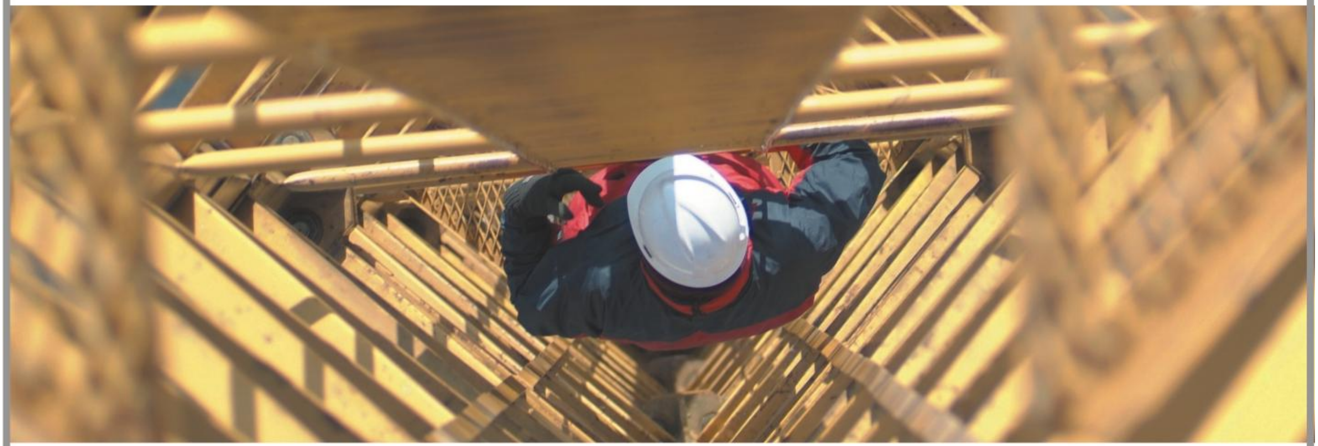
inpro



Consolidated financial statements made in conformity with the International Financial Reporting Standards as at 31 December 2014

inpro.com.pl

spółka notowana na GPW

CONTENTS

Gdańsk, 23 March 2015

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 CONSOLIDATED FINANCIAL STATEMENTS OF THE INPRO SA CAPITAL GROUP

Selected data concerning the condensed consolidated financial statements of the INPRO SA Capital Group				
	01/01/2014 - 31/12/2014	**01/01/2013 - 31/12/2013**	**01/01/2014 - 31/12/2014**	**01/01/2013 - 31/12/2013**
	PLN ‘000		**EUR ‘000**	
Net sales revenues	147 732	178 348	35 264	42 353
Gross profit (loss) on sales	34 241	39 558	8 174	9 394
Profit (loss) on operating activities	12 697	19 475	3 031	4 625
Gross profit (loss)	10 242	17 916	2 445	4 254
Net profit (loss)	8 172	15 104	1 951	3 587
- attributable to non-controlling shareholders	499	175	119	42
Earnings (loss) per share in the Parent Entity (PLN/EUR)	0,1916	0,3728	0,0457	0,0885
Net cash flows from operating activities	19 830	4 588	4 733	1 090
Net cash flows from investing activities	(7 684)	(33 710)	(1 834)	(8 005)
Net cash flows from financing activities	19 451	20 065	4 643	4 765
Net cash flows	31 597	(9 057)	7 542	(2 151)
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
	PLN ‘000		**EUR ‘000**	
Total assets	371 326	322 614	87 119	77 791
Liabilities and provisions for liabilities	164 299	119 502	38 547	28 815
Provisions for liabilities	3 958	2 720	929	656
Long-term liabilities	51 933	62 116	12 184	14 978
Short-term liabilities	108 408	54 666	25 434	13 182
Equity	207 027	203 112	48 572	48 976
- attributable to non-controlling shareholders	10 543	10 259	2 474	2 474
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	5,1705	5,0727	1,2131	1,2232
ZLOTY TO EURO CONVERSION RATES	average zloty rate in the period 01/01/2014 -31/12/2014		average zloty rate as at 31/12/2014	
	4,1893		4,2623	
	average zloty rate in the period 01/01/2013 -31/12/2013		average zloty rate as at 31/12/2013	
	4,2110		4,1472	

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

CONSOLIDATED STATEMENT OF TOTAL INCOME FOR THE PERIOD ENDED ON 31/12/2014

	Note	01/01/2014 -31/12/2014 (audited) PLN '000	01/01/2013 -31/12/2013 (audited) PLN'000
Continuing operations			
Sales revenues	**14.1**	147 732	178 348
Cost of sales	**14.2**	(113 491)	(138 790)
Gross profit (loss) on sales		**34 241**	**39 558**
Selling costs	**14.2**	(4 761)	(6 363)
Administrative expenses	**14.2**	(16 374)	(13 906)
Other operating revenues	**14.3**	1 387	494
Other operating costs	**14.4**	(1 796)	(308)
Profit (loss) on operating activities		**12 697**	**19 475**
Financial revenues	**14.5**	405	396
Financial costs	**14.6**	(2 860)	(1 955)
Gross profit (loss)		**10 242**	**17 916**
Income tax		(2 070)	(2 812)
Net profit (loss) from continuing operations		**8 172**	**15 104**
TOTAL INCOME		**8 172**	**15 104**
Net profit (loss) attributable to:		**8 172**	**15 104**
- the parent entity's shareholders		7 673	14 929
- non-controlling shareholders		499	175
Total income attributable to:		**8 172**	**15 104**
- the parent entity's shareholders		7 673	14 929
- non-controlling shareholders		499	175

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

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 31/12/2014

ASSETS	**Note**	**31/12/2014 (audited)**	**31/12/2013 (audited)**
Fixed (long-term) assets		**102 687**	**105 407**
Property, plant and equipment	**20**	96 769	99 083
Goodwill	**23**	5 624	5 624
Other intangibles	**22**	283	415
Other assets		11	285
Current (short-term) assets		**268 639**	**217 207**
Inventory	**24**	211 902	200 589
Trade and other receivables	**25**	7 459	6 839
Current tax assets		987	-
Other financial assets		9 576	2 661
Cash and cash equivalents	**26**	38 715	7 118
TOTAL ASSETS		**371 326**	**322 614**

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

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 31/12/2014 (CONTINUED)

EQUITY AND LIABILITIES	Note	31/12/2014 (audited)	31/12/2013 (audited)
Equity (attributable to the parent entity's shareholders)		**196 484**	**192 853**
Issued share capital	**27**	4 004	4 004
Reserves		51	87
Retained profit		192 429	188 762
Capital attributable to non-controlling shareholders	**27**	**10 543**	**10 259**
Total equity		**207 027**	**203 112**
Long-term liabilities		**53 226**	**63 199**
Retirement benefit liabilities (a provision)	**15**	1 056	831
Deferred income tax provision	**28**	237	252
Long-term credits and bank borrowings	**29**	49 579	40 146
Debt instrument liabilities	**29**	-	19 600
Other financial liabilities (lease)	**29**	161	308
Trade and other liabilities	**30**	2 193	2 062
Short-term liabilities		**111 073**	**56 303**
Short-term provisions	**28**	2 665	1 637
Short-term credits and bank borrowings	**29**	22 459	4 889
Debt instrument liabilities	**29**	20 403	607
Other liabilities (financial lease)	**29**	287	629
Current income tax liabilities		124	140
Trade and other liabilities	**30**	65 135	48 401
Total liabilities		**164 299**	**119 502**
TOTAL EQUITY AND LIABILITIES		**371 326**	**322 614**

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

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31/12/2014

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2014	**4 004**	**62 237**	**87**	**126 525**	**10 259**	**203 112**
Increase of the supplementary capital in relation to liquidation of fixed assets	-	-	(36)	36	-	**-**
Dividend payment to the parent entity's shareholders	-	-	-	(4 004)	-	**(4 004)**
Net profit (loss) for the financial year	-	-	-	7 673	499	**8 172**
Dividend payment - non-controlling shareholders	-	-	-	(38)	(215)	**(253)**
As at 31/12/2014	**4 004**	**62 237**	**51**	**130 192**	**10 543**	**207 027**

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31/12/2013

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2013	**4 004**	**62 237**	**87**	**111 457**	**11 719**	**189 505**
Net profit (loss) for the financial year	-	-	-	14 929	175	**15 104**
Increase of the share capital in subsidiaries	-	-	-	271	(871)	**(600)**
Dividend payment - non-controlling shareholders	-	-	-	(133)	(764)	**(897)**
As at 31/12/2013	**4 004**	**62 237**	**87**	**126 525**	**10 259**	**203 112**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2014

Cash flows from operating activities	**01/01/2014 -31/12/2014 (audited) PLN '000**	**01/01/2013 -31/12/2013 (audited) PLN '000**
Net profit/(loss)	**7 673**	**14 929**
Adjustments:	12 157	(10 341)
Gain/(loss) of non-controlling capital	499	175
Depreciation	5 853	3 163
Income tax disclosed in the statement of total income	2 070	2 812
Income tax paid	(2 850)	(6 813)
Exchange gains (losses)	1	-
Interest and dividends	2 770	1 897
Profit/(loss) on investing activities	(15)	(66)
(Increase)/ decrease of receivables	(409)	643
(Increase)/ decrease of inventory	(11 851)	30 818
Increase/ (decrease) of liabilities	14 624	(42 374)
Increase/ (decrease) of accrued/prepaid expenses	464	(633)
Change in provisions	1 013	66
Other	(12)	(30)
Net cash flows from operating activities	**19 830**	**4 588**

