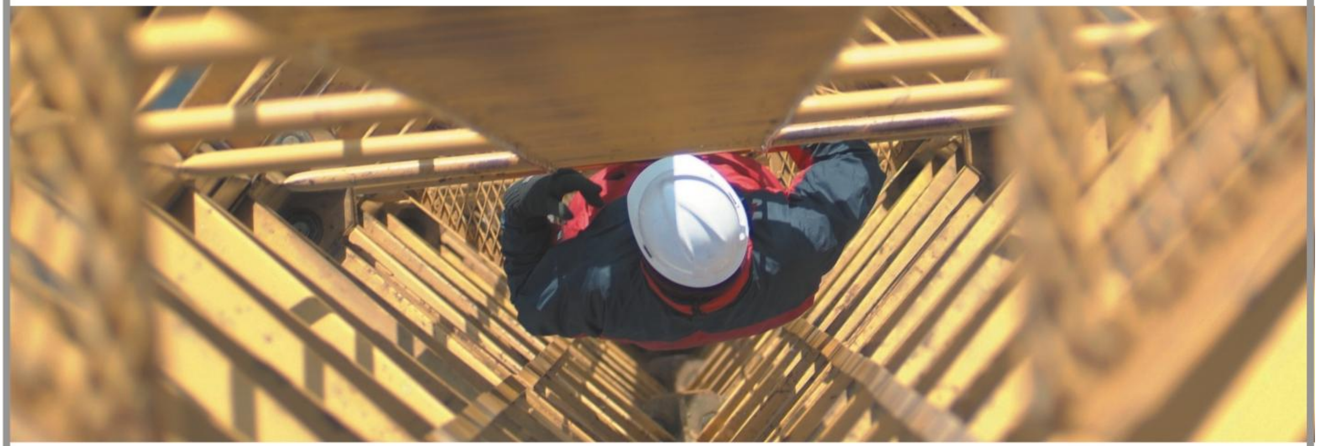

Separate financial statements prepared in conformity with the International Financial Reporting Standards as at 31 December 2015

inpro.com.pl

spółka notowana na GPW

CONTENTS

Gdańsk, 21 March 2016

Full name and function	signature
Piotr Stefaniak President of the Management Board	
Zbigniew Lewiński Vice-President of the Management Board	
Krzysztof Maraszek Vice-President of the Management Board	
Elżbieta Marks The person responsible for keeping the books	

Unless indicated otherwise, all amounts were given in thousands of zlotys

SELECTED FINANCIAL DATA CONCERNING THE SEPARATE FINANCIAL STATEMENTS OF INPRO SA

Selected financial data concerning the separate financial statements of INPRO SA				
	01/01/2015 - 31/12/2015	**01/01/2014 - 31/12/2014**	**01/01/2015 - 31/12/2015**	**01/01/2014 - 31/12/2014**
	PLN '000		**EUR '000**	
Net sales revenues	162 717	102 318	38 883	24 424
Gross profit (loss) on sales	45 025	20 585	10 759	4 914
Profit (loss) on operating activities	32 000	9 080	7 647	2 168
Gross profit (loss)	32 944	9 445	7 872	2 254
Net profit (loss)	26 649	7 620	6 368	1 819
Profit (loss) per share (in PLN/EUR)	0.6656	0.1903	0.1590	0.0454
Net cash flows from operating activities	42 957	12 734	10 265	3 040
Net cash flows from investing activities	(11 868)	(13 007)	(2 836)	(3 105)
Net cash flows from financing activities	(42 060)	24 178	(10 051)	5 771
Net cash flows	(10 971)	23 905	(2 622)	5 706
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
	PLN '000		**EUR '000**	
Total assets	331 521	334 863	77 794	78 564
Liabilities and provisions for liabilities	104 866	131 254	24 608	30 794
Provisions for liabilities	5 700	4 913	1 338	1 153
Long-term liabilities	11 247	24 595	2 639	5 770
Short-term liabilities	87 919	101 746	20 631	23 871
Equity	226 655	203 609	53 187	47 770
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	5.6607	5.0851	1.3283	1.1930

ZLOTY TO EURO CONVERSION RATES		
	average zloty rate in the period 01/01/2015-31/12/2015	average zloty rate as at 31/12/2015
	4.1848	4.2615
	average zloty rate in the period 01/01/2014-31/12/2014	average zloty rate as at 31/12/2014
	4.1893	4.2623

Unless indicated otherwise, all amounts were given in thousands of zlotys

STATEMENT OF TOTAL INCOME FOR THE PERIOD ENDED ON 31 DECEMBER 2015

Statement of total income	**Note**	**01/01/2015 -31/12/2015 (audited)**	**01/01/2014 -31/12/2014 (audited)**
Continuing operations			
Sales revenues	11.1	162 717	102 318
Cost of sales	11.2	(117 692)	(81 733)
Gross profit (loss) on sales		**45 025**	**20 585**
Selling costs	11.2	(4 722)	(3 720)
Administrative expenses	11.2	(8 245)	(7 458)
Other operating revenues	11.3	744	394
Other operating costs	11.4	(802)	(721)
Profit (loss) on operating activities		**32 000**	**9 080**
Financial revenues	11.5	1 921	1 533
Financial costs	11.6	(977)	(1 168)
Gross profit (loss)		**32 944**	**9 445**
Income tax	12	(6 295)	(1 825)
Net profit (loss) from continuing operations		**26 649**	**7 620**
TOTAL INCOME		**26 649**	**7 620**

Earnings (loss) per share:	**01/01/2015-31/12/2015**	**01/01/2014-31/12/2014**
- basic	0.6656	0.1903
- diluted	0.6656	0.1903

Unless indicated otherwise, all amounts were given in thousands of zlotys

STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2015

ASSETS	Note	31/12/2015 (audited)	31/12/2014 processed data (audited)
Fixed (long-term) assets		**102 696**	**89 590**
Property, plant and equipment	16	4 486	4 412
Other intangibles	18	15	57
Investment properties	17	1 730	1 062
Shares in subsidiaries	19	57 825	51 925
Other financial assets	20	38 636	32 128
Other assets		4	6
Current (short-term) assets		**228 825**	**245 273**
Inventory	21	191 940	191 878
Trade and other receivables	22	9 787	13 285
Current tax assets		-	591
Other financial assets	20	9 182	10 549
Uninvoiced receivables from the settlement of long-term contracts		-	83
Cash and cash equivalents	23	17 916	28 887
TOTAL ASSETS		**331 521**	**334 863**

Unless indicated otherwise, all amounts were given in thousands of zlotys

STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2015 *(CONTINUED)*

EQUITY AND LIABILITIES		31/12/2015 (audited)	31/12/2014 processed data (audited)
Equity	25	**226 655**	**203 609**
Issued share capital		4 004	4 004
Reserves		531	531
Retained profits		222 120	199 074
Long-term liabilities		**15 144**	**27 479**
Retirement benefit liabilities (a provision)	26	183	147
Deferred income tax provision	12	3 714	2 737
Long-term credits and bank borrowings	27	8 839	22 383
Other financial liabilities (lease)	28	-	49
Trade and other liabilities	29	2 408	2 163
Short-term liabilities		**89 722**	**103 775**
Short-term provisions	26	1 803	2 029
Credits and borrowings	27	16 828	20 193
Debt instrument liabilities		-	20 403
Other financial liabilities (lease)	28	49	170
Current income tax liabilities		610	-
Trade and other liabilities	29	70 358	60 980
Accruals/prepayments in relation to long-term contracts		74	-
Total liabilities		**104 866**	**131 254**
TOTAL EQUITY AND LIABILITIES		**331 521**	**334 863**

Unless indicated otherwise, all amounts were given in thousands of zlotys

STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31 DECEMBER 2015

Changes in equity	Share capital	Share premium capital	Revaluation reserve	Retained profit	Total
As at 01/01/2015	**4 004**	**62 237**	**531**	**136 837**	**203 609**
Dividend payment	-	-	-	(3 603)	**(3 603)**
Net profit (loss) for the financial year	-	-	-	26 649	**26 649**
As at 31/12/2015	**4 004**	**62 237**	**531**	**159 883**	**226 655**

Changes in equity	Share capital	Share premium capital	Revaluation reserve	Retained profit	Total
As at 01/01/2014	**4 004**	**62 237**	**534**	**133 218**	**199 993**
Dividend payment	-	-	-	(4 004)	**(4 004)**
Other appropriations	-	-	(3)	3	**-**
Net profit (loss) for the financial year	-	-	-	7 620	**7 620**
As at 31/12/2014	**4 004**	**62 237**	**531**	**136 837**	**203 609**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31 DECEMBER 2015

Cash flows from operating activities	**01/01/2015 -31/12/2015 (audited)**	**01/01/2014 -31/12/2014 (audited)**
Gross profit/(loss)	**32 944**	**9 445**
Adjustments:	**10 013**	**3 289**
Depreciation	1 277	1 426
Income tax paid	(4 117)	(1 917)
Net interest and dividends	(589)	(138)
Profit/(loss) on investing activities	(63)	(36)
(Increase)/ decrease of receivables	3 449	8 865
(Increase)/decrease of uninvoiced receivables from the settlement of long-term contracts	83	(83)
(Increase)/ decrease of inventory	(760)	(17 059)
Increase/ (decrease) of liabilities	10 849	11 405
Increase/ (decrease) of accrued/prepaid expenses	-	46
(Increase)/decrease of accruals/prepayments in relation to long-term contracts	74	-
Change in provisions	(190)	780
Net cash flows from operating activities	**42 957**	**12 734**

Cash flows from investing activities	**01/01/2015 -31/12/2015 (audited)**	**01/01/2014 -31/12/2014 (audited)**
Sale of property, plant, equipment and intangibles	114	91
Interest received	2 118	44
Repayment of loans allowed	29 555	1 600
Dividends from related entities	477	217
Acquisition of financial assets	(41 049)	(1 000)
Acquisition of property, plant, equipment and intangibles	(783)	(194)
Expenses in relation to loans allowed to related entities	(2 300)	(13 765)
Net cash flows from investing activities	**(11 868)**	**(13 007)**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CASH FLOW STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 31 DECEMBER 2015 *(CONTINUED)*

Cash flow from financing activities	01/01/2015 -31/12/2015 (audited)	01/01/2014 -31/12/2014 (audited)
Proceeds in relation to loans/credits obtained	30 530	54 497
Payments in relation to finance lease agreements	(169)	(166)
Repayment of loans/credits	(47 439)	(25 228)
Interest paid	(1 379)	(921)
Dividends paid	(3 603)	(4 004)
Buyout of debt instruments	(20 000)	-
Net cash flows from financing activities	**(42 060)**	**24 178**

Net change in cash and cash equivalents	**(10 971)**	**23 905**
Cash at the beginning of the period	**28 887**	**4 982**
Cash at the end of the period	**17 916**	**28 887**

Unless indicated otherwise, all amounts were given in thousands of zlotys

ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

The financial statements of INPRO SA with its registered office in Gdańsk, ul. Opata Jacka Rybińskiego 8, were prepared in conformity with the International Financial Reporting Standards (IFRS).

The main object of INPRO SA is the construction and sale of residential and commercial real estate in conformity with the Polish Classification of Activity (PKD) 4110Z.

The Company was incepted on 6 April 1987 on the basis of the memorandum and articles of association of a limited liability company drawn up as the notarised deed, Register A/A, No. 825/1987, before a notary public of the State Notary Public Office in Gdańsk. Przedsiębiorstwo Budowlane INPRO decided on the transformation of that limited liability company into a joint stock one.
The entry in the National Court Register was made on the basis of an order of the District Court in Gdańsk, 12th Business Division, on 8 May 2002, under number KRS 0000110087.
The Company was given the REGON business registry number 008141071 and the tax identification number 589-000-85-40.

In conformity with the Company's memorandum and articles of association, the duration of the Company is unlimited.
INPRO SA is the parent entity of the INPRO SA Capital Group.

As at 31 December 2015, the share capital of INPRO was PLN 4,004 k and was divided into 30,030,000 ordinary series A bearer shares of the nominal value of 10 groszes each, and 10,010,000 ordinary series B bearer shares of the nominal value of 10 groszes each.

2. Share capital structure

SHAREHOLDING STRUCTURE AS AT 31/12/2015

Entity (Full name)	Series	Number of shares	Value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21.13%	8 460 000	21.13%
Krzysztof Maraszek	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Zbigniew Lewiński	A	10 010 000	1 001 000	25.00%	10 010 000	25.00%
ING OFE	A	2 100 000	210 000	17.93%	7 177 704	17.93%
	B	5 077 704	507 770			
Other	B	4 932 296	493 230	12.31%	4 932 296	12.31%
TOTAL		**40 040 000**	**4 004 000**	**100%**	**40 040 000**	**100%**

Unless indicated otherwise, all amounts were given in thousands of zlotys

SHAREHOLDING STRUCTURE AS AT 31/12/2014

Entity (Full name)	Series	Number of shares	Value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21.13%	8 460 000	21.13%
Krzysztof Maraszek	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Zbigniew Lewiński	A	10 010 000	1 001 000	25.00%	10 010 000	25.00%
ING OFE	A	2 100 000	210 000	17.93%	7 177 704	17.93%
	B	5 077 704	507 770			
Other	B	4 932 296	493 230	12.31%	4 932 296	12.31%
TOTAL		**40 040 000**	**4 004 000**	**100%**	**40 040 000**	**100%**

Compared to the status as at 31/12/2014, no significant changes in the shareholding structure occurred by 31/12/2015.
In the period from 31 December 2015 until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.

3. Composition of the Parent Company's Management Board and Supervisory Board

As at the date of preparation of these financial statements, the composition of the Management Board was as follows:

- Piotr Stefaniak - President of the Management Board
- Krzysztof Maraszek - Vice-President of the Management Board
- Zbigniew Lewiński - Vice-President of the Management Board

No changes in the composition of the body occurred in the period in question.
For the shareholdings of the members of the Management Board, see the shareholding structure in note 2.

As at the date of preparation of these financial statements, the composition of the Supervisory Board was as follows:

- Jerzy Glanc - Chairman of the Supervisory Board
- Krzysztof Gąsak - Deputy Chairman of the Supervisory Board
- Łukasz Maraszek - Secretary of the Supervisory Board
- Szymon Lewiński - Member of the Supervisory Board
- Wojciech Stefaniak - Member of the Supervisory Board

No changes in the composition of the body occurred in the period in question.

On 18 December 2015 the Management Board of INPRO SA received a statement from a member of the Supervisory Board, Mr Robert Maraszek, on resignation from his function as a member of the Supervisory Board effective on 31 December 2015. The resignation did not contain any reasons.
In relation to the above, on 18/12/2015 the Supervisory Board, while taking advantage of its power under clause 10 item 2 of the Company's Statutes, adopted resolution No. 35/2015 on the basis of which the Supervisory Board elected Mr Łukasz Maraszek a new member of the Supervisory Board.

