015 issued by Audytorium Biegli Rewidenci Grabowski, Pigoń sp.p.
- c) Dom Zdrojowy sp. z o.o. - unqualified audit opinion of the financial statements dated 19<sup>th</sup> March 2015 issued by Audytorium Biegli Rewidenci Grabowski, Pigoń sp.p.
- d) Hotel Mikołajki sp. z o.o. - unqualified audit opinion of the financial statements dated 19<sup>th</sup> March 2015 issued by Audytorium Biegli Rewidenci Grabowski, Pigoń sp.p.

All separate financial statements under the consolidation have been audited.

**Availability of information and statements:**

- The Parent Company's Management has signed the letter of representation on 23<sup>rd</sup> March 2015 concerning the completeness, reliability and correctness of the consolidated financial statements presented for audit; disclosure in the additional information all contingent liabilities and non existence of events up to the end of the audit which could materially influence the data presented in the audited consolidated financial statements,
- The Parent Company provided all documents and information essential to issue the opinion and report.
- At the same time we declare that during the audit of the financial statements, there were no limitations on the scope of audit.

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**II. Audit summary and financial analysis**

The core business of the Capital Group concerns three operating segments: construction and sale of real estate, hotel services and manufacturing of building materials. The property development is the main activity of the Group, it has brought 84% of all net revenues during the audited period.

In 2014, the Group's sales revenues decreased by 17% as compared to the previous year. The cost of sales decreased by 18%, as a result the gross margin on sales increased by 1% points and amounted to 23% for the audited period. The Group's operating profit for the year 2014 was 12.697 thousand PLN, and it was 35% lower than the result for the year 2013. Overall, the Capital Group's net profit for the year ended 31<sup>st</sup> December 2014 amounted to 8.172 thousand PLN and decreased by 46% as compared to the previous year.

The decrease in sales revenue translated into a lower level of profitability ratios excluding gross margin ratio, which increased from 22% in the previous year to 23% in the current year.

Total assets and liabilities as at 31<sup>st</sup> December 2014 has increased by 15% comparing to the end of previous year. The highest increase within assets concerned cash and cash equivalents. On the balance sheet day this assets amounted to 38.715 thousand PLN. There were no more important changes in the structure of assets during audited period. Current assets are still main part of Group's total assets. The structure of current assets increased on the balance sheet day by 5% points and represented 72% of total assets.

The equity has decreased to 56% of total equity and liabilities as at balance sheet day. However, the equity increased by 3.915 thousand PLN and on 31<sup>st</sup> December 2014 amounted to 207.027 thousand PLN. The external capital structure, there was an increase of a short term source of financing – mainly bank loans and financial liabilities related to bond issue, which on the balance sheet day represented 30% of balance sheet total. Also trade and other liabilities increased, mainly as a result of increase of received advance payments. At the same time the amount of the long term liabilities decreased by total amount of 9.973 thousand PLN, which was 16% decrease of long term liabilities at the 2013 year end.

Current liquidity ratio decreased as compared to previous year to the level of 2,42 but still indicates high liquidity of the Group. When analyzing the liquidity ratios, specific character of property development activity should be regarded – short term liabilities of prepayments for apartments are settled when the stock is sold. Prepayments compose 47% of the value of short term liabilities and should not generate cash outflow.

The results of the audit of the Capital Group's consolidated financial statements and ratio analysis do not indicate any threats for going concern in the nearest 12 months from the balance sheet date.



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**Consolidated statement of the financial position as at 31<sup>st</sup> December 2014 (Assets)**

ASSETS	A	B	C	Change (A-B) PLN '000	Change (A-B)/B %	Change (B-C) PLN '000	Change (B-C)/C %	End of the current period Structure %	End of the previous period Structure %	End of the period two years ago Structure %
	31.12 2014 PLN '000	31.12 2013 PLN '000	31.12 2012 PLN '000							
<b>Fixed assets</b>										
Tangible fixed assets	96 769	99 083	69 601	-2 314	-2%	29 482	42%	26%	31%	21%
Intangible fixed assets	5 907	6 039	5 648	-132	-2%	391	7%	2%	2%	2%
Other financial assets	0	0	0	0	0%	0	0%	0%	0%	0%
Other assets	11	285	23	-274	-96%	262	1141%	0%	0%	0%
	<b>102 687</b>	<b>105 407</b>	<b>75 272</b>	<b>-2 720</b>	<b>-3%</b>	<b>30 135</b>	<b>40%</b>	<b>28%</b>	<b>33%</b>	<b>23%</b>
<b>Current assets</b>										
Inventory	211 902	200 589	226 515	11 313	6%	-25 926	-11%	57%	62%	70%
Trade and other receivables	7 459	6 839	7 860	620	9%	-1 021	-13%	2%	2%	2%
Current tax assets	987	0	0	987	0%	0	0%	0%	0%	0%
Other financial assets	9 576	2 661	0	6 915	2600%	2 661	0%	3%	1%	0%
Cash and cash equivalents	38 715	7 118	16 175	31 597	444%	-9 057	-56%	10%	2%	5%
	<b>268 639</b>	<b>217 207</b>	<b>250 550</b>	<b>51 432</b>	<b>24%</b>	<b>-33 343</b>	<b>-13%</b>	<b>72%</b>	<b>67%</b>	<b>77%</b>
<b>Total assets</b>	<b>371 326</b>	<b>322 614</b>	<b>325 822</b>	<b>48 712</b>	<b>15%</b>	<b>-3 208</b>	<b>-1%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