Cash flows from investing activities	**01/01/2014 -31/12/2014 (audited) PLN '000**	**01/01/2013 -31/12/2013 (audited) PLN '000**
Sale of property, plant, equipment and intangibles	99	109
Sale of financial assets	-	750
Interest received	15	142
Acquisition of property, plant, equipment and intangibles	(7 798)	(34 711)
Net cash flows from investing activities	**(7 684)**	**(33 710)**

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

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 31/12/2014 (CONTINUED)

Cash flow from financing activities	**01/01/2014 -31/12/2014 (audited) PLN '000**	**01/01/2013 -31/12/2013 (audited) PLN '000**
Proceeds in relation to loans/credits obtained	54 497	55 980
Payments in relation to finance lease agreements	(709)	(6 047)
Repayment of loans/credits	(27 494)	(46 654)
Interest paid	(2 443)	(1 314)
Dividends paid to:	(4 257)	(1 497)
- the parent entity's shareholders	*(4 004)*	*-*
- non-controlling shareholders	*(253)*	*(1 497)*
Issue of debt securities (bonds)	-	19 600
Other financial expenditure	(189)	(3)
Other financial proceeds	46	-
Net cash flows from financing activities	**19 451**	**20 065**
Net increase in cash and cash equivalents	**31 597**	**(9 057)**
Cash at the beginning of the period	**7 118**	**16 175**
Cash at the end of the period	**38 715**	**7 118**

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

ADDITIONAL INFORMATION AND EXPLANATIONS

Note 1 General information

The INPRO SA Capital Group (the "Group") consists of the parent entity, i.e. INPRO SA, and its subsidiaries (see Note 2). The consolidated financial statements of the Group cover the year ended on 31 December 2014 and comprise comparatives for the year ended on 31 December 2013.

The basic object of the Capital Group is the property development activity that is the construction and sale of residential and commercial premises (Inpro SA, Domesta Sp. z o.o.).
In addition, other companies within the Group are involved in the following:
- manufacture of precast concrete elements, manufacture and erection of steel structures for the civil engineering, industrial and municipal construction industry (inBet Sp. z o.o.- previous name Rugby Prefabrykaty Sp. z o.o.),
- hotel services (Dom Zdrojowy Sp. z o. o. and Hotel Mikołajki Sp. z o.o.).

INPRO SA (the "Parent Company," "Company") was established by way of the notarised deed of 6 April 1987 as INPRO Spółka z ograniczoną odpowiedzialnością. On 29 May 2008 the legal status was changed from a limited liability company to a joint-stock company. The registered office of the Parent Company is in Gdańsk at ul. Opata Jacka Rybińskiego 8.
The Parent Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court in Gdańsk, 7th Business Division of the National Court Register, under number KRS 306071.
The Parent Company was given the REGON business registry number 008141071 and the tax identification number: 589-000-85-40.
The duration of the Parent Company and entities in the Capital Group is unspecified.

The Group did not discontinue any of the kinds of its activity in the reporting period ended on 31 December 2014.

The share capital of INPRO SA did not change in the reporting period ended on 31 December 2014. As at 31 December 2014, the share capital of INPRO was PLN 4,004,000.00 and was divided into 40,040,000 ordinary bearer shares of the nominal value of 10 groszes each.

As at the balance sheet date and 31/12/2014, the shareholding structure of the parent entity is as follows:

SHAREHOLDING STRUCTURE AS AT 31/12/2014						
Entity (full name)	Series	Number of shares	Nominal 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%
Zbigniew Lewiński	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Krzysztof Maraszek	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			
Shareholders with less than 5% of votes	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

As at the balance sheet date and 31/12/2013, the shareholding structure of the parent entity is as follows:

SHAREHOLDING STRUCTURE AS AT 31/12/2013						
Entity (full name)	Series	Number of shares	Nominal 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%
Zbigniew Lewiński	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Krzysztof Maraszek	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			
Shareholders with less than 5% of votes	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%**

To the Company's best knowledge, no significant changes in the shareholding structure occurred as at 31 December 2014 against the status as at 31 December 2013.

In the period from 31 December 2014 until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.

The members of the supervising body of INPRO SA do not hold the Company's shares.

Note 2 Capital Group composition

As at 31/12/2014, the Group consists of INPRO SA and the following subsidiaries:

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	54.26%	54.26%	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

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

As at 31/12/2013, the Group consists of INPRO SA and the following subsidiaries:

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	Rugby Prefabrykaty Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	51.00%	51.00%	2 549
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	54.26%	54.26%	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
						50 925

Share capital of the various entities comprised by the INPRO group as at 31/12/2014:

Entity's name	Share capital as at 31/12/2014
INPRO SA	4.004
DOMESTA Sp. z o.o.	301
inBet Sp. z o.o. (previous name- RUGBY Prefabrykaty Sp. z o.o.)	5.331
Dom Zdrojowy Sp. z o.o.	19.140
Hotel Mikołajki Sp. z o.o.	15.780

As at 31 December 2014, the share in the total number of votes held by the Group in subsidiaries equals the Group's share in the capital of those entities.

As at the balance sheet date and 31/12/2013, all the companies within the Capital Group were comprised by the full method consolidation.

The subsidiaries do not hold shares in entities not controlled.

In addition to the above, INPRO SA is related to:

- Hotel Oliwski Sp. z o.o., a company personally related through Mr Piotr Stefaniak – 162 shares of the nominal value of PLN 10k each (100% of the shares in that entity's capital-PLN 1,620k),
- Przedsiębiorstwo Instalacyjne "ISA" Sp. z o.o. (the shareholders of INPRO SA are the shareholders of Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. The ownership structure of the company is as follows: Piotr Stefaniak holds 90 shares constituting 22.5% of the total number of shares in the Company; Krzysztof Maraszek holds 90 shares constituting 22.5% of the total number of shares in the Company; and Zbigniew Lewiński holds 90 shares constituting 22.5% of the total number of shares in the Company),
- the partnership called INPRO MANAGEMENT Zbigniew Lewiński, Krzysztof Maraszek i Piotr Stefaniak.

Changes in the Group's composition in 2014:

The composition of the INPRO SA Capital Group did not change during 12 months of 2014.

Taking into account the redemption of 24 shares of the nominal value of PLN 750 each from net profit (the resolution of 28/06/2013) and the need to adjust the nominal value of unredeemed shares to the registered amount of the share capital, on 09/07/2014 the Ordinary General Meeting of PB DOMESTA Sp. z o. o. adopted a resolution on the increase of the nominal value of all the 376 shares from PLN 750 to PLN 797.87 and adopted a resolution on the increase of the share capital from the previous amount of PLN 300,000 to PLN 300,800 by increasing the value of all the 376 shares from PLN 797.87 to PLN 800 per share. The increased value shares were subscribed for by the current shareholders, and the increase was covered them in cash.

Following the registration of the increase, the share capital of PB DOMESTA Sp. z o.o. is PLN 300,800 out of which INPRO S.A. holds 204 shares of the total nominal value of PLN 163,200, which continues to be 54.26% of the company's share capital.

On 3 September 2014 the Extraordinary General Meeting of RUGBY Prefabrykaty Sp. z o.o. with its registered office in Kolbudy, the Company's subsidiary, adopted resolution No. 2/2014 under which the business name of that entity was changed. It was resolved that that company will operate under the business name of inBet Spółka z ograniczoną odpowiedzialnością. The change of the business name was registered by the National Court Register on 06/11/2014.

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.

Changes in the Group's composition in 2013:

The composition of the INPRO SA Capital Group did not change during 12 months of 2013.

The percentage share of INPRO SA in the share capital of Przedsiębiorstwo Budowlane Domesta Sp. z o.o. did change because:

On 05/07/2013 PB DOMESTA Sp. z o.o. signed a share transfer agreement with Mr Edmund Schulke (the President of the Management Board of PB DOMESTA and its shareholder at the same time) for the purpose of the redemption of such shares. On the basis of that agreement, 24 shares of the nominal value of PLN 750 each were transferred to PB Domesta Sp. z o.o. for redemption for PLN 600,000. Redemption was effected from the company's net profit, without the reduction of share capital. As a result of redemption of a part of the shares, the share of INPRO SA in Domesta's share capital increased from 51% to 54.26%.

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

At the same time, the share capital of the following two subsidiaries was increased:

On 8/04/2013 registered was an increase of the share capital of Hotel Mikołajki Sp. z o.o. from the sum of PLN 15,582k to the sum of PLN 15,780k i.e. by the sum of PLN 198k by way of the creation of 198 new shares of the value of PLN 1k each, which shares were covered by INPRO SA by way of a contribution in the form of the ownership right to real estate located in Mikołajki and covered by land and mortgage register No. OL1M/00036333/5 (current report No. 13/2013 of 24/04/2013)

On 20/06/2013 registered was the increase of the capital of Dom Zdrojowy Sp. z o.o from the sum of PLN 14,640k to the sum of PLN 19,140k, that is by the sum of PLN 4,500k, by way of the creation of 52,941 new shares of PLN 85 each. All the newly created shares were covered by a monetary contribution and subscribed for by INPRO SA (current report No. 30/2013 of 01/07/2013).