Mr Łukasz Maraszek was appointed member of the Supervisory Board for the period from 01/01/2016 to the election of a new member of the Supervisory Board by the nearest General Assembly.

4. Approval of the financial statements

These financial statements were approved by the Management Board for publication on 21 March 2016.

5. Grounds for the preparation of the financial statements

The financial statements were prepared in conformity with the historical cost principle.

The financial statements were prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances are found to exist which indicate a threat to the Company to continue as a going concern.

On 21 September 2010 the Extraordinary General Assembly adopted a resolution on the basis of which the Company prepares financial statements in conformity with the IFRS commencing with the statements for periods starting on 1 January 2010.

These financial statements were prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of INPRO SA. Unless indicated otherwise, the data in financial statements have been presented in thousands of zlotys.

6. The platform of the applied International Financial Reporting Standards

6.1 Statement on compliance with the provisions of law

Polish legal provisions impose the obligation on the Company to draw up financial statements in conformity with the IFRS endorsed by the EU. In view of the ongoing IFRS implementation process in the EU and the Company's operations, as regards the accounting principles used by the Company, there is no difference between the IFRS to have come into force and those approved by the EU for the reporting period ended on 31 December 2015.

These financial statements were made in conformity with the International Financial Reporting Standards approved by the EU. The IFRS cover the standards and interpretations approved by the International Accounting Standards Committee ("IASC") and the International Financial Reporting Interpretations Committee ("IFRIC").

6.2 Standards used for the first time

The following new or amended standards and interpretations issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee have been in force since 1 January 2015:

- **Amendments to various standards "Improvements to the IFRS (the 2011-2013 cycle)"** – amendments made within the procedure for the introduction of annual improvements to the IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) mainly aiming at minimising inconvenience and specifying the vocabulary – approved in the EU on 18 December 2014 (effective for annual periods commencing on or after 1 January 2015),

- **Interpretation of IFRIC 21 "Levies"** - approved in the EU on 13 June 2014 (effective for annual periods commencing on or after 17 June 2014).

The above amendments do not have significant influence on the Company's financial standing and profits from business operations as well as on the scope of information presented in these financial statements.

6.3 Standards and interpretations published but not adopted

This report does not take into account the amendments to the standards and interpretations, which await approval by the European Union or those which have been approved by it but have or will become effective after the balance sheet date.

The following standards and interpretations were issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee but did not become effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Acquisition of Interest in Joint Arrangements (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure Initiative (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangibles"** – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** – Agriculture: Bearer Plants (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** – Defined Benefits Plans: Employee Contributions - approved in the EU on 17 December 2014 (effective for annual periods commencing on or after 1 February 2015).
- **Amendments to IAS 27 "Separate Financial Statements"** – Equity Method in Separate Financial Statements (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to various standards "Improvements to the IFRS (the 2010-2012 cycle)"** – amendments made under the procedure for the introduction of annual improvements to the IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) mainly aiming at minimising inconvenience and specifying the vocabulary, approved in the EU on 17 December 2014 (effective for annual periods commencing on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRS (the 2012-2014 cycle)"** – amendments made within the procedure for the introduction of annual improvements to the IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) mainly aiming at minimising inconvenience and specifying the vocabulary (effective for annual periods commencing on or after 1 January 2016).

IFRSs as approved by the EU do not vary considerably from the regulations adopted by the International Accounting Standards Committee (IASC) except the standards below, changes thereto and the interpretation thereof which, as at 21/03/2016, were not adopted for use in the EU (the effective dates below refer to the standards in their full version):

- **IFRS 9 "Financial Instruments"** (effective for annual periods commencing on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods commencing on or after 1 January 2016),
- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods commencing on or after 1 January 2017),
- **IFRS 16 "Leasing"** (effective for annual periods commencing on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 Investments in Associates and Joint Ventures"** - Sales or Contributions of Assets between an Investor and its Associate/Joint Venture or Joint Ventures (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 "Consolidated Financial Statements," IFRS 12 "Disclosure of Interest in Other Entities" and IAS 28 "Investments in Associates and Other Entities"** – Investment Entities: Applying the Consolidation Exception (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IFRS 7 "Cash flow statement"-** initiative as regards disclosures (effective for annual periods commencing on or after 1 January 2017),
- **Amendments to IFRS 12 "Income tax"-** recognition of deferred income tax assets on unrealised losses (effective for annual periods commencing on or after 1 January 2017).

The Management Board of the parent entity reviews the impact of new standards, i.e. IFRS 9 and IFRS 15, on consolidated and separate financial statements.

In the Company's initial opinion, the implementation of the standards and interpretations approved and published by the EU which have or will become effective after the balance sheet date or those awaiting approval by the EU will not have a material effect on the Company's financial statements.
However, the Management Board additionally conducts a detailed analysis of the influence of the above amendments on the Company's financial standing and profits from business operations as well as on the scope of information presented in financial statements.

However, the Management Board additionally conducts a detailed analysis of the influence of the above amendments on the Company's financial standing and profits from business operations as well as on the scope of information presented in financial statements.

6.4 Early adoption of standards and interpretations

The Company did not take advantage of the opportunity of early adoption of any standards, amendments thereto, or interpretations.

7. Amendments to accounting principles in use

During the preparation of these financial statements, standards and interpretations effective for annual periods commencing on or after 1 January 2015 were used.
The Company's last financial statements were those for the year ended on 31 December 2014, made in conformity with the International Financial Reporting Standards and approved for publication on 23 March 2015.

The Company did not make significant changes in the accounting principles in use in the reporting period except for change of the presentation of units leased by INPRO SA to external entities out of fixed assets for long-term investments (the valuation unchanged i.e. as per the rules applied to fixed assets) - the comparative data was presented in note No. 17.

8. Material values based on professional judgement and estimates

8.1 Professional judgement

In the event that a transaction is not regulated in any standard or interpretation, the Management Board, while being guided by a subjective judgement, specifies and applies an accounting policy, which ensures that the financial statements contain appropriate and credible information and will:
– present a true, clear and fair view of the economic and financial position of the Company, the results of its activity and cash flows,
– reflect the commercial substance of transactions,
– be objective,
– be prepared in conformity with the conservative valuation principle,
– be complete in all essential aspects.

Recognition of sales revenues
Revenues from the sale of real estate (mainly residential units) are recognised upon the transfer to the buyer of the real estate of the control of the real estate being acquired and of the significant risks and benefits typical of the ownership title. In the opinion of the company's managers, this takes place upon the delivery of the real estate to the buyer on the basis of an acceptance report signed by the parties, on condition that all the payments towards the price of the acquisition of the real estate were made by the buyer.
Discount rate
The discount rate taken influences the figures presented in the consolidated report of the financial situation. This concerns, for example, the value of the provisions for employee benefits. That rate is also used during goodwill testing for permanent impairment. The discount rate taken by the Management Board is based on the interest rate on 10-year treasury bonds.

8.2 Uncertainty of estimates

The preparation of financial statements requires the Company's Management Board to make estimates because much information in the financial statements cannot be valued precisely. The Management Board reviews the estimates on the basis of the changes of factors taken into consideration when the estimates were made, of new information or of previous experience. It is for that reason that the estimates as at 31 December 2015 may be revised in the future. The main estimates have been described in the following notes:

Unless indicated otherwise, all amounts were given in thousands of zlotys

Note		Kind of disclosure
21	Impairment of fixed assets and the analysis of the realisable net selling price of inventories	The Company tests fixed assets and inventories for impairment test in case factors indicating possible impairment occur. Impairment tests regarding goodwill acquired by merging business entities are conducted at the end of each financial year. The analysis of the net realisable selling price of inventories in the case of finished products (completed residential premises) is conducted by comparing their book value with current market selling prices of premises for a given stage of a project implemented by the Company.
22	Trade receivable valuation allowances	Given the grounds, the Group verifies the recovery of various trade receivables and estimates the valuation allowances on that basis.
12	Income tax	The Company recognises deferred tax assets on the basis of the assumption that a tax profit allowing the use of deferred tax will be achieved in the future. The deterioration of the tax results obtained in the future could make that assumption groundless.
26	Employee benefits	Provisions for retirement benefits and unused vacation leaves.
26	Provisions	Provisions for guarantees and sureties given and provisions for claims and court cases
9.2	Useful life of fixed assets and intangibles	The useful life of assets and their depreciation method is reviewed at least at the end of each financial year.

9. Accounting principles applied

9.1 Conversion of items denominated in foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The following rates have been taken for the purposes of the balance sheet valuation:

Rate binding on the last day of the period	**31/12/2015**	**31/12/2014**
EURO	4.2615	4.2623

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
EURO	4.1848	4.1893

9.2 Property, plant and equipment

Property, plant and equipment are reported at the price of acquisition / cost of manufacture less depreciation and all impairment losses. The initial value of fixed assets comprises their acquisition price increased by all the

costs directly related to the purchase and to making an asset suitable for use. The cost also includes the cost of replacement of components of machinery and equipment when such cost is incurred, if the recognition criteria have been met. The costs arising after the date of placing a fixed asset in service, such as maintenance and repair costs, are charged to the income statement when they are incurred.
Upon acquisition, fixed assets are disaggregated into components of a considerable value, to which relevant useful life may be allocated.

Important spare and service parts reported as property, plant and equipment are amortised in conformity with the estimated period of use, but not longer than the useful life of fixed assets which they service.

The balance sheet value of a fixed asset comprises the costs of regular significant inspections, which are necessary to prevent faults, and whose value in various reporting periods varies considerably. The value of an inspection is depreciated until the next inspection or until the end of useful life of a fixed asset, whichever is sooner. Any residual balance sheet value of the costs of the previous inspection is derecognised.

Depreciation is computed on a straight-line basis throughout the estimated useful life of an asset, that period being:

Type	**Period**
Land	
Buildings and constructions	22 – 67 years
Machinery and equipment	5 – 22 years
Office equipment	5 years
Motor vehicles	5 – 20 years
Computers	3 years
Other fixed assets	4 – 15 years

If during the preparation of financial statements any circumstances have occurred which indicate that the balance sheet value of property, plant and equipment may not be recoverable, an inspection of those assets is performed from the point of view of their impairment. If there are factors indicating that impairment may have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units, to which those assets belong, is brought down to the level of the recoverable amount. The recoverable amount corresponds to the lower of the following two values: the fair value less the cost of sales or the value in use. When determining the value in use, the projected future cash flows are discounted to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and any risk related to an asset. In the case of an asset which does not generate cash flows in a significantly separate way, the recoverable amount is determined for a cash generating unit, to which that asset belongs. Impairment losses are recognised in the income statement under other operating costs.
An item of property, plant and equipment may be derecognised upon its disposal or when no economic benefits following from the further use of such an asset are expected. Any profits or losses following from the derecognition of an asset (calculated as the difference between any net proceeds from the sale and the balance sheet value of an item) are recognised in the income statement in the period in which such derecognition was effected.
Commenced investments concern fixed assets in the process of construction or erection and are reported at the cost of acquisition or manufacture. Fixed assets under construction are not depreciated until the end of construction and placing them in service.
The residual value, useful life and depreciation method of fixed assets are reviewed and revised if necessary at the end of each financial year.

9.3 Borrowing costs

The borrowing costs directly relating to the acquisition or manufacture of assets requiring an extended period to bring them into use are capitalised as a part of the cost of acquisition or manufacture until those assets are ready for use or sale. Borrowing costs comprise interest and exchange gains or losses up to the amount corresponding to the interest cost adjustment.

Other borrowing costs are recognised as costs when they are incurred.

9.4 Investment property

Investment property is recognised at the acquisition price or the cost of manufacture with the transactions costs taken into consideration. After initial recognition the value of investment property is decreased by depreciation and impairment losses.
Investment property is derecognised on disposal or when permanently withdrawn from use, and no future benefits are expected from its disposal. Any profits or losses following from the derecognition of investment property are recognised in the income statement in the period in which such derecognition was effected.
Assets are transferred to investment property only when a change in their use takes place as confirmed by the end of the use of an asset by its owner, the conclusion of an operating lease agreement or the completion of construction/manufacture of investment property.
If investment property is transferred to assets used by the owner or to inventory, the deemed cost of such an asset, which will be taken for its recognition in another category, is equal to the fair value of property determined as at the date of the change in use. If an asset used by the owner (the Company) becomes investment property, the Company applies the principles described under *Property, plant and equipment* until a change in use of that property. If assets are transferred from inventory to investment property, the difference between its fair value as at the date of transfer and the previous balance sheet value is recognised in profit or loss. When the Company completes the construction or manufacture of investment property, the difference between its fair value as at that date and the previous balance sheet value is recognised in profit or loss.

9.5 Lease and the right of perpetual usufruct of land

Finance lease agreements which basically transfer the whole risk and all the benefits following from the possession of an object of the lease to the Company are recognised in the balance sheet as at the date of commencement of lease at the lower of the following: the fair value of a fixed asset being the object of the lease or the current value of minimum lease payments. Lease payments are disaggregated between financial costs and the decrease of the lease liability in a way permitting a fixed interest rate on the liability remaining to be paid. Financial costs are recognised directly as an expense.
Fixed assets used on the basis of finance lease agreements are amortised over the shorter of the following two periods: estimated useful life or the lease period.
Lease agreements in conformity with which the lessor basically retains the whole risk and all the benefits following from the possession of the object of the lease are classified as operating lease agreements. Operating lease payments are recognised in the income statement as costs on a straight-line basis throughout the lease.

If the lease agreement covers both land and buildings, an entity classifies each of those elements separately as a finance or operating lease. In determining whether land should be classified into an operating or finance lease, the fact that land usually has an unrestricted useful life is taken into account.

The right of perpetual usufruct of land received by the Company free of charge on the basis of an administrative decision is excluded from assets. If such rights are acquired on the secondary market, they are recognised as intangibles and amortised over their estimated useful life.

9.6 Intangibles

Intangibles acquired separately are valued at the price of acquisition or the cost of manufacture. The price of acquisition of intangibles acquired in the merger of business entities is equal to their fair value as at the merger

date. After initial recognition, intangibles are reported at the price of acquisition or cost of manufacture less depreciation and/or impairment losses. Expenses on intangibles manufactured on one's own account, except the recognised costs of development work, are not capitalised but recognised in the costs of the period in which they were incurred.
The Company decides on whether the useful life of intangibles is limited or indefinite. Intangibles of limited useful life are amortised over that life and tested for impairment each time when there are factors indicating impairment of such assets. The period and method of depreciation of intangibles with limited useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or in the pattern in which economic benefits from an asset are expected to be consumed are recognised by changing, as appropriate, the period or method of depreciation, and treated as the changes of estimates. A depreciation charge on intangibles with a limited useful life is recognised in the income statement in the category which corresponds to the function of a given intangible asset.
Intangibles with an indefinite useful life and those which are not used are reviewed every year for impairment with reference to the various assets or at the cash generating unit level. Other intangibles are assessed every year from the point of view of the factors which may signify their impairment.