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**Consolidated statement of the financial position as at 31<sup>st</sup> December 2014 (Equity and liabilities)**

	A		B		C		Change (A-B) PLN '000	Change (A-B)/B %	Change (B-C) PLN '000	Change (B-C)/C %	End of the current period Structure %	End of the previous period Structure %	End of the period two years ago Structure %
	31.12 2014	31.12 2013	31.12 2012	31.12 2012	31.12 2012								
<b>Equity</b>													
Issued share capital	4 004	4 004	4 004	4 004	0	0%	0	0%	0	0%	1%	1%	1%
Reserves	51	87	87	87	-36	-42%	0	0%	0	0%	0%	0%	0%
Retained profits	192 429	188 761	173 695	173 695	3 668	2%	15 066	9%	15 066	9%	52%	59%	53%
Minority interest	10 543	10 259	11 719	11 719	284	3%	-1 460	-12%	-1 460	-12%	3%	3%	4%
	<b>207 027</b>	<b>203 112</b>	<b>189 505</b>	<b>189 505</b>	<b>3 915</b>	<b>2%</b>	<b>13 607</b>	<b>7%</b>	<b>13 607</b>	<b>7%</b>	<b>56%</b>	<b>63%</b>	<b>58%</b>
<b>Long-term liabilities</b>													
Long-term credits and bank borrowings	49 579	40 146	21 126	21 126	9 433	23%	19 020	90%	19 020	90%	13%	12%	6%
Other financial liabilities (lease)	161	308	3 650	3 650	-147	-48%	-3 342	-92%	-3 342	-92%	0%	0%	1%
Debt instrument liabilities	0	19 600	0	0	-19 600	-100%	19 600	0%	19 600	0%	0%	6%	0%
Deferred income tax provision	1 056	832	3 637	3 637	224	27%	-2 805	-77%	-2 805	-77%	0%	0%	1%
Retirement benefit liabilities (a provision)	237	252	233	233	-15	-6%	19	8%	19	8%	0%	0%	0%
Trade and other liabilities	2 193	2 062	5 523	5 523	131	6%	-3 461	-63%	-3 461	-63%	1%	1%	2%
	<b>53 226</b>	<b>63 199</b>	<b>34 169</b>	<b>34 169</b>	<b>-9 973</b>	<b>-16%</b>	<b>29 030</b>	<b>85%</b>	<b>29 030</b>	<b>85%</b>	<b>14%</b>	<b>20%</b>	<b>10%</b>
<b>Short-term liabilities</b>													
Credits and borrowings	22 459	4 889	14 545	14 545	17 570	359%	-9 656	-66%	-9 656	-66%	6%	1%	4%
Other financial liabilities (lease)	287	629	2 852	2 852	-342	-54%	-2 223	-78%	-2 223	-78%	0%	0%	1%
Debt instrument liabilities	20 403	607	0	0	19 796	3262%	607	0%	607	0%	5%	0%	0%
Short-term provisions	2 665	1 637	1 589	1 589	1 028	63%	48	3%	48	3%	1%	0%	0%
Current income tax liabilities	124	140	1 340	1 340	-16	-11%	-1 200	-90%	-1 200	-90%	0%	0%	0%
Trade and other liabilities	65 135	48 402	81 822	81 822	16 733	35%	-33 420	-41%	-33 420	-41%	18%	13%	22%
	<b>111 073</b>	<b>56 303</b>	<b>102 148</b>	<b>102 148</b>	<b>54 770</b>	<b>97%</b>	<b>-45 845</b>	<b>-45%</b>	<b>-45 845</b>	<b>-45%</b>	<b>30%</b>	<b>15%</b>	<b>28%</b>
<b>Total equity and liabilities</b>	<b>371 326</b>	<b>322 614</b>	<b>325 822</b>	<b>325 822</b>	<b>48 712</b>	<b>15%</b>	<b>-3 208</b>	<b>-1%</b>	<b>-3 208</b>	<b>-1%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



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**Consolidated statement of comprehensive income for the financial year from 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014**