In the performance of the provisions of the agreement concluded on 18/04/2012 by and between INPRO SA and Mr Andrzej Meronk, on 18/04/2013 the latter paid the last instalment for the shares acquired in 2012 in the amount of PLN 750 k to INPRO SA's bank account.

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

As at the date of preparation of these consolidated financial statements, the composition of the Management Board of the Parent Entity 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 1.

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

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

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

In conformity with the resolutions of the Company's General Assembly of 11 June 2014, in relation to the expiry of the term of office of the Supervisory Board members, the same persons were appointed for the next term of office. The first session of the Company's Supervisory Board took place on 9 July 2014. It is at that session that the Board was constituted and the various members of that governing body were allocated the functions previously fulfilled by them.

On 11 June 2014 the General Assembly adopted resolution No. 25 amending the Company's Statutes by introducing the provision that in the event that the Supervisory Board is appointed in the bench consisting of not more than 5 (five) members, and at least one of them is an independent member referred to in par. 12 of the Statutes and holds qualifications "in accounting or financial revision, the Supervisory Board shall perform the tasks of the audit committee in corpore."

Note 4 Approval of the financial statements

These consolidated financial statements were approved by the Management Board for publication on 23 March 2015.

Note 5 Grounds for the preparation of the consolidated financial statements

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

The consolidated financial statements were prepared on the assumption that the Group companies will be able to 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 Group companies to continue as a going concern.

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

Note 6 The platform of the applied International Financial Reporting Standards

6.1 Statement on compliance

Polish legal provisions impose the obligation on the Group to draw up consolidated financial statements in conformity with the IFRS endorsed by the EU. In view of the ongoing IFRS implementation process in the EU and the Group's operations, as regards the accounting principles used by the Group, 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 2013.

These consolidated 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").

The Group's subsidiaries keep their books of accounts in conformity with the accounting policy (principles) specified by the Accounting Act of 29 September 1994 (the "Act") and the regulations issued on its basis (the "Polish accounting standards"). The consolidated financial statements contain adjustments not included in the accounting books of the Group' entities in order to bring the financial statements of those entities to compliance with the IFRS.

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 2014:

- Amendments to IAS 32 Financial instruments: presentation: Offsetting of Financial Assets and Financial Liabilities – effective for financial years beginning on or after 1 January 2014.

- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (issued on 31 October 2012) – effective for financial years beginning on 1 January 2014.

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets (issued on 29 May 2013) – effective for financial years beginning on or after 1 January 2014.

- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013) – effective for financial years beginning on or after 1 January 2014.

- New and updated standards concerning consolidation, common contractual arrangements, associated entities and the disclosure of information on shares in other entities (IFRS 10, IFRS 11, IFRS 12 , IAS27 and IAS 28 issued by the IASB in May 2011 with corrections to IFRS 10, IFRS 11 and IFRS 12 concerning the temporary period, approved by the EC on 11/12/2012).

The above amendments do not have significant influence on the Group'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

The consolidated statements do 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:

- **IFRS 9 Financial Instruments** (published on 24/07/2014, effective for annual periods beginning on 01/01/2018 or later)

- INFRIC 21 Levies (published on 20/05/2013, effective for annual periods beginning on 01/01/2014 or later, applicable in the EU at the latest to annual periods beginning on 17/06/2014 or later)

- IFRS 14 Regulatory Deferral Accounts (published on 30/01/2014, effective for annual periods beginning on 01/01/2016 or later)

- IFRS 15 Revenue from Contracts with Customers (published on 28/05/2014, effective for annual periods beginning on 01/01/2017 or later)

- Amendments to IFRS 10/IAS 28 Sales or Contributions of Assets between an Investor and its Associate/Joint Venture or Joint Ventures (published on 11/09/2014, effective for annual periods beginning on 01/01/2016 or later)

- Amendments to IAS 27 Equity Method in Separate Financial Statements (published on 12/08/2014, effective for annual periods beginning on 01/01/2016 or later)

- Amendments to IAS 11 Acquisition of Interest in Joint Arrangement (published on 06/05/2014, effective for annual periods beginning on 01/01/2016 or later)

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on 12/05/2014, effective for annual periods beginning on 01/01/2016 or later)

- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on 30/06/2014, effective for annual periods beginning on 01/01/2016 or later)

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (published on 21/11/2013, effective for annual periods beginning on 01/07/2014 or later)

- Corrections to IFRS- the 2010-2012 cycle (published on 12/12/2013, effective for annual periods beginning on 01/07/2014 or later)

- Corrections to IFRS- the 2011-2013 cycle (published on 12/12/2013, effective for annual periods beginning on 01/07/2014 or later)

- Corrections to IFRS- the 2012-2014 cycle (published on 25/09/2014, effective for annual periods beginning on 01/01/2016 or later)

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on 18.12.2014 r., effective for annual periods beginning on beginning on 01/01/2016 or later)

- Amendments to IAS 1 Disclosures (published on 18/12/2014, effective for annual periods beginning on 01/01/2016 or later)

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

In the Group'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.

Note 7 Early adoption of standards and interpretations

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

Note 8 Amendments to accounting principles in use

The Group did not make any changes in the accounting principles in use in the reporting period.

Note 9 Error correction

Not applicable.

Note 10 Material values based on professional judgement and estimates

10.1 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 accounting policies, which will ensure 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 Group, 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.

The subjective judgement as at 31 December 2014 concerns the provisions for claims and court cases, and contingent liabilities.

10.2 Uncertainty of estimates

The preparation of consolidated 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 2014 may be revised in the future. The main estimates have been described in the following notes:

Note		Kind of disclosure
25	Trade receivable valuation allowances	Given the grounds, the Group verifies the recovery of various trade receivables and estimates the valuation allowances on that basis.
15.4	Income tax	The Group 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.
28.1	Employee benefits	Provisions for retirement benefits and unused vacation leaves Discount rates 3,18%, the estimated remuneration growth rate:

		0%
28.1	Provisions	Provisions for guarantees and sureties given and provisions for claims and court cases
	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.

Note 11 Accounting principles applied

11.1 Consolidation principles

The condensed consolidated financial statements comprise those of *INPRO SA* and its subsidiaries, such statements having been prepared for the year ended on 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the parent entity, with the application of consistent accounting principles, on the basis of uniform accounting principles applied to the transactions and economic events of a similar character. Adjustments are introduced to eliminate any differences in the accounting principles applied.
All the significant balances and transactions between the entities within the Group, including unrealised gains arising out of the transactions within the Group have been entirely eliminated. Unrealised losses are eliminated unless they demonstrate impairment.

11.2 Investments in subsidiaries

Subsidiaries are subject to consolidation in the period from the Group taking control over them, and cease to be consolidated as from the date on which the control comes to an end. Control by the Parent Company takes place when such an entity holds, directly or indirectly, through its subsidiaries, more than one half of the shares in a given company unless it is possible to prove that such ownership does not determine control. Control also takes place when the Company has the ability to influence the financial and operating policy of a given entity.

11.3 Investments in associates

Investments in associates are recognised by the equity method. Those are entities onto which the Parent Company exerts considerable influence directly or through subsidiaries and which are neither its subsidiaries nor joint ventures. The financial statements of associates are the basis on which the shares held by the Parent Company are measured by the equity method. The accounting year of associates and of the Parent Company is the same. Associates use the accounting principles contained in the Act. Before the share in net assets of associates is calculated, appropriate adjustments are made to bring the financial data of those entities to compliance with the IFRS used by the Group.
Investments in associates are shown in the balance sheet at the price of acquisition plus subsequent changes of the Parent Company's share in net assets of those entities less impairment losses, if any. The income statement reflects the share in the profit or loss on the activity of associates. In the event of a change recognised directly in the equity of associates, the Parent Company recognises its interest in each change and discloses it, if appropriate, in the statement of changes in equity.

11.4 Interests in joint ventures

A joint venture is a contractual relationship whereby the Group undertakes an economic activity that is subject to joint control, therefore an activity, in the course of which the strategic financial, operating and political decisions require the unanimous consent of all the parties sharing control. When an entity belonging to the Group directly undertakes an activity within a joint venture, the Groups interest in the jointly controlled assets and liabilities incurred jointly with the remaining participants in the venture is recognised in the financial statements of a relevant entity and classified in conformity with its nature. Proceeds from the sale or utilisation of the Group's share in the products manufactured by the jointly controlled assets and a share in the costs of the joint venture are recognised when it has become probable that the Group will achieve economic benefits related to relevant transactions. Joint ventures relating to the creation of a separate entity, in which all the shareholders have an interest, are called entities subject to joint control. The Group reports interests in those entities in the form of proportionate consolidation except when an investment was classified as designated for transfer; in such a case it is reconciled in conformity with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations." The Group's interests in assets, liabilities, revenues and costs of entities subject to joint control are combined with the same items in the consolidated financial statements. Goodwill following from the takeover of the Group's interests in an entity subject to joint control is settled in conformity with the accounting principles binding in the Group with regard to goodwill following from the takeover of a subsidiary. When the Group effects transactions with entities subject to joint control, unrealised profits and losses are reported proportionally to the Group's interest in the joint venture.