The costs of research work are written to the income statement when they are incurred. The costs of development work carried out as part of a given project are transferred to the next period if it may be assumed that they will be recovered in the future. After initial recognition of the costs of development work, applied is the historical cost convention, which requires that assets are recognised at the price of acquisition less accumulated depreciation and accumulated impairment losses. Any costs transferred to the next period are amortised over the period when proceeds from the sale of a given project are expected.
Costs of development work are assessed for possible impairment on an annual basis if an asset has not been placed in use yet or, more frequently, when in the reporting period there occurs an impairment factor indicating that their balance sheet value may not be recoverable.

Profits or losses following from the derecognition of intangibles are measured as the difference between net proceeds from the sale and the balance sheet value of an asset and recognised in the income statement when such asset is derecognised.

9.7 Recoverable amount of long-term assets

As at each balance sheet date, the Company evaluates assets for factors indicating their impairment. If such factors exit, the Company performs a formal assessment of the recoverable amount. When the balance sheet value of an asset or cash generating unit exceeds its recoverable amount, the impairment of such an asset is recognised and its value written down to the recoverable amount level. The recoverable amount is the higher of the following two amounts: the fair value less the costs of disposal or the value in use of an asset or cash generating unit.

9.8 Financial instruments

A financial instrument is any agreement which causes a financial asset to come into being on the one part and a financial liability or equity instrument on the other.

The Company classifies financial instruments in a hierarchical way, in conformity with the three main levels of valuation with reference to the fair value, which reflect the base taken for the valuation of each of the instruments.

The fair value hierarchy is as follows:

Level 1 **-** the prices of market quotations from active markets for identical assets and liabilities (e.g. shares and bonds quoted);

Level 2 **-** the prices from active markets, but other than the prices of market quotations – fixed directly (by comparison with actual transactions) or indirectly (through valuation techniques based on actual transactions), e.g. the majority of derivative instruments;
Level 3 **-** prices not originating from active markets.

The position of a financial instrument in the fair value hierarchy depends on the lowest valuation base affecting the determination of the fair value of such a financial instrument.

The Company classifies financial assets into the following categories:
- financial assets measured at the fair value through profit or loss,
- loans and receivables,
- held-to-maturity financial assets,
- available-for-sale financial assets.

Financial liabilities are divided into:
- financial liabilities measured at the fair value through profit or loss,
- financial liabilities valued at the amortised cost.

The purpose of the acquisition of financial assets and their nature is the basis for classification. The Company determines the classification of their financial assets at their initial recognition, and then reviewed that classification as at each reporting date.

Financial assets
Financial assets are measured upon their recognition in the books at the fair value. The initial valuation is increased by transaction costs except for financial assets classified into the categories measured at the fair value through profit or loss. The transaction costs of a possible disposal of an asset are not taken into account in the subsequent valuation of financial assets. A financial asset is recognised in the balance sheet when the Company becomes a party to an agreement (contract), from which such a financial asset follows.
The Company measures as at the balance sheet date whether there are factors indicating the impairment of a financial asset (of a group of such assets). In the case of instruments classified as available for sale, in determining whether an impairment has taken place the significant or extended decrease of the fair value of a security below cost is taken into consideration.

Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Financial assets measured at the fair value through profit or loss are measured with the use of stock exchange quotations and, if there are none, with appropriate valuation techniques which comprise the use of the prices from recent transactions or of tender prices, a comparison with similar instruments, and option valuation models. The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Depending on their maturity date, they are classified as fixed assets (mature more than 1 year from the reporting date) or current assets (mature within up to 1 year from the reporting date). Loans and receivables are valued as at the balance sheet date at the amortised cost. The Company includes in that group mainly trade receivables, bank deposits, other cash as well as loans and acquired unquoted debt instruments not included into other categories of financial assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity date, as to which assets the Company intends and is able to hold them to maturity. The Company includes in that category only quoted debt instruments if not previously categorised as financial assets measured at the fair value through profit or loss or as available-for-sale financial assets. Held-to-maturity financial assets are valued as at each reporting date at the amortised cost with the application of the effective interest rate.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as "available for sale" or are not classified into any other category. The Company includes in available-for-sale assets mainly debt instruments acquired to invest cash surpluses, if those instruments were not categorised as financial assets measured at the fair value through profit or loss in view of the Company's intention to hold them for a short time. Moreover, the Company classifies equity investments not covered by the consolidation obligation into that category.

Available-for-sale financial assets are classified as fixed assets if there is no intention to dispose of investments within 1 year from the balance sheet date or otherwise as current assets. Available-for-sale financial assets are measured at the fair value as at each reporting date, and profits and losses (except impairment losses) are recognised in equity.

Shares in subsidiaries and related entities

Shares in subsidiaries are reported by the Company in conformity with IAS 27 at the historical cost less impairment losses.

Financial liabilities

Financial liabilities are measured upon their recognition in the books at the fair value. The initial valuation includes transaction costs except for financial liabilities classified into the categories measured at the fair value through profit or loss. The transaction costs of a possible disposal of a financial liability are not taken into account in the subsequent valuation of those liabilities. A financial liability is recognised in the balance sheet when the Company becomes a party to an agreement (contract), from which such a financial liability follows.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term;

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

Financial liabilities valued at the amortised cost
Other financial liabilities, not classified as financial liabilities measured at the fair value through profit or loss, are classified as financial liabilities measured at the amortised cost. The Company includes in that category primarily trade liabilities and loans and credits taken out. Liabilities included in that category are measured at the amortised cost with the application of the effective interest rate.

9.9 Derivative instruments

Derivative instruments
Derivative instruments are measured at the fair value as at the date of contract conclusion, and then revalued to the fair value as at each balance sheet date. The resulting profit or loss is recognised in the income statement immediately unless a derivative instrument fulfils the function of a security. In such a case the moment of recognition of profit or loss depends on the nature of the hedging relationship. The Company defines the designated derivative instruments as fair value hedges for specified assets and liabilities or firm commitments (fair value hedges), for highly probable forecast transactions, for a currency exchange risk of firm commitments (cash flow hedges) or as hedges for net investments in foreign operations. Instruments are presented as fixed assets or long-term liabilities if the period to the instrument's maturity exceeds 12 months and it is not foreseen that such an instrument is realised or settled within 12 months. Other derivative instruments are reported as current assets or short-term liabilities.

Embedded derivative instruments
Embedded derivative instruments are segregated from agreements and treated as derivative instruments if all of the following conditions are met:

- the economic character and the risk of an embedded instrument are not closely linked to the economic character and risk of the agreement into which a given derivative instrument is embedded;
- an independent instrument with identical conditions of realisation as those of an embedded instrument would comply with the definition of a derivative instrument;
- a hybrid (combined) instrument is not reported at the fair value, and the changes of its fair value are not charged to the income statement.
- Embedded derivative instruments are recognised in a way similar to independent derivative instruments which are not treated as hedging instruments.

The scope in which in conformity with IAS 39 the economic features and the risk specific to an embedded derivative instrument in a foreign currency are closely linked to the economic features and the risk specific to the host agreement (main contract) also comprises situations in which the currency of the host contract is a customary currency for the contracts of sale or purchase of non-financial items on the market for a given transaction.

9.10 Inventory

Inventory is valued at the lower of two values: the acquisition price / cost of manufacture and net realisable selling price.
The costs incurred in bringing each asset to its present location and condition, both in relation to the current and previous year, are recognised in the following way:

Materials	- at the acquisition price determined by way of the first in – first out method,
Finished products and work in progress	- the cost of direct materials and labour and an appropriate indirect labour determined on the assumption of the normal utilisation of production capacity,
Goods for resale	- at the price of acquisition.

The price of acquisition or cost of manufacture of inventory comprises all the purchase, processing and other costs incurred in bringing inventory to its present location and condition.

The costs of purchase of inventory comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The net realisable price is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory is reported at the net value (less revaluation deductions). Inventory revaluation deductions are created in relation to the loss of inventory value, with a view to bringing the value of inventory to the realisable net value level. Revaluation deductions are recognised directly as an expense. The value of a revaluation deduction reduces the balance sheet value of inventory comprised by such a deduction.

9.11 Trade and other receivables

Trade and other receivables are valued as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate) less impairment losses. In the case of short-term receivables with the term of payment up to 360 days, that valuation corresponds to the sum due.

When the influence of the time value of money is significant, the receivable is determined by discounting the projected future cash flows to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money. If discounting has been used, an increase of the receivable in relation to the passage of time is recognised as financial revenues.

Non-financial receivables are initially recognised at their nominal value and measured at the payable amount as at the balance sheet date.

Receivables are revalued with the probability of their payment taken into consideration, by way of a revaluation deduction. Impairment of trade receivables is deducted when there is objective evidence that it will not be possible to re receive all the sums due following from the original contract conditions. An assessment whether objective evidence of impairment of receivables exists is performed on an ongoing basis, on receipt of information on the occurrence of objective evidence, which may determine impairment, at least as at the balance sheet date.

If there is objective evidence of impairment of receivables reported as at the amortised cost, the impairment loss is fixed as the difference between the balance sheet value of an asset and the current value of the future cash flows discounted on the basis of the effective interest rate. The probability of the future cash flows is determined on the basis of the analysis of historical data. The probability of losing the receivables was determined as a result of estimates based on the analysis of historical data - the deductions may be decreased if the Management Board has credible documents from which it follows that the receivables were secured and their payment is highly probable.

In particular, a 100% valuation allowance is made with regard to the receivables:

- from debtors in liquidation or bankruptcy, up to the amount not covered by a guarantee or another security,
- from debtors in the case of dismissal of a bankruptcy petition if the debtor's assets are not sufficient to cover the costs of bankruptcy proceedings to the full claim amount,
- challenged by the debtors and those outstanding to the amount not covered by a guarantee or other securities, if the assessment of the debtor's economic and financial position indicates that the repayment of the receivable in the agreed amount in the nearest semi-annual period is not possible,
- equivalent to the amounts increasing the receivables in relation to those against which a valuation allowance was previously made up to those amounts before they were received or reduced,
- overdue or not overdue receivables with a high probability of uncollectibility, in a credibly estimated allowance for uncollectible receivables,
- due interest for late payment,
- receivables whose maturity as at the balance sheet date exceeded 180 days.

Valuation allowances on receivables are recognised as selling costs. The reversal of valuation allowances on receivables is recognised if in the next periods impairment was decreased, and the increase in the value of a financial asset may be attributed to events occurring after the allowance was recognised. As a result of the reversal of the allowance, the balance sheet value of financial assets may not exceed the amortised cost, which would have been determined if the impairment loss had not been recognised previously. The reversal of the allowance is recognised in the income statement as the reduction of selling costs.

9.12 Uninvoiced receivables from the settlement of long-term contracts

Within the above item, the Company reports a surplus revenue recognised at a given contract over the invoiced revenue by the percentage of completion method.

9.13 Cash and cash equivalents

Cash and short-term deposits reported in the balance sheet comprise cash at bank and at hand as well as short-term deposits with original maturity not exceeding three months.
The balance of cash and cash equivalents reported in the consolidated cash flow statement consists of the above-specified cash and cash equivalents.

9.14 Fixed assets for disposal

Fixed assets (or their groups) for disposal are classified as held for sale if their balance sheet value will be recovered through sale transactions rather than through continued use provided that they are available for sale immediately in their present condition, subject to the conditions customarily used in the sale of those assets (or disposal groups) and that their sale is highly probable.
Immediately before the qualification of an asset (or a disposal group) as held for sale, those assets are measured i.e. their balance sheet value is determined in conformity with the provisions of relevant standards. Property, plant and equipment as well as intangibles are amortised to the reclassification date, and if factors indicating possible impairment occur, an impairment test is conducted and, consequently, an allowance is recognised, in conformity with IAS 36 "Impairment of Assets."

Fixed assets (or disposal groups), whose value was fixed in the above way are reclassified to assets held for sale. On reclassification, those assets are measured at the lower of the following two: the balance sheet value or the fair value less the costs of disposal. The difference from the measurement at the fair value is recognised in other operating costs. Upon subsequent valuation, any reversal of the fair value is recognised in other operating revenues.
If an entity no longer meets the criteria for the classification of an asset as held for sale, an asset is recognised in that balance sheet item from which it had been reclassified previously and measured at the lower of the following two amounts:

- the balance sheet value as at the date preceding the classification of an asset as held for sale, adjusted by amortisation or revaluation, which would have been recognised had the asset not been classified as held for sale, or
- the recoverable amount at the date of the decision not to sell.

9.15 Equity

Equity is recognised in accounting books with a division into its kinds and with reference to the principles set out in the provisions of law and the Company's Statutes.
Share capital is reported in the amount shown in the Statutes and the National Court Register. Declared but not paid-in capital contributions are recognised as capital not paid-in. Own shares and share capital not paid in decrease the Company's equity.
Share premium capital – that capital constitutes surpluses achieved at the issue of shares less the costs of such an issue of shares.
Other capital is constituted by the revaluation reserve from the measurement of the fair value of financial assets included in the category of available-for-sale financial assets.
Retained profits are constituted by: supplementary capital and reserves from profit for subsequent years, retained profit or non-financed loss from previous years (accumulated profits/losses from previous years), and the profit or loss for a current financial year.

9.16 Interest bearing credits, loans and debt securities

On initial recognition, all credits, loans and debt securities are recognised at the price of acquisition corresponding to the fair value of cash received less credit or loan costs.
After initial recognition, interest-bearing credits, loans and debt securities are subsequently valued at the amortised cost with the application of the effective interest rate method.
The costs related to a loan or credit and the discounts or bonuses obtained upon the settlement of a liability are taken into account in the determination of the amortised cost.
Profits and losses are recognised in the income statement on the derecognition of a liability from the balance sheet, and also as a result of the calculation of an allowance.

9.17 Trade and other liabilities

Liabilities are a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

Financial and non-financial liabilities measured at the fair value through profit or loss are measured as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate). In the case of short-term liabilities with the term of payment up to 360 days, that valuation corresponds to the sum due.

Liabilities not classified as financial liabilities are measured at the amount required to be paid.