	A		B		C		Change (A-B)	Change (A-B)/B %	Change (B-C)	Change (B-C)/C %	End of the current period Structure %	End of the previous period Structure %	End of the the period two years ago Structure %
	End of the current period PLN '000	End of the previous period PLN '000	End of the two years ago PLN '000	End of the two years ago PLN '000	Change (A-B) PLN '000	Change (B-C) PLN '000							
Sales revenue	147 732	178 348	160 904	160 904	-30 616	-17%	17 444	11%	100%	100%	100%	100%	100%
Cost of sales	113 491	138 790	121 397	121 397	-25 299	-18%	17 393	14%	77%	78%	75%	75%	75%
<b>Gross profit (loss) on sales</b>	<b>34 241</b>	<b>39 558</b>	<b>39 507</b>	<b>39 507</b>	<b>-5 317</b>	<b>-13%</b>	<b>51</b>	<b>0%</b>	<b>23%</b>	<b>22%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
Selling costs	4 761	6 363	4 977	4 977	-1 602	-25%	1 386	28%	3%	4%	3%	3%	3%
Administrative expenses	16 374	13 906	11 887	11 887	2 468	18%	2 019	17%	11%	8%	7%	7%	7%
Other operating revenue	1 387	494	433	433	893	181%	61	14%	1%	0%	0%	0%	0%
Other operating costs	1 796	308	305	305	1 488	483%	3	1%	1%	0%	0%	0%	0%
<b>Profit (loss) on operating activities</b>	<b>12 697</b>	<b>19 475</b>	<b>22 771</b>	<b>22 771</b>	<b>-6 778</b>	<b>-35%</b>	<b>-3 296</b>	<b>-14%</b>	<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>14%</b>	<b>14%</b>
Financial income	405	396	1 262	1 262	9	2%	-866	-69%	0%	0%	1%	1%	1%
Financial costs	2 860	1 955	1 004	1 004	905	46%	951	95%	2%	1%	1%	1%	1%
<b>Gross profit (loss)</b>	<b>10 242</b>	<b>17 916</b>	<b>23 029</b>	<b>23 029</b>	<b>-7 674</b>	<b>-43%</b>	<b>-5 113</b>	<b>-22%</b>	<b>7%</b>	<b>10%</b>	<b>14%</b>	<b>14%</b>	<b>14%</b>
Income tax	2 070	2 812	5 062	5 062	-742	-26%	-2 250	-44%	1%	2%	3%	3%	3%
<b>Net profit (loss) from continuing operations</b>	<b>8 172</b>	<b>15 104</b>	<b>17 967</b>	<b>17 967</b>	<b>-6 932</b>	<b>-46%</b>	<b>-2 863</b>	<b>-16%</b>	<b>6%</b>	<b>8%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>

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**The Group's financial standing, result and profitability**

The following ratios describe the Capital Group's activity, its financial performance and profitability for the financial period as well as the Group's financial standing as at the balance sheet date compared to the previous years.

		Unit	Current period	Previous period	Period two years ago
<b><u>Assets ratios</u></b>					
- return on total assets	$\frac{\text{sale revenue}}{\text{average total assets}}$		0,43	0,55	0,48
- return on fixed assets	$\frac{\text{sale revenue}}{\text{average fixed assets}}$		1,42	1,97	2,63
- return on equity	$\frac{\text{sale revenue}}{\text{average equity}}$		0,72	0,91	0,88
- debtors turnover	$\frac{\text{average receivable} \times 365 \text{ days}}{\text{sale revenue}}$	days	18	15	16
- inventory turnover	$\frac{\text{average inventory} \times 365 \text{ days}}{\text{operational cost}}$	days	663	562	682
<b><u>Profitability ratios</u></b>					
- net profitability of sales	$\frac{\text{net profit/loss}}{\text{sale revenue}}$	%	5,53	8,47	11,17
- gross margin	$\frac{\text{gross profit/loss}}{\text{sale revenue}}$	%	23,18	22,18	24,55
- return on assets	$\frac{\text{net profit/loss}}{\text{average total assets}}$	%	2,36	4,66	5,39
- return on equity	$\frac{\text{net profit/loss}}{\text{average equity}}$	%	3,98	7,69	9,78

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**Liability ratios**

- liability ratio	$\frac{\text{total amount of long-term and short-term liabilities}}{\text{total equity and liabilities}}$		0,44	0,37	0,42
- creditors turnover	$\frac{\text{average short-term liabilities. x 365 days}}{\text{operational costs}}$ days		269	208	371
- fixed assets coverage	$\frac{\text{equity}}{\text{fixed assets}}$		2,02	1,93	2,52
- stability of the financing structure	$\frac{\text{Equity + long-term liabilities}}{\text{total equity and liabilities}}$		0,70	0,83	0,69