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

11.5 Conversion of items denominated in foreign currencies

Transactions denominated in currencies other than the Polish zloty are converted into the latter currency with reference to a rate binding on the transaction date or the one fixed in a "*forward*" contract accompanying the transaction.
Cash assets and liabilities denominated in currencies other than the Polish zloty are converted into the latter as at the balance sheet date using the average rate binding on that date and fixed for that currency by the National Bank of Poland as at the end of the reporting period.

Non-cash assets and liabilities recognised at the historical cost denominated in a foreign currency are reported at the historic cost as at the transactions date. Non-cash assets and liabilities recognised at the fair value denominated in a foreign currency are converted to the fair value with reference to the rate as at the valuation date.

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

Rate binding on the last day of the period	**31/12/2014**	**31/12/2013**
EURO	4.2623	4.1472

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
EURO	4.1893	4.2110

11.6 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.

11.7 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.

11.8 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 Group) becomes investment property, the Group 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 Group 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.

11.9 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 Group 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 Group companies 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.

11.10 Goodwill

Goodwill in relation to the acquisition of an economic entity is initially recognised at the price of acquisition constituting a surplus of the costs of the merger of economic entities over the acquiring entity's share in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is recognised at the price of acquisition decreased by any accumulated impairment losses. An impairment test is conducted once a year or more frequently if there are factors indicating impairment. Goodwill is not depreciated.
As at the acquisition date, goodwill acquired is allocated to each of cash generating units which may take advantage of the merger. Impairment is determined by assessing the recoverable amount of a cash generating unit, to which the given goodwill pertains. If the recoverable amount of a cash generating unit is lower than the balance sheet value, an impairment loss is recognised. An impairment loss is not subject to reversal in the next period. If goodwill is a part of a cash generating unit and a portion that unit's operations is sold, then in determining the profit or loss on the sale of such business, goodwill related to the operations sold is included in its balance sheet value. In such circumstances, goodwill sold is measured on the basis of the relative values of the operation sold and the portion of the cash generating unit retained.

11.11 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 Group 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.

11.12 Recoverable amount of long-term assets

As at each balance sheet date, the Group evaluates assets for factors indicating their impairment. If such factors exit, the Group 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.

11.13 Financial instruments

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 Group 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 fail 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 Group 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 measured at the fair value through profit or loss

That category comprises two groups of assets: financial assets held for trading and financial assets which, upon their initial recognition, are measured at the fair value through profit or loss. A financial asset is classified into the category of assets held for trading if it was acquired for sale in a short time, if such an asset constitutes a part of a portfolio generating short-term profits or is a derivative instrument of a positive fair value.
At the Company, that category includes, first of all, derivative instruments (the Company does not use hedge accounting), and debt or equity instruments acquired for resale in a short time.
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 net profit/loss (i.e. a derivative instrument embedded in a financial asset or a financial liability measured at the fair value through a profit or loss is not disaggregated).

Embedded derivative instruments are recognised in the same way as independent derivative instruments.

Assets classified as financial assets measured at the fair value through profit or loss are measured as at each reporting date at the fair value, and any profits or losses charged to financial revenues or costs. Derivative instruments are measured at the fair value as at the balance sheet date and at the end of each reporting period on the basis of valuations performed by banks effecting the transactions. Other 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.

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 measured at the fair value through profit or loss

That category comprises two groups of liabilities: financial liabilities held for trading and financial liabilities which, upon their initial recognition, are measured at the fair value through profit or loss. Financial liabilities held for trading are the liabilities which: were acquired or incurred principally for the purpose of selling or repurchasing them in the near term or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or are derivative instruments.

In the Company, financial liabilities measured at the fair value through profit or loss include primarily derivative instruments (the Company does not use hedge accounting) with a negative fair value. Liabilities classified as financial liabilities measured at the fair value through profit or loss are measured as at each reporting date at the fair value, and any profits or losses are charged to financial revenues or costs. Derivative instruments are measured at the fair value as at the balance sheet date and at the end of each reporting period on the basis of valuations performed by banks effecting the transactions. 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.

11.14 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 Group 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.

11.15 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.

11.16 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.

11.17 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.

11.18 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.

11.19 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.

11.20 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.

11.21 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.

11.22 Provisions

Provisions are created when the Group 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 Group 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.

11.23 Employee benefits

Jubilee awards and retirement severance pay
In compliance with the remuneration provisions in force at the Group companies, the employees are entitled to a jubilee award and retirement severance pay.

The Group does not separate assets which could be used to settle the liabilities related to retirement severance pay and jubilee awards in the future. The Company creates a provision for future liabilities related to retirement severance pay and jubilee awards to allocate the costs to the periods concerned.

The Group's future liabilities related to jubilee awards and retirement severance pay are calculated by an authorised actuary by way of the accrued future benefit method taking into account the forecast increase of the remuneration as the base for the calculation of future benefits, the assumed discount rate; the assumed probability of a relevant number of the years in service to be achieved (the probability of gaining the right to a jubilee award), subject to the employee remaining in the employment relationship with the current employer, the probability of the employee reaching the retirement age (the probability of gaining the right to a one-off retirement severance pay) subject to the employee remaining in the employment relationship with the current employer, the probability of the employee's disability before gaining the right to a one-off retirement severance pay, subject to the employee remaining in the employment relationship with the current employer.

The provision is revised on an annual basis, at the end of a financial year. The adjustment increasing or decreasing the provision is recognised in operating costs (employee benefits) on the basis of the payroll.

The use of that kind of provisions makes the provision smaller (it is unacceptable to charge the benefits paid to the costs of the activity with the parallel adjustment of the provision at the end of the period). Settling the above provision adjusts (decreases) the employee benefit cost.

Employment termination benefit
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.

Net profit-share awards
In compliance with the remuneration provisions binding in the Group companies, the employees are entitled to a net profit-share award. As the reliable estimation of the liability as at the balance sheet date is impossible, the Company recognises the costs of employee benefits relating to net profit-share awards in the costs of the financial year in which a resolution on the division of profit was adopted and in which profit-share awards were paid.

Contributions to the Company's Welfare Fund
In compliance with the remuneration provisions binding upon the Group companies, it is possible to allocate a part of the profit towards the Company's Welfare Fund. As the reliable estimation of the liability as at the balance sheet date is impossible, the Company recognises the costs of employee benefits concerning the contributions from net profit to the Company's Welfare Fund in the costs of the financial year in which a resolution on the allocation of a part of net profit towards the Company's Welfare Fund was adopted.

Other employee benefits
The costs of other employee benefits are recognised in the costs of the financial year in which those benefits were approved for payment, as it is possible to specify the benefit amount in a reliable way only on approval of the amount for payment.

11.24 Share-based payments

Equity-settled share-based payments to employees and other persons performing similar services are measured at the fair value of the equity instruments at the award date.
The fair value of the equity-settled share-based payments fixed on the award date is charged to the costs on a straight-line basis in the period of acquisition of the rights, on the basis of the Group's estimates as to equity instruments, the rights to which will eventually be acquired. The Group reviewed the estimates concerning the number of equity instruments foreseen to be awarded. Any impact of the review of the original estimates is recognised in the income statement throughout the award period, with a relevant adjustment for equity-settled employee benefits. Transactions with other parties concerning share-based payments and settled by the ownership right method are measured at the fair value of goods for resale or services received apart from cases in which that value cannot be measured in a reliable way. In such a situation the fair value of the awarded equity instruments measured as at the date of receipt of goods for resale or services from a contractor is the basis of the measurement. In the case of share-based payments settled by cash, the liability is recognised in the value proportional to the share in the value of the goods for resale or services received. That liability is recognised at the current fair value fixed as at each balance sheet date.

11.25 Revenues

Revenues are recognised in the amount in which the Group 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.

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.

Government grants

The Company recognises government grants when it is reasonably certain that a grant will be obtained and that all relevant conditions will be complied with. To recognise a government grant both of the above-mentioned conditions must be met jointly.

If a grant concerns an asset, then the fair value of the grant is recognised at the deferred income account and then, gradually, by equal annual deductions, written off to the income statement over the estimated useful life of a relevant asset.

If a grant concerns a cost item, then the grant is recognised as revenue in a way commensurate with the costs which the grant is intended to compensate.

If a grant is a form of compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, such a grant is recognised as income of the period in which it has become receivable.

Property, plant, equipment and intangibles received as a grant are recognised at the fair value.

11.26 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.
- 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.

11.27 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.

Note 12 The effect of the use of new accounting standards and changes in the accounting policy

The INPRO SA Group applied IFRS 1 to the statements for the year ended on 31 December 2007. The date of transition to the International Financial Reporting Standards is 1 January 2007.

On 21 September 2010 the Extraordinary General Assembly of INPRO SA adopted resolution No. 2 on the expression of consent to the preparation of the financial statements of INPRO SA as from 1 January 2010 in conformity with the rules specified by the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS).