9.18 Provisions

Provisions are created when the Company has the obligation (legal or customarily expected) stemming from past events and when it is likely that meeting such obligation will cause the outflow of economic benefits as well as when the amount of that liability may be estimated credibly. If the Company expects that the costs covered by the provision will be reimbursed, for example on the basis of an insurance agreement, such reimbursement is recognised as a separate asset but only when it is virtually certain that such reimbursement will actually take place. Costs pertaining to a provision are reported in the income statement after all reimbursements have been deducted. When the influence of the time value of money is significant, the amount of the provision is determined by discounting the projected future cash flows to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and any risk related to a given liability. If discounting has been used, an increase of the provision in relation to the passage of time is recognised as financial costs.

9.19 Accrued income from the settlement of long-term contracts

That item comprises the surplus of the invoiced revenue on construction contracts over the revenue recognised and measured by the proportion of works completed.

9.20 Revenues

Revenues are recognised in the amount in which the Company will probably obtain economic benefits related to a given transaction and when the revenue may be measured in a reliable way. Revenues are recognised after tax on goods and services (VAT), other taxes (except excise) and rebates (discounts and bonuses) have been deducted.

Revenues are measured at the fair value of the consideration received or receivable. Revenues are measured at the discounted value when the impact of the time value of money is significant (the significant impact being considered when the period over which the payment was obtained was longer than 360 days).

The criteria presented below also pertain to revenue recognition.

Sale of products and goods for resale
Revenues are recognised if the significant risk and benefits following from the ownership right of products or goods for resale were transferred to the acquirer and when the revenue may be reliably measured.

Performance of services
Revenues in relation to the performance of services, which may be reliably estimated and for which the level of performance may be specified, are recognised on the percentage of completion basis.
When the agreement value cannot be estimated in a reliable way, the revenues related to that agreement are recognised to the degree to which it is likely that the costs incurred in relation to that agreement will be covered by those revenues. The costs related to an agreement are recognised as the costs of the period in which they were incurred. If the costs of the agreement are likely to exceed the relevant revenues, the forecast loss is recognised as a cost immediately.

Revenues from long-term agreements
In the case of long-term agreements under construction contracts being performed, the revenues are recognised in conformity with the percentage of completion method. The percentage of completion of the works is measured as the ratio of the costs incurred from the conclusion of the agreement to the total costs of construction in the budget.

Interest
Interest revenue is recognised gradually as it accrues (with the effective interest rate method taken into account, that rate being the discounting rate for future cash proceeds over the estimated period of use of financial instruments) in relation to the net balance sheet value of a financial asset.

Dividends
Dividends are recognised when the shareholders' right to receive payment is established.

Rent-related revenues
Revenues related to the rental of investment property are recognised on a straight-line basis over the period of rental in relation to open agreements.

9.21 Income tax

Current tax
Current tax expense is calculated on the basis of taxable income (the taxable base) in a given financial year. The tax profit (loss) differs from the accounting profit (loss) in connection with the exclusion of revenues which are not subject to tax and of the non-allowable costs. Tax expenses are calculated on the basis of tax rates in force in a given financial year.

Deferred tax
For the requirements of financial reporting, the income tax reserve is created by way of the balance sheet liability method in relation to all temporary differences occurring as at the balance sheet date between the positive value of assets and liabilities and their balance sheet value shown in the financial statements.

The deferred tax liability is recognised in relation to all taxable temporary differences:
- except when the deferred tax liability arises as a result of the initial recognition of goodwill or of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of taxable temporary differences following from investments in subsidiaries or associates and interests in joint ventures – except when the timing of the reversal of temporary differences is controlled by the investor and when it is probable that temporary differences will not be reversed in the foreseeable future.

The deferred tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses carried forward to next years, in the amount in which it is probable that taxable income will be available, which will permit the above-mentioned differences, assets and losses to be utilised:
- except when the deferred tax assets pertaining to deductible temporary differences arise as a result of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of deductible temporary differences following from investments in subsidiaries or associates and interests in joint ventures, a deferred tax asset is recognised in the balance sheet only in the amount in which it is probable that the above temporary differences will be reversed in the foreseeable future and that taxable income will be available, which will permit the deductible temporary differences to be deducted.

The balance sheet value of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.
Income tax on items recognised directly in equity is recognised in equity, and not in the income statement.

9.22 Net earnings per share

Net earnings per share for each period is calculated by dividing net profit for a given period by the weighted average number of shares in the given reporting period.

Unless indicated otherwise, all amounts were given in thousands of zlotys

10. Information on operating segments

An operating segment is a component of an entity:

a) that engages in business activities in relation to which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
c) for which discrete financial information is available.

In accordance with the requirements of IFRS 8, operating segments shall be identified on the basis of internal reports concerning those elements of the Company, which are regularly reviewed by persons deciding on the allocation of a resource to a given segment and assessing its financial performance.

The Company's activity is focussed on one operating segment, which is the property development activity. The Company's activity is pursued in the whole territory of Poland.

11. Costs and revenues

11.1 Sales revenues

Sales revenues	**01/01/2015 -31/12/2015**	**0 1/01/2014 -31/12/2014**
Sales revenues	162 116	101 930
Proceeds from the sale of goods for resale and materials	601	388
Total sales revenues	**162 717**	**102 318**

11.2 Costs by category, including employee benefits

Costs by category	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Depreciation of fixed assets	1 224	1 375
Depreciation of intangibles	53	51
Consumption of materials and energy	31 844	28 031
External services	60 100	60 122
Taxes and charges	2 278	1 933
Costs of employee benefits, including:	12 585	11 228
- payroll	*10 277*	*8 977*
- costs of social insurances and other benefits	*2 308*	*2 251*
Other costs, including:	2 971	3 821
- costs of credit	*1 428*	*2 623*
- entertainment and advertising	*1 129*	*876*
- property and personal insurances	*176*	*148*
- business trips	*35*	*42*
- other operating costs	*203*	*132*
Total costs by category	**111 055**	**106 561**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Change in products, work in progress and accruals (+/-)	19 998	(14 036)
Costs of products for the entity's own needs (-)	(982)	-
Selling costs (-)	(4 722)	(3 720)
Administrative expenses (-)	(8 245)	(7 458)
Value of goods for resale and materials sold	588	386
Cost of sales	**117 692**	**81 733**
Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses	**130 659**	**92 911**

11.3 Other operating revenues

Other operating revenues	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit from the disposal of non-financial fixed assets	63	36
Settlement of the valuation allowances on receivables	41	-
Cancelled and time-barred liabilities	43	7
Penalties and damages received	314	314
Reimbursement of costs of court proceedings	18	-
Settlement of the provision for contentious issues	117	36
Settlement of other provisions	148	-
Other	-	1
Total other operating revenues	**744**	**394**

11.4 Other operating costs

Other operating costs	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Costs of liquidation of property, plant, equipment and intangibles	-	148
Valuation allowance for time-barred, cancelled receivables and bad debts	3	6
Provision for penalties, court costs and damages	460	396
Donations given	74	98
Penalties, fines and damages	232	31
Costs of court proceedings	33	37
Other	-	5
Total other operating costs	**802**	**721**

Unless indicated otherwise, all amounts were given in thousands of zlotys

11.5 Financial revenues

Financial revenues	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Revenues related to interest, including:	1 392	1 316
interest on bank deposits	*260*	*278*
interest on loans	*1 088*	*1 038*
interest on cash and cash equivalents	-	-
interest for late payments	*44*	-
Dividends received	477	217
Other	52	-
Financial revenues	**1 921**	**1 533**

11.6 Financial costs

Financial costs	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Interest costs, including:	977	1 135
interest on credits and borrowings	*878*	*750*
interest on finance lease	*6*	*15*
interest on debt instrument liabilities	*91*	*352*
interest on trade liabilities	*2*	-
other interest	-	*18*
Other	-	33
Financial costs	**977**	**1 168**
Net financial revenues and costs	**944**	**365**

11.7 Borrowing costs

	01/01/2015 -31/12/2015	**01/01/2014 -31/12/2014**
Borrowing costs capitalised in work in progress	1 428	1 984

Unless indicated otherwise, all amounts were given in thousands of zlotys

12. Income tax

12.1 Income tax disclosed in the statement of total income

Statement of total income	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Current income tax	**5 318**	**1 316**
Current income tax expense	5 318	1 313
Adjustments concerning current income tax from previous years	-	3
Deferred income tax	**977**	**509**
Related to the creation and reversal of temporary differences	977	509
Tax expense reported in the statement of total income	**6 295**	**1 825**

As regards income tax, the Company is subject to the general provisions of law. The Company doesn't conduct activity in a special economic zone, which would make a difference in the determination of tax burdens in relation to the general provisions of law. The tax and balance sheet year coincides with the calendar year.

12.2 Income tax recognised in equity – not applicable

12.3 Reconciliation of income tax on gross accounting profit

The reconciliation of income tax on gross accounting profit before tax as per the statutory tax rate with income tax calculated with reference to the Company's effective tax rate for the year ended on 31 December 2015 and 31 December 2014 is as follows:

	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Gross profit / (loss) from continuing operations before tax	**32 944**	**9 445**
Gross profit / (loss) before tax	**32 944**	**9 445**
Income tax with reference to the tax rate binding in Poland, 19%	6 259	1 794
Tax effect of revenues not classified as revenues in conformity with tax laws	(3 845)	1 345
Tax effect of revenues from previous years and of revenues of future periods constituting tax income of the current year	207	3
Tax effect of costs not classified as allowable costs	3 785	(1 089)
Tax effect of costs from previous years classified as allowable costs in the current year	-	(42)
Effect concerning operating lease settlements	(91)	(118)
Others	(20)	(71)
	6 295	**1 822**
Adjustments concerning previous years	**-**	**3**
Income tax disclosed in the statement of total income	**6 295**	**1 825**

Unless indicated otherwise, all amounts were given in thousands of zlotys

effective interest rate	**19,11%**	**19,32%**

12.4 Deferred income tax

01/01/2015-31/12/2015	**Status as at the beginning of the period**	**(Increases) charged to accounting profit**	**(Decreases) charged to accounting profit**	**Status as at the end of the period**
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	64	80	(64)	80
Provision for unused annual leave and retirement severance pay	103	87	(103)	87
Provision for outstanding payroll payable	55	55	(55)	55
Provision for doubtful debts	8	-	(8)	-
Provision for the balance sheet audit	7	3	(7)	3
Provision for the loss of profit in relation to price reduction	28	54	(28)	54
Questionable budget liabilities	-	33	-	33
Other	23	82	(23)	82
	288	**394**	**(288)**	**394**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	2 411	1 350	-	3 761
Interest on cash deposits and loans allowed	385	37	(235)	187
Property, plant and equipment	229		(69)	160
	3 025	**1 387**	**(304)**	**4 108**

Total provision / deferred tax assets after compensation:	**3 714**

Unless indicated otherwise, all amounts were given in thousands of zlotys

01/01/2014-31/12/2014	Status as at the beginning of the period	(Increases) charged to accounting profit	(Decreases) charged to accounting profit	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	20	63	(19)	64
Provision for unused annual leave and retirement severance pay	84	76	(57)	103
Provision for outstanding payroll payable	43	55	(43)	55
Provision for doubtful debts	13		(5)	8
Provision for the balance sheet audit	6	7	(6)	7
Provision for the loss of profit in relation to price reduction		28		28
Other	118	23	(118)	23
	284	**252**	**(248)**	**288**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	1 996	415		2 411
Interest on cash deposits and loans allowed	190	195		385
Property, plant and equipment	326		(97)	229
	2 512	**610**	**(97)**	**3 025**

Total provision / deferred tax assets after compensation: **2 737**

Unless indicated otherwise, all amounts were given in thousands of zlotys

13. Assets and liabilities relating to the Company's Welfare Fund

The Group has created the fund and made periodical deductions in the amount of the deduction from pay until the end of 2015. The Fund's objective was to subsidise the Company's welfare activity, grants allowed to its employees and other welfare costs.

The Company compensated the Fund's assets with the Company's liabilities towards the Fund as those assets do not constitute the Company's separate assets.

The table below presents the analysis of the Fund's assets, liabilities and costs.

	31/12/2015	31/12/2014
Cash at bank account of the Company's Welfare Fund	12	24
Receivables in relation to loans allowed	7	20
Total assets of the Company's Welfare Fund	19	44
Liabilities - special funds	32	53
Assets - liabilities of the Company's Welfare Fund	**(13)**	**(9)**
Allowance charged to costs in the period	142	145

On the basis of annexe No. 6 to the Remuneration Rules, INPRO SA stopped the creation of the Company's Welfare Fund on 1 January 2016. The money at the account of the Company's Welfare Fund will be spent and settled in conformity with previous rules until it has been used up. Unreconciled benefits awarded to the employees from the Company's Welfare Fund will be settled in conformity with the agreements signed.

14. Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to the Company's ordinary shareholders, by the average weighted number of the issued ordinary shares occurring in the period.
The diluted earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders (following the deduction of interest on redeemable privileged shares convertible into ordinary shares) by the average weighted number of the issued ordinary shares occurring in the period (such number having been adjusted by the impact of diluting options and diluting privileged shares convertible into ordinary ones).
The figures concerning profit and shares used for the calculation of the basic and diluted earnings per share have been presented below:

Earnings per share	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit from continuing operations	26 649	7 620
Net profit from discontinued operations	-	-
Net profit attributable to ordinary shareholders for diluted earnings per share calculation	**26 649**	**7 620**

Unless indicated otherwise, all amounts were given in thousands of zlotys

The weighted average number of issued ordinary shares used for the calculation of the earnings per share from continuing operations is presented below.

Basic earnings per share from continuing operations	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Net profit from continuing operations	26 649	7 620
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0.6656	0.1903

Diluted earnings per share	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Net profit attributable to the shareholders used for diluted earnings per share calculation	26 649	7 620
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0.6656	0.1903

15. Dividends paid and proposed

Declared and paid dividends for ordinary shares in the period:	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Dividend paid from profit for 2014	3 603	-
Dividend paid from profit for 2013	-	4 004
	3 603	**4 004**

In conformity with the resolution No. 9 Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2014 to 31 December 2014, the part of the profit in the amount of PLN 3,603 k i.e. PLN 0.10 per share was paid as a dividend to the shareholders of Inpro. The General Assembly set out 14/07/2015 as the dividend date and 28/07/2015 as the dividend payment date.

In conformity with the resolution No. 9 of 11/06/2014 of the Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2013 to 31 December 2013, the part of the profit in the amount of PLN 4,004 k i.e. PLN 0.10 per share was paid as a dividend to the shareholders of Inpro. The General Assembly set out 10/07/2014 as the dividend date and 24/07/2014 as the dividend payment date.