**Liquidity ratios**

- Current ratio	$\frac{\text{total current assets}}{\text{short-term liabilities}}$		2,42	3,86	2,45
- Quick ratio II	$\frac{\text{total current assets - inventory}}{\text{short-term liabilities}}$		0,51	0,30	0,24
- Quick ratio III	$\frac{\text{trade securities + cash}}{\text{short-term liabilities}}$		0,35	0,13	0,16

**Capital market ratios**

- profit/loss per share	$\frac{\text{net profit/loss}}{\text{amount of issued shares}}$	PLN	0,20	0,38	0,45
- dividend yield (for public shares)	$\frac{\text{dividend per share}}{\text{market value of single share}}$	%	1,91	0,00	5,49
- dividend payout rate	$\frac{\text{dividend per share}}{\text{net profit per share}}$	%	49,00	0,00	44,57
- equity per share	$\frac{\text{equity}}{\text{amount of issued shares}}$	PLN	5,17	5,07	4,73

### **III DETAILED PART**

#### **Description of the accounting system:**

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by European Union. IFRS include standards and related interpretations accepted by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC).
- The Parent Company prepares its financial statements according to International Accounting Standards and the subsidiary entities prepare their separate financial statements according to the accounting act. For the consolidated financial statements preparation purposes each subsidiary entity converts its financial statements to meet the requirements of International Financial Reporting Standards. After the applicable corrections are made, all entities in the capital group apply to the same accounting principles. The applied principles and accounts and IFRS corrections enable preparation of proper consolidated financial statements.
- The accounting policies are applied in the consistent manner. Closing balance at the end of the previous year was properly brought forward at the opening balance of the current accounting period.
- The consolidated financial statements have been prepared on the basis of proper consolidation documentation that includes:
  - Financial statements of related entities together with additional notes,
  - Corrections sheets of subsidiary entities' financial statements conversing them to requirements of IFRS,
  - Exclusions and consolidation corrections sheets,
  - Settlements and transactions confirmations within the group,
  - Calculation of minority interests,
  - Calculation of goodwill.

Consolidation documentation is complete and comply with the requirements of Regulation.

#### **General description of audit of consolidated financial statements results:**

##### ***Consolidation methods***

Financial statements of subsidiary entities have been presented in consolidated financial statements using the full method of consolidation by adding together full individual items of relevant financial statements of a parent company and its subsidiaries, making eliminations and adjustments.

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– ***Characteristics of consolidation eliminations***

Consolidation eliminations related to:

- a) The carrying value of shares at their acquisition price held by the parent company in subsidiaries,
- b) The goodwill calculation,
- c) Minority interests calculated as the percentage share of minority shareholders in net assets of subsidiaries,
- d) Related parties accounts receivables and liabilities,
- e) The value of transactions among the group entities,
- f) Unrealized margin on sale of goods and services capitalized on stock or fixed assets.

Consolidation elimination to the consolidated financial statements result from the consolidation documentation and are consistent with this documentation.

– ***Consolidated statement of financial position***

The value of assets and equity and liabilities presented in consolidated statement of financial position is consistent with consolidation documentation.

Goodwill presented in consolidated statement of financial position results from the consolidation documentation. The calculation of goodwill is shown in detail in note 23.1 of additional notes to consolidated financial statements. Goodwill is subject to impairment test.

Minority interest as at 31<sup>st</sup> December 2014 amounts to PLN 10.543 thousand and is consistent with consolidation documentation. The reconciliation of minority interest is presented in details in note 27.5 of additional notes to consolidated financial statements.

– ***Consolidated statement of comprehensive income***

The value of revenues and costs in consolidated statement of comprehensive income is consistent with consolidation documentation.

– ***Additional notes***

Introduction to consolidated financial statements and additional notes have been prepared, in all material aspects, in complete manner, in accordance with requirements of International Accounting Standards approved by European Union. Introduction and additional notes to consolidated financial statements are the integral part of consolidated financial statements.

– ***Consolidated changes in equity***

Consolidated changes in equity have been made by putting to the applicable items of changes in equity of Parent Company, full method consolidated subsidiaries' equity changes in the part attributable to the Parent Company.



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– *Consolidated statement of cash flow*

Consolidated statement of cash flow has been prepared properly and the data included is consistent with values in verified financial statements of entities creating the capital group as well as with the consolidated statement of financial position and consolidated statement of comprehensive income. It has been prepared by adding applicable position of cash flows of consolidated entities and eliminating cash flows within the capital group.

– *Assessment of completeness the other components of the Financial Statements*

The Directors' report includes all information required by the Accounting Act and the Regulation of Minister of Finance dated 19<sup>th</sup> 2009 about current and periodic information reported by the issuers of securities and conditions of recognize relevant information demanded by law of country not being member of Union. The information disclosed in it is consistent with that disclosed in the consolidated financial statements.