Note 13 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 Group, which are regularly reviewed by persons deciding on the allocation of a resource to a given segment and assessing its financial performance.

The Company pursues its activity in various segments through its subsidiaries. Operating segments may be divided into:

1) property development activity,
2) hotel services,
3) manufacture of concrete, reinforced concrete and steel elements.

The whole of the activities in the above-mentioned segments are pursued in the territory of Poland.

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

Figures for the period 01/01/2014-31/12/2014	Continuing operations				Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Total		
Revenues						
Sales to external customers	123 778	22 241	1 713	147 732	-	147 732
Sales between segments	2 143	76	5 876	8 095	(8 095)	-
Total revenues of the segment	**125 921**	**22 317**	**7 589**	**155 827**	**(8 095)**	**147 732**
Profit (loss) of the segment	**28 863**	**4 289**	**686**	**33 838**	**403**	**34 241**
Selling costs	(3 840)	(921)	-	(4 761)	-	(4 761)
Administrative expenses	(9 249)	(6 414)	(711)	(16 374)	-	(16 374)
Other operating revenues/costs	(309)	73	(186)	(422)	13	(409)
Profit (loss) on operating activities	**15 465**	**(2 973)**	**(211)**	**12 281**	**416**	**12 697**
Interest revenue	1 368	51	9	1 428	(1 038)	390
Interest cost	(844)	(2 474)	(32)	(3 350)	1 038	(2 312)
Other net revenues/financial costs	(169)	(38)	8	(199)	(334)	(533)
Profit (loss) before tax	**15 820**	**(5 434)**	**(226)**	**10 160**	**82**	**10 242**
Income tax	(2 182)	165	-	(2 017)	(53)	(2 070)
Net profit (loss) for the financial year	**13 638**	**(5 269)**	**(226)**	**8 143**	**29**	**8 172**
- including attributable to non-controlling shareholders						***499***

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

Figures as at 31/12/2014	Continuing operations				Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Total		
Assets and liabilities						
Segment assets	355 991	105 098	5 504	466 593	(95 267)	371 326
Total assets	**355 991**	**105 098**	**5 504**	**466 593**	**(95 267)**	**371 326**
Segment liabilities	222 971	29 993	4 059	257 023	(49 996)	207 027
Total equity	133 020	75 105	1 445	209 570	(45 271)	164 299
Total liabilities and capital	**355 991**	**105 098**	**5 504**	**466 593**	**(95 267)**	**371 326**

Other information concerning segments for 2014	Property development activity	Hotel services	Manufacture of precast units	Total	Exclusions	Total activities
Increases in fixed assets and intangibles in the period	413	3 554	46	4 013	526	4 539
Depreciation of property, plant, equipment and intangibles	(1 457)	(4 355)	(141)	(5 953)	100	(5 853)
Total impairment loss as at 31/12/2014	(41)	(117)	(260)	(418)	21	(397)

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

Figures for the period 01/01/2013-31/12/2013	Continuing operations				Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Total		
Revenues						
Sales to external customers	163 942	12 397	2 009	178 348	-	178 348
Sales between segments	42 256	285	4 762	47 303	(47 303)	-
Total revenues of the segment	**206 198**	**12 682**	**6 771**	**225 651**	**(47 303)**	**178 348**
Profit (loss) of the segment	**34 523**	**7 447**	**(145)**	**41 825**	**(2 267)**	**39 558**
Selling costs	(5 250)	(1 304)	-	(6 554)	191	(6 363)
Administrative expenses	(9 239)	(4 134)	(533)	(13 906)	-	(13 906)
Other operating revenues/costs	134	96	(44)	186	-	186
Profit (loss) on operating activities	**20 168**	**2 105**	**(722)**	**21 551**	**(2 076)**	**19 475**
Interest revenue	793	36		829	(495)	334
Interest cost	(702)	(994)	(17)	(1 713)	373	(1 340)
Other net revenues/financial costs	54	55	1	110	(663)	(553)
Profit (loss) before tax	**20 313**	**1 202**	**(738)**	**20 777**	**(2 861)**	**17 916**
Income tax	(3 842)	526	79	(3 237)	425	(2 812)
Net profit (loss) for the financial year	**16 471**	**1 728**	**(659)**	**17 540**	**(2 436)**	**15 104**
- including attributable to non-controlling shareholders						***175***

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

Figures as at 31/12/2013	Continuing operations				Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Total		
Assets and liabilities						
Segment assets	302 356	107 823	4 448	414 627	(92 013)	322 614
Total assets	**302 356**	**107 823**	**4 448**	**414 627**	**(92 013)**	**322 614**
Segment liabilities	84 057	77 054	1 162	162 273	(42 771)	119 502
Total equity	218 299	30 769	3 286	252 354	(49 242)	203 112
Total liabilities and capital	**302 356**	**107 823**	**4 448**	**414 627**	**(92 013)**	**322 614**

Other information concerning segments for 2013	Property development activity	Hotel services	Manufacture of precast units	Total	Exclusions	Total activities
Increases in fixed assets and intangibles in the period	783	79 443	-	80 226	(2 271)	77 955
Depreciation of property, plant, equipment and intangibles	(1 512)	(1 498)	(219)	(3 229)	66	(3 163)
Total impairment loss as at 31/12/2013	(68)	(68)	(70)	(206)	21	(185)

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

Note 14 Costs and revenues

14.1 Sales revenues

The analysis of the Capital Group's revenues was presented below.

Sales revenues	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Revenues from the sale of products and services	147 318	178 111
Proceeds from the sale of goods for resale and materials	414	237
Total sales revenues	**147 732**	**178 348**

14.2 Costs by category, including employee benefits

Costs by category	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Depreciation	5 853	3 163
Consumption of materials and energy	37 251	35 071
External services	70 693	99 784
Taxes and charges	3 160	1 998
Costs of employee benefits, including:	24 255	21 296
- payroll	*19 695*	*17 280*
- costs of social insurances and other benefits	*4 560*	*4 016*
Other costs, including:	3 978	3 552
- costs of credit	*2 623*	992
- entertainment and advertising	*898*	1 774
- property and personal insurances	*270*	350
- business trips	*96*	208
- other operating costs	*91*	228
Total costs by category	**145 190**	**164 864**
Change in products, work in progress and accruals (+/-)	(8 248)	27 624
Costs of products for the entity's own needs (-)	(2 726)	(34 602)
Selling costs (-)	(4 761)	(6 363)
Administrative expenses (-)	(16 374)	(13 906)
Value of goods for resale and materials sold	410	1 173
Cost of sales	**113 491**	**138 790**
Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses	**134 626**	**159 059**

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

14.3 Other operating revenues

Other operating revenues	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Net profit from the disposal of non-financial fixed assets	17	66
Settlement of revaluation deductions on the value of trade receivables and interest receivable	1	17
Settlement of other revaluation deductions	-	36
Settlement of the count of cash, property, plant, equipment and inventory	1	-
Cancelled and time-barred liabilities	8	16
Penalties and damages received	940	200
Reimbursement of court costs by the recipient and claims recovered by enforcement	8	16
Interest from state budget	-	4
Settlement of the provision for contentious issues	36	20
Other	376	119
Total other operating revenues	**1 387**	**494**

14.4 Other operating costs

Other operating costs	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Valuation allowance for trade receivables	215	-
Other valuation allowance	28	1
Valuation allowance for time-barred, cancelled receivables and bad debts	6	8
Provision for the loss of profit in relation to price reduction	148	-
Provision for penalties, court costs and damages	396	16
Donations given	102	38
Penalties, fines and damages	806	98
Costs of court proceedings	55	15
State budget interest	-	1
Other	40	131
Total other operating costs	**1 796**	**308**

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

14.5 Financial revenues

Financial revenues	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Interest revenue, including:	390	333
- interest on bank deposits	*382*	*109*
- interest on cash and cash equivalents	*1*	*223*
- other interest	*7*	*1*
Exchange gains, including:	*7*	-
- concerning cash and cash equivalents	*7*	-
Other financial revenues	*8*	63
Total financial revenues	**405**	**396**

14.6 Financial costs

Financial costs	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Interest revenue, including:	2 665	1 946
- in relation to loans and credits	*2 204*	*1 057*
- in relation to finance lease	*39*	*278*
-interest on debt instrument liabilities	*352*	*607*
- concerning trade liabilities	*51*	*4*
- other	*19*	*-*
Exchange losses, including:	1	2
- loss in relation to a sale of shares in a subsidiary	*-*	*2*
- losses concerning other financial assets	*1*	*-*
Other financial costs	*194*	*7*
Total financial costs	**2 860**	**1 955**
Net financial revenues and costs	**(2 455)**	**(1 559)**

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

Note 15 Income tax

15.1 Income tax disclosed in the statement of total income

Income tax	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Consolidated statement of total income		
Current income tax	**1 846**	**5 618**
Current income tax liability	1 843	5 618
Adjustments concerning current income tax from previous years	3	-
Deferred income tax	**224**	**(2 806)**
Relating to the establishment and reversal of temporary differences	224	(2 806)
Tax liability shown in the consolidated statement of total income	**2 070**	**2 812**