Unless indicated otherwise, all amounts were given in thousands of zlotys

16. Property, plant and equipment

MOVEMENT OF FIXED ASSETS 01/01/2015 – 31/12/2015	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**20**	**1 804**	**4 657**	**3 610**	**3 006**	**-**	**13 097**
b) increases (in relation to) (+)	**81**	**628**	**36**	**339**	**79**	**803**	**1 966**
- purchase	-	11	36	339	79	803	**1 268**
- other	81	617	-	-	-	-	**698**
c) decreases (in relation to) (-)	**(81)**	**(617)**	**-**	**(226)**	**-**	**-**	**(924)**
- sale	-	-	-	(226)	-	-	**(226)**
- reclassification	(81)	(617)	-	-	-	-	**(698)**
d) gross value of fixed assets as at the end of the period	**20**	**1 815**	**4 693**	**3 723**	**3 085**	**803**	**14 139**
e) accumulated amortisation (depreciation) as at the beginning of the period (-)	**(20)**	**(844)**	**(2 523)**	**(3 092)**	**(2 206)**	**-**	**(8 685)**
f) depreciation for the period (in relation to) (-)	**-**	**(79)**	**(437)**	**(113)**	**(339)**	**-**	**(968)**
- annual depreciation charge	(3)	(106)	(437)	(339)	(339)		**(1 224)**
- sale	-	-	-	226	-	-	**226**
- reclassification	3	27	-	-	-	-	**30**
g) accumulated amortisation (depreciation) as at the end of the period (-)	**(20)**	**(923)**	**(2 960)**	**(3 205)**	**(2 545)**	**-**	**(9 653)**
h) net value of fixed assets as at the beginning of the period	**-**	**960**	**2 134**	**518**	**800**	**-**	**4 412**
i) net value of fixed assets as at the end of the period	**-**	**892**	**1 733**	**518**	**540**	**803**	**4 486**

Unless indicated otherwise, all amounts were given in thousands of zlotys

COMPARATIVE DATA (PROCESSED DATA)

MOVEMENT OF FIXED ASSETS 01/01/2014 – 31/12/2014	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**80**	**2 929**	**4 789**	**3 808**	**3 225**	**1**	**14 832**
b) increases (in relation to) (+)	**-**	**-**	**38**	**114**	**14**	**-**	**166**
- purchase			38	114	14		**166**
c) decreases (in relation to) (-)	**(60)**	**(1 125)**	**(170)**	**(312)**	**(233)**	**(1)**	**(1 901)**
- sale				(312)			**(312)**
- liquidation			(170)		(233)	(1)	**(404)**
- reclassification	(60)	(1 125)					**(1 185)**
d) gross value of fixed assets as at the end of the period	**20**	**1 804**	**4 657**	**3 610**	**3 006**	**-**	**13 097**
e) accumulated amortisation (depreciation) as at the beginning of the period (-)	**(40)**	**(841)**	**(2 242)**	**(2 904)**	**(2 019)**		**(8 046)**
f) depreciation for the period (in relation to) (-)	**20**	**(3)**	**(281)**	**(188)**	**(187)**	**-**	**(639)**
- annual depreciation charge	(2)	(104)	(448)	(448)	(373)		**(1 375)**
- sale				260			**260**
- liquidation			167		186		**353**
- reclassification	22	101					**123**
g) accumulated amortisation (depreciation) as at the end of the period (-)	**(20)**	**(844)**	**(2 523)**	**(3 092)**	**(2 206)**	**-**	**(8 685)**
h) net value of fixed assets as at the beginning of the period	**40**	**2 088**	**2 547**	**904**	**1 206**	**1**	**6 786**
i) net value of fixed assets as at the end of the period	**-**	**960**	**2 134**	**518**	**800**	**-**	**4 412**

Unless indicated otherwise, all amounts were given in thousands of zlotys

COMPARATIVE DATA (PUBLISHED DATA)

MOVEMENT OF FIXED ASSETS 01/01/2014 – 31/12/2014	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**80**	**2 929**	**4 789**	**3 808**	**3 225**	**1**	**14 832**
b) increases (in relation to) (+)	**-**	**-**	**38**	**114**	**14**	**-**	**166**
- purchase			38	114	14		**166**
c) decreases (in relation to) (-)	**-**	**-**	**(170)**	**(312)**	**(233)**	**(1)**	**(716)**
- sale				(312)			**(312)**
- liquidation			(170)		(233)	(1)	**(404)**
d) gross value of fixed assets as at the end of the period	**80**	**2 929**	**4 657**	**3 610**	**3 006**	**-**	**14 282**
e) accumulated amortisation (depreciation) as at the beginning of the period (-)	**(40)**	**(841)**	**(2 242)**	**(2 904)**	**(2 019)**		**(8 046)**
f) depreciation for the period (in relation to) (-)	**(2)**	**(104)**	**(281)**	**(188)**	**(187)**	**-**	**(762)**
- annual depreciation charge	(2)	(104)	(448)	(448)	(373)		**(1 375)**
- sale				260			**260**
- liquidation			167		186		**353**
g) accumulated amortisation (depreciation) as at the end of the period (-)	**(42)**	**(945)**	**(2 523)**	**(3 092)**	**(2 206)**	**-**	**(8 808)**
h) net value of fixed assets as at the beginning of the period	**40**	**2 088**	**2 547**	**904**	**1 206**	**1**	**6 786**
i) net value of fixed assets as at the end of the period	**38**	**1 984**	**2 134**	**518**	**800**	**-**	**5 474**

Unless indicated otherwise, all amounts were given in thousands of zlotys

The balance sheet value of all the fixed assets used as at 31 December 2015 on the basis of finance lease agreements and lease agreements with a purchase option was PLN 459 k PLN (31 December 2014: PLN 572 k PLN).

17. Investment property

In the reporting period, the Company decided to change the presentation of units leased to external entities. The change consisted in the transfer of the net value of those premises from the "Property, plant and equipment" to "Investment property" (net value as at 31/12/2014- PLN 1,062 k). The valuation remained unchanged. In relation to the change under discussion, comparative data was presented below.

	31/12/2014 processed data	31/12/2014 published data	01/01/2014 processed data	01/01/2014 published data
Property, plant and equipment	4 412	5 474	5 695	6 786
Investment property	1 062	-	1 091	-
Total	**5 474**	**5 474**	**6 786**	**6 786**

The net value of investment real estate increased in 2015 from PLN 1,062 k to PLN 1,730 k as a result of the reclassification of an apartment in inventories in relation to its designation for lease.

	31/12/2015	31/12/2014 processed data	01/01/2014 processed data
Investment property	1 730	1 062	1 091
Total	**1 730**	**1 062**	**1 091**

Unless indicated otherwise, all amounts were given in thousands of zlotys

18. Intangibles

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2015 - 31/12/2015	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period			**266**	**5**	**271**
b) increases (in relation to)	**-**	**-**	**11**	**-**	**11**
- purchase			11		11
c) decreases (in relation to)	**-**	**-**			-
- liquidation			**-**	**-**	**-**
d) gross value of intangibles as at the end of the period	**-**	**-**	**277**	**5**	**282**
e) accumulated depreciation as at the beginning of the period			**(209)**	**(5)**	**(214)**
f) depreciation for the period (in relation to) (-)	**-**	**-**	**(53)**	**-**	**(53)**
- depreciation (the annual charge)			(53)		(53)
- liquidation					-
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(262)**	**(5)**	**(267)**
j) net value of intangibles as at the beginning of the period	**-**	**-**	**57**	**-**	**57**
k) net value of intangibles as at the end of the period	**-**	**-**	**15**	**-**	**15**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2014 - 31/12/2014	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period			**382**	**5**	**387**
b) increases (in relation to)	**-**	**-**	**29**	**-**	**29**
- purchase			29		29
c) decreases (in relation to)	**-**	**-**	**(145)**	**-**	**(145)**
- liquidation			(145)		(145)
d) gross value of intangibles as at the end of the period	**-**	**-**	**266**	**5**	**271**
e) accumulated depreciation as at the beginning of the period			**(304)**	**(4)**	**(308)**
f) depreciation for the period (in relation to) (-)	**-**	**-**	**95**	**(1)**	**94**
- depreciation (the annual charge)			(50)	(1)	(51)
- liquidation			145		145
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(209)**	**(5)**	**(214)**
j) net value of intangibles as at the beginning of the period	**-**	**-**	**78**	**1**	**79**
k) net value of intangibles as at the end of the period	**-**	**-**	**57**	**-**	**57**

Unless indicated otherwise, all amounts were given in thousands of zlotys

19. Shares in related entities

Specification of shares in related entities as at the balance sheet date of 31/12/2015

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	72.00%	72.00%	6 812
2.	Dom Zdrojowy Sp. z o.o.	Jastarnia, ul. Tadeusza Kościuszki 2A	Hotel services	100.00%	100.00%	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	59.57%	59.57%	13 926
4.	Hotel Mikołajki Sp. z o.o.	Mikołajki, Aleja Spacerowa 11	Hotel services	100.00%	100.00%	15 784*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Sanitary and heating installations	76.92%	76.92%	2 183
						57 825

* The total capital employment of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions provided in 2015

Unless indicated otherwise, all amounts were given in thousands of zlotys

Specification of shares in related entities as at the balance sheet date of 31/12/2014

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o. (previous name Rugby Prefabrykaty Sp. z o.o.)	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	51.00%	51.00%	3 549
2.	Dom Zdrojowy Sp. z o.o.	Gdańsk, ul. Piastowska 1 The principal place of business is in the hotel at the following address: Jastarnia, ul. Kościuszki 2	Hotel services	100.00%	100.00%	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	51.00%	51.00%	13 471
4.	Hotel Mikołajki Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8. The activity is pursued in Mikołajki, al.Spacerowa 11	Hotel services	100.00%	100.00%	15 785
						51 925

Change in shares held in related entities in 2015:

a) On 06/11/2014 the Extraordinary General Meeting of inBet Sp. z o.o. (the company still acting under the business name of RUGBY Prefabrykaty Sp. z o.o.) adopted resolution No. 2/2014 under which that company's share capital was increased from PLN 5,331,200 to PLN 6,331,192, i.e. by the sum of PLN 999,992, by way of creation of 17,857 new shares of the nominal value of PLN 56 each, with the exclusion of the right of priority of a shareholder, A. Meronk, to subscribe for the newly created shares. INPRO S.A. subscribed for all the newly created shares in the increased share capital of inBet Sp. z o.o. and covered those shares by cash. Following the registration of the capital increase, the number of the shares held by the INPRO SA in inBet Sp. z o.o. is 66,409 shares (58.74% of the share capital). The increase of the capital was registered by the National Court Register on 16/02/2015.

b) On 14/05/2015 the Extraordinary General Meeting of inBet Sp. z o.o. adopted resolution under which that company's share capital was increased from PLN 6,331,192 to PLN 9,331,168 i.e. by the sum of PLN 2,999,976, by way of creation of 53,571 new shares of the nominal value of PLN 56 each, with the exclusion of the right of priority of a shareholder, A. Meronk, to subscribe for the newly created shares INPRO S.A. subscribed for all the newly created shares in the increased share capital of inBet Sp. z o.o. and covered those shares by cash. Following the registration of the capital increase, the number of the shares held by the INPRO SA in inBet Sp. z o.o. is 119,980 shares (72 % of the share capital). The increase of the capital was registered by the National Court Register on 17/06/2015.

c) On 27/05/2015 the sale agreement was concluded under which INPRO S.A. bought from Mr Cyprian Maj 20 shares of the nominal value of PLN 800 each in Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o. As a result of the transaction, INPRO SA holds in PB DOMESTA Sp. z o.o. 224 shares of the total value of PLN 179,200, that amount constituting 59.57 % of the share capital. The change of the structure of shares was registered by the National Court Register on 27/08/2015.

Unless indicated otherwise, all amounts were given in thousands of zlotys

d) On 01/07/2015 INPRO SA entered into three purchase agreements for the total of 270 shares in Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. with its registered office in Gdańsk. On the basis of the signed agreements INPRO SA purchased 90 shares at the nominal value of PLN 200 each from each of the members of the Management Board of INPRO S.A., that is from Mr Piotr Stefaniak, Mr Krzysztof Maraszek and Mr Zbigniew Lewiński. After the purchase of the shares, INPRO S.A. holds in PI ISA Sp. z o.o. the total of 270 shares of the nominal value of PLN 54,000, such shares granting jointly 76.92 % of the capital of that entity (PLN 80,000). The purchase agreement was registered in the National Court Register on 07/09/2015.

e) On 09/07/2015 the Extraordinary General Meeting of Hotel Mikołajki Sp. z o.o., on the basis of resolution No. 5/2015, imposed the obligation on the sole shareholder (that is INPRO SA) to contribute a returnable additional payment to capital in the amount of PLN 2,227.48 per share held, that is the total sum of PLN 35,149,634.40. The additional payments contributed on 09/07/2015 were designated for the repayment of outstanding liabilities in relation to unpaid invoices for the main contracting of the construction of the hotel in Mikołajki and for the repayment of subordinate loans granted by INPRO SA.

f) On 17/09/2015 the Extraordinary General Meeting of inBet Sp. z o.o adopted a resolution under which that company's share capital was increased from PLN 9,331,168 to PLN 9,695,672, i.e. by the amount of PLN 364,504, by way of creation of 6,509 new shares of the nominal value of PLN 56 each. New shares were subscribed for in the following way: INPRO SA subscribed for 4,687 shares of the total value of PLN 262,472, and Mr Andrzej Meronk subscribed for 1,822 shares of the total value of PLN 102,032. The capital was covered by cash and subscribed for by INPRO SA and Mr Andrzej Meronk as appropriate with regard to the shares subscribed for. After the registration of the capital increase, the number of shares held by INPRO SA in the company is 124,667 shares, which continue to constitute 72 % of the share capital. The resolution was registered in the National Court Register on 04/11/2015.

Securities on shares in subsidiaries:

	01/01/2015 -31/12/2015	**01/01/2014 -31/12/2014**
Securities on shares in subsidiaries	15 780	15 780
Total	**15 780**	**15 780**

I Registered pledge of 05 September 2011 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 15,582 k for the following credit agreements:
- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 137,617 k;
Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:
1. The satisfaction of the Pledge's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public
2. Waiver by the Pledge of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

II Registered pledge of 23 May 2013 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 198 k for the following credit agreements:
- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 72,428 k;
Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:

Unless indicated otherwise, all amounts were given in thousands of zlotys

1. The satisfaction of the Pledge's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public
2. Waiver by the Pledge of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

20. Other financial assets

Other financial assets (long-term)	**31/12/2015**	**31/12/2014**
Loans allowed	3 486	32 128
Returnable additional contribution to equity of subsidiary	35 150	-
	38 636	**32 128**

Other financial assets (short-term)	**31/12/2015**	**31/12/2014**
Loans allowed	1 726	1 371
Short-term deposits – funds on trust accounts*	7 456	9 178
Total other financial assets	**9 182**	**10 549**

* applicable to payments made by the customers on the basis of property development agreements

21. Inventory

Inventory	**31/12/2015**	**31/12/2014**
Materials at the price of acquisition	37	45
Work in progress at the cost of manufacture	46 915	72 919
Finished products at the cost of manufacture	44 704	38 820
Goods for resale at the price of acquisition	100 284	80 094
Total	**191 940**	**191 878**

Mortgages to secure existing and future claims and ordinary mortgages to secure credit repayment are established on inventory (land in perpetual usufruct recorded in commodities). Details of securities: see note 27 in additional information.