15.2 Income tax recognised in equity – not applicable

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

15.3 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 Group's effective tax rate for the year ended on 31 December 2014 and 31 December 2013 is as follows:

	01/01/2014 -31/12/2014	**01/01/2013 -31/12/2013**
Gross profit / (loss) from continuing operations before tax	10 242	17 916
Profit /(loss) before tax	**10 242**	**17 916**
ADJUSTMENTS OF GROSS PROFIT:		
Adjustment of gross profit concerning sales revenues	10 181	18 633
Non-allowable costs / Costs from previous years constituting allowable costs in the current year	(6 279)	(11 759)
Tax costs concerning operating lease settlements	(656)	(1 052)
Other	(368)	(783)
Consolidation adjustments not affecting the tax base	(82)	2 862
Tax loss of subsidiaries	183	4 668
Current and deferred income tax base	**13 221**	**30 485**
Calculated loss from previous years (-):	(3 520)	(918)
Income tax with reference to the tax rate binding in Poland, 19%	**1 843**	**5 618**
Adjustments concerning current income tax from previous years	3	-
Deferred income tax	**224**	**(2 806)**
Income tax disclosed in the statement of total income	**2 070**	**2 812**
Income tax allocated to discontinued operations	**-**	**-**

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

15.4 Deferred income tax

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 vacation leave and retirement severance pay	166	167	(133)	**200**
Unpaid payroll	74	122	(89)	**107**
Doubtful receivables	26	1	(6)	**21**
Unrealised profits in the Group	812	612	(553)	**871**
Tax loss in a subsidiary	854	-	(669)	**185**
Provision for a balance sheet audit	7	11	(8)	**10**
Provision for the loss of profit in relation to price reduction	-	28	-	**28**
Provision for contentious court cases	-	31	-	**31**
Other	772	302	(184)	**890**
	2 731	**1 337**	**(1 661)**	**2 407**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	2 899	1 338	(1 537)	**2 700**
Interest on deposits and loans allowed	190	195	-	**385**
Property, plant and equipment	527	3	(232)	**298**
Differences in the valuation of fixed assets	(54)	134	-	**80**
	3 562	**1 670**	**(1 769)**	**3 463**

Total deferred tax provision following compensation with deferred tax assets: **1 056**

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

31/12/2013	Status as at the beginning of the period	Presentation adjustment – opening balance	(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	33	-	19	(32)	**20**
Provision for unused vacation leave and retirement severance pay	118	-	111	(63)	**166**
Unpaid payroll	51	-	74	(51)	**74**
Doubtful receivables	13		13	-	**26**
Unrealised profits in the Group	257	(13)	1 186	(618)	**812**
Tax loss in a subsidiary	-	-	854	-	**854**
Provision for a balance sheet audit		6	7	(6)	**7**
Other	54	(6)	761	(37)	**772**
	526	**(13)**	**3 025**	**(806)**	**2 732**
Temporary differences concerning the deferred income tax provision:					
Result on the sale of premises on the basis of the handover and receipt report	3 735	4	1 551	(2 391)	**2 899**
Interest on deposits and loans allowed	101	(4)	94	(1)	**190**
Property, plant and equipment	309	-	245	(27)	**527**
Differences in the valuation of fixed assets	18	(13)	216	(276)	**(54)**
	4 163	**(12)**	**2 106**	**(2 694)**	**3 563**

Total deferred tax provision following compensation with deferred tax assets:	**831**

Note 16 Discontinued operations and assets held for sale

Not applicable.

Note 17 Assets and liabilities relating to the Company's Welfare Fund

The Group creates the fund and makes periodical deductions in the amount of the deduction from pay. The Fund's objective is to subsidise the Company's welfare activity, grants allowed to its employees and other welfare costs.
The Group companies compensated the Fund's assets with the Company's liabilities towards the Fund as those assets do not constitute the Group's separate assets. The surplus of the Fund's assets over its liabilities adjusted the other receivables of the companies.

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

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

	31/12/2014	31/12/2013
Cash	104	88
Loans given to employees	20	66
Total assets of the Company's Welfare Fund	124	154
Liabilities in relation to the Company's Welfare Fund	133	112
Assets/liabilities of the Company's Welfare Fund	**(9)**	**42**
Contributions to the Fund in the turnover period	**203**	**226**

Note 18 Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders of the Parent Company, 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	01/01/2014 -31/12/2014	01/01/2013 -31/12/2013
Net profit (loss) from continuing operations	7 673	14 929
Net profit from discontinued operations	-	-
Net profit attributable to shareholders in the parent entity	**7 673**	**14 929**
Weighted average number of ordinary shares	**40 040**	**40 040**

Basic earnings per share	01/01/2014 -31/12/2014	01/01/2013 -31/12/2013
Net profit	7 673	14 929
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0,1916	0,3728

Diluted earnings per share	01/01/2014 -31/12/2014	01/01/2013 -31/12/2013
Net profit attributable to the parent entity's shareholders used for diluted earnings per share calculation	7 673	14 929

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

Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0,1916	0,3728

Basic earnings per share from continuing operations	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Net profit from continuing operations	7 673	14 929
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0,1916	0,3728

Diluted earnings per share from continuing operations	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Net profit attributable to Shareholders used for the calculation of diluted earnings per share from continuing operations	7 673	14 929
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0,1916	0,3728

Note 19 Dividends paid and proposed

Dividends paid and proposed	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Declared and paid dividends for ordinary shares:	**4 042**	**133**
- dividend paid to the parent entity's shareholders from profit for 2013	4 004	-
- dividend paid to non-controlling shareholders from profit for 2013	38	-
- dividend proposed and paid to the non-controlling shareholders from profit for 2012	-	*133*
Total dividends reducing the Group's profit	**4 042**	**133**
Dividend paid to non-controlling shareholders	215	764
Remuneration in relation to the redemption of shares in P.B. Domesta Sp. z o.o.	-	600
Total dividends and other payments to owners	**4 257**	**1 497**

Dividend payment in 2014:

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.

Based on resolution No. 10/2014 of 26/06/2014, the General Meeting of a subsidiary, PB Domesta Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 470 k from profit for 2013

Dividend payment in 2013:

In conformity with the resolution of the Ordinary General Assembly of Inpro SA of 19 June 2013 on the division of the Company's net profit for the period from 1 January 2012 to 31 December 2012, the entire profit in the amount of PLN 17,467 k was designated for the Company's supplementary capital.

Based on resolution No. 8/2013 of 28/06/2013, the General Meeting of a subsidiary, PB Domesta Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 1,560 k.

On 05/07/2013 PB DOMESTA Sp. z o.o. signed a share transfer agreement with Mr Edmund Schulke (the President of the Management Board of PB DOMESTA and its shareholder at the same time) for the purpose of the redemption of such shares. On the basis of that agreement, 24 shares of the nominal value of PLN 750 each were transferred to PB Domesta Sp. z o.o. for redemption for PLN 600 k. Redemption was effected from the company's net profit, without the reduction of share capital. As a result of redemption of a part of the shares, the share of INPRO SA in Domesta's share capital increased from 51% to 54.26%.

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

Note 20 Property, plant and equipment

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	**5 176**	**78 802**	**17 312**	**7 400**	**9 079**	**403**	**118 172**
b) increases (in relation to)	**20**	**2 618**	**261**	**961**	**272**	**356**	**4 488**
- purchase	-	1 505	133	961	114	356	**3 069**
- receipt from investments	-	584	128	-	149	-	**861**
- other	20	529	-	-	9	-	**558**
c) decreases (in relation to)	**-**	**(18)**	**(465)**	**(1 567)**	**(379)**	**(302)**	**(2 731)**
- sale	-	(18)	(4)	(1 567)	(17)	-	**(1 606)**
- liquidation	-	-	(458)	-	(299)	(1)	**(758)**
- reclassification to another category	-	-	(3)	-	(63)	(301)	**(367)**
d) gross value of fixed assets as at the end of the period	**5 196**	**81 402**	**17 108**	**6 794**	**8 972**	**457**	**119 929**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(141)**	**(4 878)**	**(4 722)**	**(4 397)**	**(4 913)**	**-**	**(19 051)**
f) depreciation for the period (in relation to)	**(11)**	**(2 062)**	**(1 382)**	**171**	**(787)**	**-**	**(4 071)**
- annual depreciation charge	(11)	(2 064)	(1 841)	(696)	(1 058)	-	**(5 670)**
- sale of a fixed asset	-	2	4	867	9	-	**882**
- liquidation of a fixed asset	-	-	455	-	249	-	**704**
- other	-	-	-	-	13	-	**13**
g) accumulated amortisation (depreciation) as at the end of the period	**(152)**	**(6 940)**	**(6 104)**	**(4 226)**	**(5 700)**	**-**	**(23 122)**
h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
j) net value as at the beginning of the period	**5 035**	**73 886**	**12 590**	**3 003**	**4 166**	**403**	**99 083**
k) net value as at the end of the period	**5 044**	**74 424**	**11 004**	**2 568**	**3 272**	**457**	**96 769**