The cost of inventories included in the costs of the current accounting period for continuing operations was PLN 117,692 k. After a period exceeding 12 months it is expected that approximately PLN 104 m of inventories will be recovered.

Unless indicated otherwise, all amounts were given in thousands of zlotys

The value of the borrowing costs capitalised in work in progress in the current period was presented in note 11.7.
In 2015 the Company made a revaluation deduction on the value of parking spaces in buildings A and B at the City Park project in relation to bringing them down to the net selling prices. The amount of the deduction was PLN 284 k. In 2014 the Company did not make any inventory revaluation deduction.

Obsolescence allowances on inventory	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Obsolescence allowances on inventory as at the beginning of the period	**-**	**-**
Obsolescence allowance made	284	-
Obsolescence allowance reversed	-	-
Obsolescence allowances on inventory as at the end of the period	**284**	**-**

22. Trade and other receivables

	31/12/2015	**31/12/2014**
Receivables from related entities	**2 632**	**9 264**
Gross value of trade receivables	2 580	9 264
Other receivables	52	-
Receivables from other entities	**7 035**	**3 944**
Gross value of trade receivables	5 778	2 793
Receivables from the budget other than current income tax	164	367
Advances on inventory	1 093	732
Other non-financial receivables	-	52
Gross receivables	**9 667**	**13 208**
Valuation allowance on receivables	**-**	**(41)**
Short-term prepayments, including:	**120**	**118**
- subscription of periodicals	5	5
- computer software, domains and licences	16	4
- costs of insurances	70	66
- advertising	24	26
- other prepayments	5	17

Unless indicated otherwise, all amounts were given in thousands of zlotys

Total receivables (net)	**9 787**	**13 285**

The conditions of transactions with related entities are presented in item 33 of additional information.

Trade accounts receivable are not interest-bearing and their time-limit for payment is usually 30 days.
Trade and other receivables are valued as at the amortised cost with the application of the effective interest rate, with valuation allowances on receivables taken into account. The book value of receivables is close to their fair value. Trade receivables with the maturity date below 360 days from the date on which they arise are not subject to discounting.

The description of risks relating to trade and other receivables and the Company's policy concerning the management of those risks was presented in item 35 of additional information.

23. Total cash and cash equivalents

The balance of cash and cash equivalents shown in the statement of the financial position and in the cash flow statement consisted of the following items as at 31/12/2015:

	31/12/2015	31/12/2014
Cash in bank and at hand	3 904	8 887
Cash at bank deposits (without overnight)	14 012	20 000
Total cash and cash equivalents	**17 916**	**28 887**

	31/12/2015	31/12/2014
Cash in PLN	17 916	28 887
Total cash and cash equivalents	**17 916**	**28 887**

Free cash is accumulated at bank accounts and invested in fixed-time and overnight deposits. The Company obtains both variable and fixed interest rates on cash.

Cash at bank and in hand bears interest in accordance with variable interest rates, which depend on the interest rate on one day bank deposits. Short-term deposits are made for various periods ranging from one day to six months depending on the Company's current demand for cash. Deposits bear interest in accordance with interest rates fixed for them The fair value of cash and cash equivalents as at 31 December 2015 is 17,916 k zlotys (31 December 2014: PLN 28,887 k).
As at 31 December 2015 the Company had unused credit (working capital credits for property development projects) in the amount of 50,595 k zlotys and an open credit line in the amount of 10,000 k zlotys (31 December 2014: 35,413 k zlotys and an open credit line in the amount of 10,000 k zlotys). These funds will be used as the construction works progress.

Unless indicated otherwise, all amounts were given in thousands of zlotys

24. Explanatory note to the cash flow statement

No.	Item	Change in the period 01/01/2015 -31/12/2015
1.	Balance sheet change in provisions	787
2.	Change in provisions in the cash flow statement	(190)
3.	Difference	(977)
4.	Explanation of the difference:	(977)
-	Change in provisions in relation to CIT	(977)
1.	Balance sheet change in prepayments	-
2.	Change in prepayments in the cash flow statement	-
3.	Difference	-
1.	Balance sheet change in inventory	(62)
2.	Change in inventory in the cash flow statement	(760)
3.	Difference	(698)
	Explanation of the difference:	(698)
-	Finished products reclassified to "investment property" item	(617)
-	Goods for resale at the price of acquisition reclassified to "investment property" item	(81)
1.	Balance sheet change in net long and short-term receivables	4 174
2.	Change in receivables in the cash flow statement	3 532
3.	Difference	(642)
4.	Explanation of the difference:	(642)
-	change in receivables in relation to the transfer of fixed assets, fixed assets under construction and intangibles	(51)
-	change in receivables in relation to CIT	(591)
1.	Balance sheet change in long and short-term liabilities and accruals	(27 175)
2.	Change in long and short-term accruals in the cash flow statement	10 923
3.	Difference	38 098
4.	Explanation of the difference:	38 098
-	change in short and long-term loans and credits	16 909
-	change in liabilities in relation to CIT	(610)
-	change in liabilities in relation to finance lease	170
-	change in liabilities in relation to the acquisition of fixed assets, fixed assets under construction and intangibles	(496)
-	change of advances on separate revenue accounts	1 722
-	change in liabilities in relation to the issue of securities representing no right to equity	20 403
1.	Balance sheet change in cash	(10 971)
2.	Change in cash in the cash flow statement	(10 971)
3.	Difference	-

Unless indicated otherwise, all amounts were given in thousands of zlotys

25. Share and other capital

25.1 Share capital

As at:	31/12/2015	31/12/2014
Registered share capital	4 004	4 004

SHARE CAPITAL AS AT 31/12/2015						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

SHARE CAPITAL AS AT 31/12/2014						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

The shareholding structure was described in detail in note No. 2 in Additional Information

Nominal share value

All the issued shares have the nominal value of PLN 0.10 and were fully paid for.

Shareholders' rights

Series A and B shares have one vote per share. The shares are equally preferred as to the dividend and return from equity.

25.2 Supplementary capital

Supplementary capital was created from profits from previous years in conformity with resolutions adopted by the shareholders and from the issue of shares above their nominal value.

Unless indicated otherwise, all amounts were given in thousands of zlotys

25.3 Other capital

The revaluation reserve from financial assets available for sale – not applicable.

The reserve related to exchange gains/losses from the conversion of subordinate units – not applicable.

25.4 Retained profits and restrictions on capital

On the basis of § 396 of the Commercial Companies Code, INPRO SA is obliged to maintain retained profit (the so-called reserve capital) up to 1/3 of the share capital only for the financing of possible financial losses.
As at 31/12/2015, retained profit exceeded the value of the share capital many times and amounted to PLN 222,120 k.

26. Provisions

26.1 Change in provisions

01/01/2015 -31/12/2015	Retirement and other post-employment benefits	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total**
Status as at the beginning of the period	**147**	**398**	**329**	**1 302**	**2 176**
Increase (+)	36	410	94	872	**1 412**
Decrease (-)		(300)		(1 302)	**(1 602)**
Status as at the end of the period	**183**	**508**	**423**	**872**	**1 986**

01/01/2014 -31/12/2014	Retirement and other post-employment benefits	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total**
Status as at the beginning of the period	**154**	**38**	**99**	**1 105**	**1 396**
Increase (+)		396	329	1 302	**2 027**
Decrease (-)	(7)	(36)	(99)	(1 105)	**(1 247)**
Status as at the end of the period	**147**	**398**	**329**	**1 302**	**2 176**

Time structure of provisions	**31/12/2015**	**31/12/2014**
Long-term	183	147
Short-term	1 803	2 029
Total provisions	**1 986**	**2 176**

26.2 Retirement severance pay

The Company pays retiring employees retirement severance pay in the amount set out by the Labour Code.
The Company does not separate assets which could be used to settle the retirement severance pay in the future. The Company creates a provision for future retirement severance pay liabilities to allocate the costs to the periods concerned.

Unless indicated otherwise, all amounts were given in thousands of zlotys

The provision is revised two times a year- at half-year and at the end of a financial year.
For the purpose of the update of the provision the Company took the available inflation forecasts, the analysis of the increase of the minimum pay ratios and the projected profitability of highly liquid securities.

The main assumptions taken by the Company as at the balance sheet date and for the years ended on 31 December 2015 and 31 December 2014 for the calculation of the liability are as follows:

	31/12/2015	31/12/2014
Discount rate	2.5%	3%
Estimated salary growth rate	0%	0%

26.3 Employment termination benefits

In the event of employment termination, Group employees are entitled to benefits prescribed by the provisions of labour law in force in Poland, such benefits including the annual leave equivalent and indemnities in relation to the non-competition obligations.
The amount of the provision for the unused vacation leave equivalent is revised on the last day of the financial year and on the last day of the half-year of a given financial year.

Provisions for other employment termination benefits are created upon the expiry of the employment relationship.

26.4 Other provisions

That item is composed of, among other things, the following provisions:

- for unused vacation leave (274 k PLN)
- for the audit of the financial statements (16 k PLN)
- for the construction costs invoiced in 2016, concerning premises delivered in 2015 (582 k PLN)

27. Interest-bearing bank credits, loans, issued bonds and liabilities relating to finance lease

Long-term financial liabilities	**31/12/2015**	**31/12/2014**
Liabilities in relation to finance lease and lease agreements with a purchase option	-	49
Loans and credits	8 839	22 383
Total	**8 839**	**22 432**

Short-term financial liabilities	**31/12/2015**	**31/12/2014**
Liabilities in relation to finance lease and lease agreements with a purchase option	49	170
Loans and credits	16 828	20 193
Short-term bonds	-	20 403
Total	**16 877**	**40 766**

There were no cases of violation of credit agreements in the periods covered by these financial statements.

Unless indicated otherwise, all amounts were given in thousands of zlotys

Liabilities of INPRO SA in relation to credits as at 31/12/2015

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage			Other securities
					Mortgage	Object	Location	
Alior Bank SA	PLN	10 000	179	18/09/2016	Mortgage up to the sum of PLN 15,000 k	GD1G/00260693/7 and on the share in: GD1G/00256721/2, GD1G/00257490/0	Gdańsk, ul. Jasieńska	power of attorney to accounts, power of attorney to accounts and to sell real estate if credit is not repaid, security assignment, silent assignment of claims from preliminary sale agreements
Alior Bank SA	PLN	4 300	1 672	06/02/2017	Mortgage up to the sum of PLN 6,450 k	GD1G/00261401/1	Gdańsk, al. Rzeczpospolitej	power of attorney to accounts, silent assignment of claims from the sale agreements regarding single-family houses, stages D and H
Alior Bank SA	PLN	8 200	2 389	28/04/2017	Mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA CDF Gdańsk	PLN	5 473	-	10/06/2018	Mortgage up to the sum of PLN 8,210 k	GD1G/00087942/1	Gdańsk, ul. Olsztyńska 1A	unconfirmed transfer of cash claims in relation to sale agreements for premises being credited, power of attorney to accounts, confirmed transfer of a cash claim under real property insurance, power of attorney for the bank to sell the premises credited in the case of the lack of payment
Consortium SGB Bank SA BS in Tczew	PLN	11 000	1 428	30/09/2016	Two mortgages up to the sum of PLN 9,350 k each	GD1G/00268665/8	Gdańsk, ul. Jasieńska	security assignment, 2 blank promissory notes, power of attorney to accounts, assignment of rights from claims from the current account
Consortium SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo	PLN	8 000	4 941	30/09/2017	Two mortgages- up to the sum of 7,200 k and up to the sum of 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account

Unless indicated otherwise, all amounts were given in thousands of zlotys

Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	5 000	4 900	31/12/2016	Two mortgages- up to the sum of PLN 7,000 k, and up to the sum of PLN 3,000 k	GD1G/00268666/5	Gdańsk, ul. Jasieńska	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Pruszcz Gdański	PLN	5 000	3 226	31/12/2016	Two mortgages up to the sum of PLN 5,000 k each	GD1G/00268666/5	Gdańsk, ul. Jasieńska	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
mBank SA	PLN	34 600	6 932	29/12/2017	Mortgage up to the sum of PLN 51,900 k	GD1G/00065617/4	Gdańsk, ul. Szczecińska	assignment of rights under an insurance policy, blank promissory note, statement on submission to enforcement
mBank SA	PLN	24 300	-	29/12/2017	Mortgage up to the sum of PLN 36,450 k	GD1G/00064314/3	Gdańsk, ul. Chmielna	assignment of rights under an insurance policy, blank promissory note
Total credit liabilities			**25 667**					

Open credit lines as at 31/12/2015

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
PKO BP	PLN	10 000	-	2/12/2016	mortgage up to the sum of PLN 15,000 k	GD1G/00068140/0 Gdańsk-North District Court	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
			-					

Unless indicated otherwise, all amounts were given in thousands of zlotys

Liabilities of INPRO SA in relation to credits as at 31/12/2014

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
PKO BP	PLN	25 474	3 955	31/12/2016	mortgage up to the sum of PLN 38,211 k	GD1G/00064314/3 Gdańsk-North District Court	Gdańsk, ul. Chmielna 73	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
Alior Bank SA	PLN	10 000	2 461	18/09/2016	mortgage up to the sum of PLN 15,000 k	GD1G/00260693/7 and on the share in: GD1G/00256721/2, GD1G/00257490/0	Gdańsk, ul. Jasieńska	power of attorney to accounts, power of attorney to accounts and to sell real estate if credit is not repaid, security assignment, silent assignment of claims from preliminary sale agreements
Alior Bank SA	PLN	4 300	3 105	06/02/2017	mortgage up to the sum of PLN 6,450 k	GD1G/00261401/1	Gdańsk, al. Rzeczpospolitej	power of attorney to accounts, silent assignment of claims from the sale agreements regarding single-family houses, stages D and H
Alior Bank SA	PLN	8 200	3 884	28/04/2017	mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
SGB Bank SA	PLN	9 500	9 300	31/12/2015	mortgage up to the sum of PLN 12,350 k	GD1G/00150959/6	Gdańsk, ul. Jasieńska	power of attorney to accounts, security assignment, blank promissory note
Banking consortium (SGB Bank SA BS w Tczewie)	PLN	11 000	5 686	30/09/2016	two mortgages up to the sum of PLN 9,350 k each	GD1G/00150959/6	Gdańsk, ul. Jasieńska	security assignment, 2 blank promissory notes, power of attorney to accounts, assignment of rights from claims from the current account
Banking consortium (SGB Bank SA Kaszubski Bank Spółdzielczy w Wejherowie)	PLN	8 000	7 765	30/09/2017	two mortgages- up to the sum of PLN 7,200 k and up to the sum of PLN 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Banking consortium (BPS SA PBS w Kwidzynie)	PLN	15 000	6 420	30/09/2016	mortgage up to the sum of PLN 25,500 k	GD1G/00145988/0	Gdańsk, ul. Jana Pawła II	assignment of future claims under agreements for the sale of premises, blocking of funds at the auxiliary account, security assignment, power of attorney to accounts, 2 blank promissory notes, statement on subjection to enforcement

Unless indicated otherwise, all amounts were given in thousands of zlotys

Total credit liabilities	**42 576**	

Open credit lines as at 31/12/2014

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
PKO BP	PLN	10 000	-	2/12/2015	mortgage up to the sum of PLN 15,000 k	GD1G/00068140/0 Gdańsk-North District Court	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
			-					

Unless indicated otherwise, all amounts were given in thousands of zlotys

28. Liabilities relating to finance lease agreements and lease agreements with a purchase option

Nominal value of minimum lease payments	31/12/2015	31/12/2014
Within 1 year	49	170
Within 1 to 3 years	-	49
Total liabilities related to finance lease - total minimum lease payments	**49**	**219**
Financial costs in relation to finance lease	6	15

As at the balance sheet date, the Company had the following liabilities relating to lease agreements:

Financing party	Object of the agreement	Agreement number	Initial value in thousands of PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
BGŻ Leasing Spółka z o.o.	Two Liebherr 71 EC-B 5 tower cranes	3859/10/BG	464	2015/12/15	1	1	-
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	242	2016/08/31	48	48	-
					49	**49**	**-**

Liabilities of INPRO SA in relation to lease agreements as at 31/12/2014:

Financing party	Object of the agreement	Agreement number	Initial value	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
BGŻ Leasing Spółka z o.o.	Two Liebherr 71 EC-B 5 tower cranes	3859/10/BG	464	15/12/2015	103	103	-
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	242	31/08/2016	116	67	49
					219	**170**	**49**

Unless indicated otherwise, all amounts were given in thousands of zlotys

29. Trade and other liabilities

Long-term liabilities	31/12/2015	31/12/2014
Long-term liabilities in relation to related entities	**163**	**186**
Trade liabilities	163	186
Long-term liabilities in relation to other entities	**2 245**	**1 977**
Trade liabilities	1 745	1 977
Other liabilities	500	-
Total trade and other long-term liabilities	**2 408**	**2 163**

Short-term liabilities	31/12/2015	31/12/2014
Short-term liabilities in relation to related entities	**833**	**1 095**
Trade liabilities	833	945
Other non-financial liabilities	-	150
Short-term liabilities in relation to other entities	**69 525**	**59 885**
Trade and other liabilities	29 614	8 297
Payroll payable	259	238
Liabilities towards the state budget other than current income tax	686	544
Advances received	38 585	50 600
Other liabilities	381	206
Total short term trade and other liabilities	**70 358**	**60 980**

Total trade and other liabilities	**72 766**	**63 143**

The conditions of transactions with related entities are presented in item 33 of additional information.
Trade liabilities are not interest-bearing and are usually settled within 30-day periods.
Other liabilities are not interest-bearing and their average payment term is usually 1 month.
The amount following from the difference between value added tax receivable and payable is paid to the competent tax authorities in the required periods.

Unless indicated otherwise, all amounts were given in thousands of zlotys

30. Long-term contracts

In the reporting period, INPRO SA pursued one long-term contract – the construction of a covered link building between the part of the Mikołajki Hotel on the Island and the hotel section at the Peninsula.

The costs relating to the performance of that contract are shown in the statement of total income at their actual amount.

The revenues relating to the performance of that contract are shown in the statement of total income in conformity with the "no profit" method.

	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014	Cumulative to 31/12/2015
Revenues as per percentage of completion (shown in the statement of total income)	1 112	83	**1 195**
Invoiced revenues	1 269	-	**1 269**
Difference	(157)	83	**(74)**
Costs incurred	1 112	83	**1 195**

31. Contingent liabilities and receivables

31.1 Other contingent liabilities

Continent liabilities	31/12/2015	31/12/2014
Surety for a bill of exchange	5 348	-
Other contingent liabilities	36 214	36 214
Total contingent liabilities	**41 562**	**36 214**

Contingent liabilities as at 31/12/2015:

1. Unconditional subordinate loan enhancement agreement for Hotel Mikołajki sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credits awarded by that Bank. Surety for the non-revolving working capital credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 5 September 2011.
(credit obtained by Hotel Mikołajki Sp. z o.o., the debt as at 31/12/2015 is PLN 26,791 k).

2. Joint and severable civil law surety given by INPRO S.A. for the liabilities of Hotel Mikołajki Sp. z o.o. in relation to investment credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, such a surety granted on the basis of Annexe No. 4 of 25/06/2015.

3. Surety for a bill of exchange granted by INPRO S.A. for the liabilities of inBet Sp. z o.o. under operating lease agreement No. 38/0211/15 of 10/07/2015 of PLN 5,348 k signed with PEKAO Leasing Sp. z o.o.

Unless indicated otherwise, all amounts were given in thousands of zlotys

Contingent liabilities as at 31/12/2014:

1. Unconditional subordinate loan enhancement agreement for Hotel Mikołajki sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credits awarded by that Bank. Surety for the non-revolving working capital credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 5 September 2011.
(credit obtained by Hotel Mikołajki Sp. z o.o., the debt as at 31/12/2014 is PLN 29,462 k).

31.2 Contingent receivables

Contingent receivables	31/12/2015	31/12/2014
Guarantees received	379	203
Total contingent receivables	**379**	**203**

31.3 Investment liabilities

Investment liabilities in relation to the payment for the purchased fixed assets were PLN 500 k net, as at 31 December 2014- PLN 4 k net.

31.4 Significant court cases

The Company was not a party to significant court proceedings as at 31 December 2015.

31.5 Tax settlements

Tax settlements and other areas of activity subject to the regulations (e.g. customs or foreign currency matters) may be inspected by administrative bodies authorised to impose high penalties and other sanctions. The lack of reference to established legal provisions in Poland causes ambiguities and inconsistencies in the binding legal provisions. Frequent differences in opinions about the legal interpretation of tax provisions both within state bodies and between them and enterprises cause the rise of uncertainty and conflict areas. Those phenomena cause the tax risk in Poland to be significantly higher than that existing in countries with a more developed tax system.
Tax settlements may be the subject to inspection for a five year period from the end of a year in which tax was paid. As a result of inspections, the Company's previous tax settlements may be increased by additional tax liabilities.

32. Securities established on Company's assets

Securities established on the Company's assets - the fair value	31/12/2015	31/12/2014
- on fixed assets	30 780	30 780
- on current assets	136 350	140 511
Total	**167 130**	**171 291**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Securities established on the Company's assets as at 31 December 2015 and as at 31 December 2014:

Securities on fixed assets

1. Registered pledges on INPRO's shares in Hotel Mikołajki Sp. z o.o. as described in detail in note No. 35.6 "Credit risk" for the total amount of PLN 15,780 k

2. Contractual mortgage up to PLN 15,000 k in favour of PKO BP on the share of INPRO S.A. in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego street

(legal security for the repayment of the revolving working capital overdraft, details in current report No. 44/2014 of 04/12/2014).

Securities on current assets

This item concerns legal securities established on current assets.
A schedule of mortgages established on current assets as at 31 December 2015 totalling PLN 136,350 k and as at 31 December 2014 totalling PLN 140,511 k is in note No. 27.

33. Information about related entities

33.1 Transactions with related entities

The following table presents the total amounts of transactions effected with related entities for the financial years 2015 and 2014.

Revenues from sales to a related entity (products, services, goods for resale, materials and other revenues)	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
inBet Sp. z o.o.	689	422
Dom Zdrojowy Sp. z o.o.	100	4
P.B. Domesta Sp. z o.o.	4	1
Hotel Mikołajki Sp. z o.o.	1 198	1 715
Isa Sp. z o.o.	73	79
Hotel Oliwski Sp. z o.o.	-	1
Inpro Management s.c.	1	2
Transactions with the members of the Management Board	293	-
Total	**2 358**	**2 224**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Purchase from a related entity	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
inBet Sp. z o.o.	5 831	5 045
Dom Zdrojowy Sp. z o.o.	75	202
Hotel Mikołajki Sp. z o.o.	194	2
Isa Sp. z o.o.	5 088	6 576
Hotel Oliwski Sp. z o.o.	-	3
Inpro Management s.c.	1 426	1 955
Total	**12 614**	**13 783**

The data in the table concerning the sales by INPRO SA to Hotel Mikołajki Sp. z o.o. were presented by long-term contracts.

Sales of INPRO SA as per invoices	1/1/2015 -31/12/2015	1/1/2014 -31/12/2014
Buyer: Hotel Mikołajki Sp. z o.o.	1 355	1 633

Loans granted by Inpro SA	1/1/2015 -31/12/2015	1/1/2014 -31/12/2014
To related entities:		
Dom Zdrojowy Sp. z o.o.	5 212	7 154
Hotel Mikołajki Sp. z o.o.	-	26 345
Total loans granted to related entities	**5 212**	**33 499**

Receivables from related entities

	31/12/2015	31/12/2014
Trade receivables - up to 12 months	**2 145**	**8 836**
inBet Sp. z o.o.	123	431
Dom Zdrojowy Sp. z o.o.	17	-
Hotel Mikołajki Sp. z o.o.	2 003	8 397
Isa Sp. z o.o.	2	8
Trade receivables - over 12 months	**436**	**428**
Hotel Mikołajki Sp. z o.o.	436	428
Other receivables- up to 12 months	**52**	**-**
inBet Sp. z o.o.	8	-
Hotel Mikołajki Sp. z o.o.	44	-
Total short-term receivables	**2 633**	**9 264**
inBet Sp. z o.o.	131	431
Dom Zdrojowy Sp. z o.o.	17	-
Hotel Mikołajki Sp. z o.o.	2 483	8 825
Isa Sp. z o.o.	2	8

Unless indicated otherwise, all amounts were given in thousands of zlotys

Liabilities towards related entities

	31/12/2015	31/12/2014
Trade liabilities - up to 12 months	**833**	**945**
inBet Sp. z o.o.	346	253
Dom Zdrojowy Sp. z o.o.	-	-
Hotel Mikołajki Sp. z o.o.	-	-
Isa Sp. z o.o.	487	692
Trade liabilities - over 12 months	**163**	**186**
inBet Sp. z o.o.	18	5
Isa Sp. z o.o.	145	181
Other liabilities up to 12 months	**-**	**150**
Dom Zdrojowy Sp. z o.o.	-	150
Total short-term liabilities	**996**	**1 281**
inBet Sp. z o.o.	364	258
Dom Zdrojowy Sp. z o.o.	-	150
Hotel Mikołajki Sp. z o.o.	-	-
Isa Sp. z o.o.	632	873

33.2 Conditions of transactions with related entities

Transactions with related entities are effected on terms and conditions equivalent to those binding in transactions with other entities.

33.3 Loan allowed to a member of the Management Board

The Company did not give loans to the members of the Management Board.

33.4 Remuneration of the Company's senior management

The remuneration of the Company's senior management comprises:

Remuneration paid to senior management (with surcharges)	0 1/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Management Board	**2 476**	**1 955**
-Short-term employee benefits	2 476	1955
Supervisory Board	**108**	**58**
-Short-term employee benefits	108	58
Retirement severance pay	**772**	**725**
-Short-term employee benefits	772	725
-Retirement severance pay	-	-
-Benefits related to employment relationship termination	-	-
Benefits related to employment relationship termination	**3 356**	**2 738**

33.5 Participation of senior management in the employee share programme

Unless indicated otherwise, all amounts were given in thousands of zlotys

Not applicable.

34. Purposes and objectives of financial risk management

The main financial instruments used by the Company include bank credits, loans, finance lease agreements, lease agreements with a purchase option, cash and short-term deposits. The main purpose of those financial instruments is to obtain funds for the Company's activity. The Company also has other financial instruments such as trade receivables and liabilities which arise directly in the course of the Company's activity.

The main kinds of risk arising from the Company's financial instruments comprise the interest rate, liquidity, currency and credit risks. The Management Board reviews and agrees the principles of managing each of those kinds of risk. Those principles were briefly discussed below.

34.1 Interest rate risk

The Company has credit liabilities for which interest is computed on the basis of a variable interest rate, in relation to which there is a risk of the increase of those rates against the time when the agreement was entered into. Moreover, the Company invests free cash in investments bearing variable interest, in which case the profits from investments decrease if interest rates fall down. Information on assets and liabilities exposed to the interest rate risk was presented in the notes below.
In view of the fact that the Company had both assets and liabilities bearing variable interest (a fact which balanced the risk) in the reporting period and of insignificant fluctuations of interest rates in the past periods, as well as in view of no foreseeable sudden interest rate changes in the next reporting periods, the Company did not use interest rate hedging because it considered the interest rate risk not to be significant.
Irrespective of the present situation, the Company monitors the interest rate risk exposure and the forecast interest rates and does not exclude hedging activities in the future.

The table below shows the balance sheet value of the Company's financial instruments exposed to the interest rate risk broken down to various age categories.

01/01/2015-31/12/2015					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash and cash equivalents	14 012				14 012
Liabilities relating to finance lease and lease agreements with a purchase option	(49)				(49)
Total	**13 963**	**-**	**-**	**-**	**13 963**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash and cash equivalents	3 904				3 904
Short-term financial assets	7 456				7 456
Loans allowed	1 726	3 486			5 212
Bank credits	(16 828)	(8 839)			(25 667)
Total	**(3 742)**	**(5 353)**	**-**	**-**	**(9 095)**

Unless indicated otherwise, all amounts were given in thousands of zlotys

01/01/2014-31/12/2014					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash and cash equivalents	20 000				20 000
Liabilities relating to finance lease and lease agreements with a purchase option	(170)	(49)			(219)
Total	**19 830**	**(49)**	**-**	**-**	**19 781**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash and cash equivalents	8 887				8 887
Short-term financial assets	9 178				9 178
Loans allowed	1 371	1 940	3 843	26 345	33 499
Bank credits	(20 193)	(22 384)			(42 577)
Debt instrument liabilities	(20 403)				(20 403)
Total	**(21 160)**	**(20 444)**	**3 843**	**26 345**	**(11 416)**

The interest rate on variable interest rate financial instruments is updated in periods below one year. Interest on fixed interest financial instruments is fixed throughout the period to the maturity of those instruments. The Company's other financial instruments not covered in the tables above do not bear interest and are therefore not subject to the interest rate risk.