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

MOVEMENT OF FIXED ASSETS 01/01/2013 - 31/12/2013	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	**7 126**	**20 779**	**7 123**	**6 238**	**6 143**	**38 845**	**86 254**
b) increases (in relation to)	**161**	**58 023**	**10 405**	**1 469**	**3 122**	**4 314**	**77 494**
- purchase	-	-	307	137	793	4 314	**5 551**
- receipt from investments	-	58 023	9 847	1 091	2 324	-	**71 285**
- capital expenditure on fixed assets under construction	-	-	5	-	-	-	**5**
- taken over on the basis of a finance lease agreement	-	-	242	241	-	-	**483**
- other	161	-	4	-	5	-	**170**
c) decreases (in relation to)	**(2 111)**	**()**	**(216)**	**(307)**	**(186)**	**(42 756)**	**(45 576)**
- sale	-	-	(123)	(307)	(3)	-	**(433)**
- liquidation	-	()	(75)	-	(178)	-	**(253)**
- reclassification to another category	(2 111)	-	(18)	-	(5)	(42 756)	**(44 890)**
d) gross value of fixed assets as at the end of the period	**5 176**	**78 802**	**17 312**	**7 400**	**9 079**	**403**	**118 172**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(130)**	**(4 007)**	**(4 112)**	**(4 039)**	**(4 327)**	**-**	**(16 615)**
f) depreciation for the period (in relation to)	**(11)**	**(871)**	**(610)**	**(358)**	**(586)**	**-**	**(2 436)**
- annual depreciation charge	(11)	(516)	(635)	(618)	(647)	-	**(2 427)**
- sale of a fixed asset	-	-	99	307	-	-	**406**
- liquidation of a fixed asset	-		88	-	174	-	**262**
- other	-	-	-	-	(11)	-	**(11)**
g) accumulated amortisation (depreciation) as at the end of the period	**(141)**	**(4 878)**	**(4 722)**	**(4 397)**	**(4 913)**	**-**	**(19 051)**
h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
j) net value as at the beginning of the period	**6 996**	**16 733**	**3 012**	**2 199**	**1 816**	**38 845**	**69 601**
k) net value as at the end of the period	**5 035**	**73 886**	**12 590**	**3 003**	**4 166**	**403**	**99 083**

The balance sheet value of property, plant and equipment in the reporting period decreased by PLN 2.314 k. That was mainly due to depreciation charges made. There was no material liquidation of fixed assets in the reporting period.

Significant liabilities in relation to the purchase of fixed assets as at the balance sheet date are constituted by the liability of Hotel Mikołajki Sp. z o.o. towards INPRO SA in relation to main contracting on the hotel facility in the net amount of PLN 7.347 k. Those liabilities are excluded from consolidation as a whole.

The balance sheet value of all the fixed assets used as at 31 December 2014 on the basis of finance lease agreements and lease agreements with a purchase option was PLN 952 k, (31 December 2013: PLN 1.656 k).

The securities on fixed assets as at 31/12/2014 were described in detail in note No. 34.7.

Note 21 Investment property

There is no investment property in the Group.

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

Note 22 Intangibles

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	**-**	**5 624**	**669**	**215**	**6 508**
b) increases (in relation to)	**-**	**-**	**51**	**-**	**51**
- purchase	-	-	51	-	51
c) decreases (in relation to)	**-**	**-**	**(145)**	**-**	**(145)**
- liquidation	-	-	(145)	-	(145)
d) gross value of intangibles as at the end of the period	**-**	**5 624**	**575**	**215**	**6 414**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(454)**	**(15)**	**(469)**
f) depreciation for the period (in relation to)	**-**	**-**	**5**	**(43)**	**(38)**
- depreciation (the annual charge)	-	-	(140)	(43)	(183)
- liquidation	-	-	145	-	145
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(449)**	**(58)**	**(507)**
h) net value of intangibles as at the beginning of the period	**-**	**5 624**	**215**	**200**	**6 039**
i) net value of intangibles as at the end of the period	**-**	**5 624**	**126**	**157**	**5 907**

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

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2013 - 31/12/2013	**Cost of completed development work**	**Goodwill**	**Software**	**Other intangibles**	**TOTAL**
a) gross value of intangibles as at the beginning of the period	**-**	**5 624**	**418**	**5**	**6 047**
b) increases (in relation to)	**-**	**-**	**251**	**210**	**461**
- purchase	-	-	251	-	251
- receipt from investments	-	-	-	210	210
c) decreases (in relation to)	-	-	-	-	**-**
- liquidation	-	-	-	-	**-**
d) gross value of intangibles as at the end of the period	**-**	**5 624**	**669**	**215**	**6 508**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(396)**	**(3)**	**(399)**
f) depreciation for the period (in relation to)	**-**	**-**	**(58)**	**(12)**	**(70)**
- depreciation (the annual charge)	-	-	(58)	(12)	(70)
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(454)**	**(15)**	**(469)**
h) net value of intangibles as at the beginning of the period	**-**	**5 624**	**22**	**2**	**5 648**
i) net value of intangibles as at the end of the period	**-**	**5 624**	**215**	**200**	**6 039**

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

22.1 Goodwill

As a result of the purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010, goodwill was disclosed in the amount of PLN 5,624 k.

23 Business combinations

23.1 Goodwill on consolidation

Goodwill on consolidation	**31/12/2014**	**31/12/2013**
Balance sheet value of goodwill on consolidation		
P.B. Domesta Sp. z o.o.	5 624	5 624
Total balance sheet value	**5 624**	**5 624**

The price of purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010 was fixed on the basis of the valuation of P.B. Domesta Sp. z o.o. at its fair value measured by the income method. Goodwill was determined as the difference between the value of the purchased share in the net assets of the company and the purchase price. The valuation date is 31 December 2009.
No changes on goodwill occurred in 2014 and 2013, which is presented in the table below. An impairment test conducted as at 31 December 2014 confirmed that the value shown in the statements is realistic.

	01/01/2014 -31/12/2014	**01/01/2013 -31/12/2013**
Goodwill on consolidation as at the beginning of the period	**5 624**	**5 624**
Increases of goodwill on consolidation as a result of acquisition		
Exchange gains or losses concerning a foreign entity		
Decreases of goodwill in relation to deductions		
Decreases of goodwill in relation to sale		
Total balance sheet value as at the end of the period	**5 624**	**5 624**

23.2 Main assumptions used in the calculation of the value in use of entities

The measurement of the value in use of an entity to which goodwill was attributed requires the Management Board to estimate future cash flows attributed to a given entity and a discount rate necessary to estimate the current value of those cash flows.

23.3 Acquisition/sale of business entities

The changes in equity relationships between INPRO SA and other entities were described in detail in note No. 2.

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

Note 24 Inventory

Inventory	**31/12/2014**	**31/12/2013**
Materials (at the acquisition price)	806	531
Goods for resale (at the acquisition price)	78 949	50 328
Work in progress (at the cost of manufacture)	44 303	63 990
Finished goods (at the acquisition price / cost of manufacture)	87 844	85 740
Total inventory at the lower of two values: the acquisition price (cost of manufacture) and net realisable value	**211 902**	**200 589**

Obsolescence allowances on inventory	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Obsolescence allowances on inventory as at the beginning of the period	**10**	**10**
Obsolescence allowance made	28	-
Obsolescence allowance reversed	-	-
Obsolescence allowances on inventory as at the end of the period	**38**	**10**

Mortgages to secure existing and future claims and ordinary mortgages to secure credit repayment are established on inventory (land in perpetual usufruct recorded in goods for resale). Details of securities: see note 29 in additional information.

There was no inventory valued as at the net selling price as at 31 December 2014 or as at 31 December 2013.

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

Note 25 Trade and other receivables

	31/12/2014	31/12/2013
Receivables from related entities	**16**	**12**
Trade receivables	16	12
Receivables from other entities	**7 271**	**6 291**
Gross trade receivables	4 428	1 358
State budget receivables other than current income tax	1 843	4 115
Advances on inventory	857	768
Advances on fixed assets	79	4
Other non-financial liabilities	64	46
Total gross receivables	**7 287**	**6 303**
Valuation allowances for receivables	**(321)**	**(137)**
Short-term prepayments, including:	**493**	**673**
- subscription cost	11	13
- software, domains, licences	38	17
- cost of insurances	114	195
- payments under the remaining lease agreements	7	10
- rent	7	2
- advertisements	40	15
- other prepaid expenses	276	421
Total receivables (net)	**7 459**	**6 839**

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 Group's policy concerning the management of those risks was presented in item 34.6 of additional information.

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

Note 26 Total cash and cash equivalents

The balance of cash and cash equivalents shown in the consolidated statement of the financial position and in the consolidated cash flow statement consisted of the following items:

Cash	**31/12/2014**	**31/12/2013**
Cash at bank and in hand	17 364	6 118
Cash at bank deposits (without overnight deposits)	21 351	1 000
Total cash and cash equivalents	**38 715**	**7 118**

	31/12/2014	**31/12/2013**
Cash in PLN	38 715	7 118
Total cash and cash equivalents	**38 715**	**7 118**

Free cash is accumulated at bank accounts and invested in fixed-time and overnight (o/n) deposits. The Group obtains both variable and fixed interest rates on cash.

Cash at bank accounts 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 depending on the current Group's 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 2014 is 38,715 k zlotys (31 December 2013 roku: 7,118 k zlotys).