34.2 Foreign currency risk

The Company is not exposed to the currency conversion rate risk because of insignificant sales of products in a foreign currency and because of the coverage of the majority of the costs of production in the national currency. Moreover, all the Company's credits, loans and deposits are denominated in the national currency. The currency risk is insignificant.

No receivables in foreign currencies occurred as at the balance sheet date or 31 December 2014.

The Company had no foreign currency liabilities either as at the balance sheet date or 31 December 2014.

34.3 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies.

34.4 Market risk sensitivity analysis

As at 31 December 2015 and 31 December 2014 the Company does not have receivables and liabilities expressed in a foreign currency.

The potentially possible changes concerning the market risk were assessed by the Company as follows:
1.0% change of the PLN interest rate (an increase or decrease of that rate),
The above figures were determined on the annual basis.
The sensitivity analysis conducted by the Company takes the impact of taxation into account.
The influence of potentially possible changes on the Company's accounting profit and capital is presented in the table below:

Unless indicated otherwise, all amounts were given in thousands of zlotys

31/12/2015

Item in the financial statements	value of the item	Interest rate risk			
		impact on the result		impact on the capital	
		+100 base points	-100 base points	+100 base points	-100 base points
Short-term bank deposits	10 998	110	(110)	-	-
Credits incurred	25 667	(257)	257	-	-
Loans allowed	5 212	52	(52)		
Total increase / (decrease) before taxation		**(95)**	**95**		
the impact of taxation		**18**	**(18)**		
Total increase / (decrease) after taxation		**(77)**	**77**		

31/12/2014

Item in the financial statements	value of the item	Interest rate risk			
		impact on the result		impact on the capital	
		+100 base points	-100 base points	+100 base points	-100 base points
Short-term bank deposits	13 267	133	(133)	-	-
Debt securities issued - bonds	20 403	(204)	204		
Credits incurred	42 576	(426)	426	-	-
Loans allowed	33 499	335	(335)		
Total increase / (decrease) before taxation		**(162)**	**162**	**-**	-
the impact of taxation		**31**	**(31)**		
Total increase / (decrease) after taxation		**(131)**	**131**		

<u>1.</u> Bank deposits

<u>31/12/2015</u>

This item comprises short-term deposits (with variable interest - overnight) and interest-bearing funds on escrow accounts totalling PLN 10,998 k. Sensitivity to change by +/- 100 base points of market percentage rates in PLN +/-[PLN 10,998 k x 100 base points]= PLN 110 k

<u>31/12/2014</u>

This item comprises short-term deposits (with variable interest - overnight) and interest-bearing funds on escrow accounts totalling PLN 13,267 k.

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 13,267 k x 100 base points/] = PLN 133 k

2. Bonds

31/12/2015

-

31/12/2014

Variable interest bonds in the amount of PLN 20,403 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
[PLN 20,403 k x 100 base points] = PLN 204 k

3. Credits

31/12/2015

Variable interest credits in the amount of PLN 25,667 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
[PLN 25,667 k x 100 base points] = PLN 257 k

31.12.2014

Variable interest credits in the amount of PLN 42,576 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
[PLN 42,576 x 100 base points] = PLN 426 k

4. Loans

31/12/2015

Variable interest loans in the amount of PLN 5,212 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN

[PLN 5,212 k x 100 base points] = PLN 52 k

31/12/2014

Variable interest loans in the amount of PLN 33,499 k.

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
[PLN 33,499 k x 100 base points] = PLN 335 k

34.5 Commodity price risk

Not applicable.

34.6 Credit risk

The Company is exposed to credit risk understood as the risk of the creditors failing to meet their obligations and thus causing the Company to suffer losses. The maximum exposure to credit risk as at the balance sheet date is PLN 8,410 k (31 December 2014: PLN 12,068 k) and was estimated as the balance sheet value of trade and other receivables (without short-term accruals, advances on inventory and receivables from the budget).

Unless indicated otherwise, all amounts were given in thousands of zlotys

01/01/2015-31/12/2015			Unimpaired overdue receivables				
Age structure of receivables	Nominal value of receivables	Non-overdue receivables which did not lose their value	<30 days	31-90 days	91-180 days	181-365 days	>365 days
Trade receivables	**8 358**	6 845	114	950	17	-	432

01/01/2014-31/12/2014			Unimpaired overdue receivables				
Age structure of receivables	Nominal value of receivables	Non-overdue receivables which did not lose their value	<30 days	31-90 days	91-180 days	181-365 days	>365 days
Trade receivables	**12 016**	4 324	137	62	690	3 851	2 952

In the opinion of the Company's Management Board, no significant concentration of the credit risk occurs because the Company has many customers. The Company takes steps aiming the limitation of the credit risk, such steps consisting in: checking the customers' credit rating, fixing credit limits, monitoring the customers' situation, obtaining securities (promissory notes, letters of credit, sureties and securities on movable property and real estate). As at 31/12/2015 receivables were not secured.

In view of the above, in the opinion of the Company's Management Board, the credit risk was covered in the financial statements by way of creation of valuation allowances.

Revaluation deductions in relation to credit losses	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
As at the beginning of the period	**41**	**68**
Increases	-	-
Settling	(41)	-
Utilisation	-	(27)
As at the end of the period	**-**	**41**

Credit risk related to bank deposits, derivative instruments and other investments is considered insignificant because the Company effected transactions with companies with an established financial position.

34.7 Liquidity risk

The Company is exposed to liquidity loss risk understood as the risk of losing the capacity to pay liabilities within the specified time limits. The risk stems from the potential restriction of access to financial markets, which may result in the lack of an opportunity to obtain new finance or to refinance its debt. In the opinion of the Company's Management Board, the safe amount of cash as at the balance sheet date (note 23) available credit lines (note 27), new credit agreements signed after the balance sheet date (note 39) and the Company's good financial condition cause that the liquidity loss risk should be assessed as slight.

Cash at bank and in hand (rating grade by EuroRating):

Item in the financial statements	**31/12/2015**	**31/12/2014**
cash at bank and in hand	17 916	28 887
Other short-term financial assets (advances on separate revenue accounts)	7 456	9 178
Total	**25 372**	**38 065**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Rating grade	**31/12/2015**	**31/12/2014**
Bank with rating grade A-	19 435	34 243
Bank with rating grade BBB	5 749	2 794
Bank with rating grade BB+	169	28
Bank with rating grade BB-	-	67
Bank with rating grade CCC	10	925
Cash	9	8
Total	**25 372**	**38 065**

The analysis of financial liabilities in time intervals was presented below. The figures constitute non-discounted cash flows, which are the Company's maximum risk exposure.

Age structure of financial liabilities

01/01/2015-31/12/2015		**Liabilities mature in the period**			
Age structure of financial liabilities	**Total liabilities**	**up to 30 days**	**from 31 to 90 days**	**from 91 to 365 days**	**above 365 days (see note below)**
Trade liabilities	32 355	5 855	5 331	19 261	1 908
Loans and credits	25 667	531	2 287	14 010	8 839
Other financial liabilities	49	6	11	32	
Payroll payable	259	259			
Other liabilities	881	381			500
Total	**59 211**	**7 032**	**7 629**	**33 303**	**11 247**

Liabilities mature above 365 days	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Trade liabilities	1 711	194	3	1 908
Loans and credits	8 839			8 839
Other liabilities	500			500
Total	**11 050**	**194**	**3**	**11 247**

Unless indicated otherwise, all amounts were given in thousands of zlotys

01/01/2014-31/12/2014		Liabilities mature in the period			
Age structure of financial liabilities	**Total liabilities**	**up to 30 days**	**from 31 to 90 days**	**from 91 to 365 days**	**above 365 days (see note below)**
Trade liabilities	11 405	9 242			2 163
Debt instrument liabilities	20 403		803	19 600	
Loans and credits	42 577	20 193			22 384
Other financial liabilities	219	170			49
Payroll payable	238	238			
Other liabilities	206	206			
Total	**75 048**	**30 049**	**803**	**19 600**	**24 596**

Liabilities mature above 365 days	1-3 years	3-5 years	>5 years	Total
Trade liabilities	2 163			2 163
Loans and credits	22 384			22 384
Other financial liabilities	49			49
Total	**24 596**	**-**	**-**	**24 596**

35. Capital management

The Company manages its capital to retain the capacity to continue as a going concern with the implementation of the planned investments taken into account to be able to generate a return to the shareholders and yield benefits to the other stakeholders.
In accordance with the market practice, the Company monitors capital on the basis of, among other things, the net worth ratio and the credit, loan and other sources of finance to EBITDA ratio.
The ratio concerning the financing of assets with equity is calculated as the equity to total assets ratio. In relation to the previous year, that ratio increased by 7% to the level of 68%.

The debt to equity ratio calculated as the relationship of liabilities to equity decreased to the level of 0.46 (0.64 as at 31 December 2014).

The net worth ratio is calculated as the net value of property, plant and equipment (equity less intangibles) to the balance sheet total.

The credits, loans and other sources of finance to EBITDA ratio is calculated as the ratio of credits, loans and other sources of finance to EBITDA. Credits, loans and other sources of finance means the total liability in relation to credits, loans and leases, and EBITDA is the profit from operating activities plus depreciation.

To maintain financial liquidity and credit capacity enabling borrowing at a reasonable cost level, the Company assumes that it will maintain the net worth ratio at the level not lower than 0.4, and of the credits, loans and other sources of finance to EBITDA ratio at the level of up to 10.

Unless indicated otherwise, all amounts were given in thousands of zlotys

Equity to total assets ratio	31/12/2015	31/12/2014
Equity	226 655	203 609
Total assets	331 521	334 863
	68%	**61%**

Relationship between liabilities and equity	31/12/2015	31/12/2014
Total liabilities	104 866	131 254
Equity	226 655	203 609
	0.46	**0.64**

Net worth ratio	31/12/2015	31/12/2014
Equity less intangibles	226 640	203 552
Balance sheet total	331 521	334 863
	0.68	**0.61**

Credits, loans and other sources of finance/ EBITDA	31/12/2015	31/12/2014
Profit from operating activities	32 000	9 080
Plus: depreciation	1 277	1 426
EBITDA	**33 277**	**10 506**
Credits, loans and other sources of finance	**25 716**	**63 198**
	0.77	**6.02**

Unless indicated otherwise, all amounts were given in thousands of zlotys

36. Financial instruments

The fair value of the financial instruments held by the Company as at 31 December 2015 and 31 December 2014 did not differ considerably from the figures presented in the financial statements for the particular periods for the following reasons:
• a discounting effect, if any, in relation to short-term instruments is not significant;
• those instruments concern the transactions effected on market conditions.
Shares in subsidiaries are reported at the historical cost less impairment losses, if any.

Financial assets	**Category**	**31/12/2015**	**31/12/2014 processed data***	**31/12/2014 published data**
Trade receivables	loans and receivables	8 358	12 016	13 285
Loans given – long term		3 486	32 128	32 128
Loans given – short term		1 726	1 371	1 371
Short term financial assets		7 456	9 178	9 178
Cash and cash equivalents		17 916	28 887	28 887
		38 942	**83 580**	**84 849**

* Other receivables (including state budget receivables and advances paid) not classified as financial instruments were included in the published separate statements for 2014, note No. 37 "Financial instruments." Moreover, shares in subsidiaries not comprised by the provisions of IAS 39 were included.

Financial liabilities	**Category**	**31/12/2015**	**31/12/2014 processed data***	**31/12/2014 published data**
Long-term loans and bank credits	financial liabilities valued as at the amortised cost	8 839	22 383	22 383
Short-term loans and bank credits	as above	16 828	20 193	20 193
Trade liabilities	as above	32 355	11 405	63 143
Debt instrument liabilities- long term	as above	-	20 403	20 403
Payroll payable	as above	259	238	-
Other long-term financial liabilities (lease)	as above	-	49	49
Other short-term financial liabilities (lease)	as above	49	170	170
Other liabilities	as above	881	206	-
		59 211	**75 047**	**126 341**

* Other liabilities (including advances on supplies and state budget liabilities) not classified as financial instruments were included in the published separate statements for 2014, note No. 37 "Financial instruments."

Unless indicated otherwise, all amounts were given in thousands of zlotys

Revenue, cost, profit and loss items included in the statement of total income divided into financial instrument categories

01/01/2015 -31/12/2015	Loans and receivables	Financial liabilities valued at the amortised cost	Total
Interest revenues/costs	1 132	(886)	**246**
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-	(91)	**(91)**
Total	**1 132**	**(977)**	**155**

01/01/2014 -31/12/2014	Loans and receivables	Financial liabilities valued at the amortised cost	Total
Interest revenues/costs	1 038	(765)	273
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-	(352)	(352)
Total	**1 038**	**(1 117)**	**(79)**

37. Employment structure

The average employment level at the Company in the period from January to December 2015 and in the comparative period was as follows:

	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Management Board*	3	3
Administration	26	26
Sales Department	5	8
Production Division	95	95
Other	5	4
Total	**134**	**136**

*) Including the Management Board performing its tasks on the basis of the company management agreement (until July 2015), and on the basis of the rules detailed in the Report of the Activity of the Management Board since August 2015.

Unless indicated otherwise, all amounts were given in thousands of zlotys

38. Remuneration of the statutory auditor or entity authorised to audit financial statements

1. For 2015:

a) audit of the separate and consolidated annual financial statements	PLN 36 k
b) review of the interim separate and consolidated financial statements	PLN 26 k

2. For 2014:

a) audit of the separate and consolidated annual financial statements	PLN 36 k
b) review of the interim separate and consolidated financial statements	PLN 26 k

39. Events after the balance sheet date

a) On 26/01/2016 INPRO SA signed with the consortium of banks: SGB – Bank SA and Bank Spółdzielczy w Tczewie a working capital credit agreement for PLN 6,000 k refinancing the construction of 24 premises in Gdańsk, buildings A and B at the Chmielna Park residential estate. The agreement was described in current report No. 2/2016 of 26/01/2016.
b) On 12/02/2016 the building permit for the construction of stage I of the estate at Stężycka Street in Gdańsk became valid in law.
c) On 01/03/2016 INPRO SA signed with the Municipality of the City of Gdańsk an agreement for the perpetual use of plot No. 222/2 in Gdańsk, Opacka street, for the price not exceeding 10 % of the Issuer's equity.
d) On 10/03/2016 INPRO SA signed with mBank SA a working capital credit agreement for PLN 31,000 k financing the construction of stage I of the Harmonia Oliwska residential estate. The agreement was described in current report No. 5/2016 of 10/03/2016.