As at 31 December 2014 the Group had unused credit (working capital credits for property development projects and overdraft facilities) in the amount of 46,913 k zlotys (31 December 2013: 32,210 k zlotys), which funds will be used as the construction works progress.

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

26.1 Explanation to the cash flow statement for the period 01/01/2014 – 31/12/2014

No.	Item	Change in the period 01/01/2014-31/12/2014
1.	Balance sheet change in provisions	1 238
2.	Change in provisions in the cash flow statement	1 013
3.	Difference	(225)
4.	Explanation of the difference:	(225)
-	change in provisions in relation to CIT	(225)
1.	Balance sheet change in prepayments	454
2.	Change in prepayments in the cash flow statement	464
3.	Difference	10
4.	Explanation of the difference:	10
-	other prepayments – settlement of interest on lease	10
1.	Balance sheet change in net long and short-term receivables	(1 787)
2.	Change in receivables in the cash flow statement	(409)
3.	Difference	1 378
4.	Explanation of the difference:	1 378
-	change in receivables in relation to the sale of fixed assets, fixed assets under construction and intangibles	391
-	change in receivables in relation to CIT	987
1.	Balance sheet change in short and long-term liabilities	43 559
2.	Change in short-term liabilities in the cash flow statement	14 624
3.	Difference	(28 935)
4.	Explanation of the difference:	(28 935)
-	change in short and long-term loans and credits	(27 003)
-	change in liabilities in relation to CIT	16
-	change in liabilities in relation to finance lease	489
-	change in liabilities in relation to the acquisition of fixed assets, fixed assets under construction and intangibles	4 662
-	change of advances on separate revenue accounts	(6 915)
-	change of liabilities in relation to the issue of securities representing no right to equity	(196)
-	other adjustments	12

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

Explanation to the cash flow statement for the period 01/01/2014 – 31/12/2014 (continued)

1.	Balance sheet change in inventory	(11 313)
2.	Change in inventory in the cash flow statement	(11 851)
3.	Difference	(538)
4.	Explanation of the difference:	(538)
-	transfer of inventory to fixed assets	(538)
1.	Balance sheet change in cash	31 597
2.	Change in cash in the cash flow statement	31 597
3.	Difference	-
4.	Explanation of the difference:	-

Note 27 Share and other capital

27.1 Share capital

As at:	**31/12/2014**	**31/12/2013**
Registered share capital	4 004	4 004

SHARE CAPITAL AS AT 31/12/2014 IN PLN						
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 31/12/2013 IN PLN						
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**

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

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.

No changes in the Group's share capital occurred in the financial year.
Changes in the share capital of subsidiaries and the current shareholding structure as at the date of signing these consolidated financial statements were described in detail in note 2 of additional information.

27.2 Supplementary capital

Supplementary capital was created from profits from previous years in conformity with resolutions adopted by the shareholders.

27.3 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.

27.4 Retained profits and restrictions on capital

The statutory financial statements of Rugby Prefabrykaty Sp. z o.o., Dom Zdrojowy Sp. z o.o., P.B. Domesta Sp. z o.o., Hotel Mikołajki Sp. z o.o. are prepared in conformity with Polish accounting standards. A dividend may be paid on the basis of profit fixed in the annual separate financial statements prepared for statutory purposes.

On the basis of § 396 of the Commercial Companies Code, the Parent Entity and each of the joint-stock companies in the Capital Group are obliged to maintain retained profit (the so-called supplementary capital) up to 1/3 of the share capital only for the financing of possible financial losses. The Company must designate for that purpose at least 8% of the current profit until the required equivalent of 1/3 of the share capital is accumulated.

27.5 Non-controlling shares

Non-controlling shares	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
As at the beginning of the period	**10 259**	**11 719**
Increase of the share capital in Domesta Sp. z o.o.	-	-
Redemption of shares in PB Domesta	-	(871)
Dividend payment	(215)	(764)
Share in the current period's profit or loss	499	175
At the end of the period	**10 543**	**10 259**

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

Note 28 Provisions

28.1 Change in provisions

01/01/2014 -31/12/2014	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	Total provisions
Status as at the beginning of the period	**252**	**38**	**99**	**1 500**	**1 889**
Increase (+)	43	396	329	1 921	**2 689**
Decrease (-)	(58)	(36)	(99)	(1 483)	**(1 676)**
Status as at the end of the period	**237**	**398**	**329**	**1 938**	**2 902**

01/01/2013 -31/12/2013	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	Total provisions
Status as at the beginning of the period	**233**	**60**	**173**	**1 356**	**1 822**
Increase (+)	40	16	99	1 391	**1 546**
Decrease (-)	(21)	(38)	(173)	(1 247)	**(1 479)**
Status as at the end of the period	**252**	**38**	**99**	**1 500**	**1 889**

Time structure of provisions	31/12/2014	31/12/2013
Long-term part	237	252
Short-term part	2 665	1 637
Total provisions	**2 902**	**1 889**

28.2 Provision for guarantees and sureties given

The balance of relevant provisions as at 31 December 2014 was as follows: PLN 329 k (as at 31 December 2013: PLN 99 k).

28.3 Retirement severance pay

The Group companies pay retiring employees retirement severance pay in the amount set out by the Labour Code.
The companies do not separate assets which could be used to settle the retirement severance pay in the future.
The Group companies create a provision for future retirement severance pay liabilities to allocate the costs to the periods concerned.
The provision is revised on an annual basis, at the end of a financial year.
For the purpose of the update of the provision as at the end of the current period, the Group took the available inflation forecasts, the analysis of the increase of the minimum pay ratios and the projected profitability of highly liquid securities.

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

The main assumptions taken by the Group as at the balance sheet date and for the years ended on 31 December 2014 and 31 December 2013 for the calculation of the liability are as follows:

	31/12/2014	31/12/2013
Discount rate	3,00	3,18
Estimated salary growth rate	0,00	0,00

There is no employee share ownership plan at the Group companies.

28.4 Other provisions

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

- for unused vacation leave,
- for the audit of the financial statements,
- for the construction costs invoiced in 2015, concerning premises delivered in 2014,
- for the running costs of unsold premises, concerning 2014,
- for the loss of profit in relation to price reduction,
- for annual additional remuneration of Inpro Management S.C.

Note 29 Interest bearing credits, leases and bonds issue

Long-term financial liabilities	31/12/2014	31/12/2013
Loans and credits	49 579	40 146
Long-term bonds	-	19 600
Liabilities relating to finance lease and lease agreements with a purchase option	161	308
Total	**49 740**	**60 054**

Short-term financial liabilities	31/12/2014	31/12/2013
Loans and credits	22 459	4 889
Short-term bonds	20 403	607
Liabilities relating to finance lease and lease agreements with a purchase option	287	629
Total	**43 149**	**6 125**

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

On 6/8/2013, INPRO SA signed a bond issue agreement for coupon bearer bonds without a document form with Bank Gospodarki Żywnościowej SA with its registered office in Warsaw. The agreement lays down the rules for the issue of up to 2,000 bonds of the nominal value of PLN 10 k each, with the 2-year maturity deadline fixed for 14 August 2015.
The total maximum value of the issue as specified in the agreement is PLN 20,000 k.

On 20/01/2014, two thousand series A bonds of the nominal value of PLN 20,000 k, issued by INPRO SA on 14/08/2013 on the basis of the agreement with Bank Gospodarki Żywnościowej SA of 06/08/2013, were introduced into the alternative trading system on the Catalyst. The first day of quotation was set for 24 January 2014.
The issue of the bonds was described in current report No. 36/2013 of 14/08/2013.

On 11/03/2015 INPRO SA effected the full premature buyout of 2,000 bonds of the nominal value of PLN 10 k each for redemption.

As at 31 December 2014 and 31 December 2013, the Group had the following credits and liabilities in relation to lease agreements:

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

Liabilities of the INPRO SA Capital Group 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			Other securities
					Mortgage	Object	Location	
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
Consortium SGB Bank SA BS in Tczew	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 in Wejherowo)	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 in Kwidzyn)	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
PKO BP	PLN	36 214	29 462	31/12/2027	mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2, OL1M/00026392/3 Mrągowo District Court	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment
Total credit liabilities			**72 038**					

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

* the mortgage also comprises land and mortgage registers for the premises segregated from land and mortgage register No. OL1M/00025679/2, i.e. the registers with the following numbers: OL1M/00037334/9, OL1M/00037335/6, OL1M/00037336/3, OL1M/00037337/0, OL1M/00037481/4, OL1M/00037338/7, OL1M/00037339/4

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	-	02/12/2015	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
PEKAO S.A.	PLN	500	-	28/05/2015	not applicable	not applicable	not applicable	registered pledge on hotel equipment of the net book value of PLN 716 k, assignment of rights resulting from an insurance agreement, blank promissory note, power of attorney to accounts, letter of support by INPRO SA
PEKAO S.A.	PLN	1 000	-	31/12/2015	PLN 2,000 k	Land and mortgage register GD1G/00215282/3 (current assets)	Gdańsk Jasień, plot No. 251/6	blank promissory note
			-					

Credits repaid as at the balance sheet date, in relation to which mortgages as at 31/12/2014 have not been struck out yet

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			Other securities
					Mortgage	Object	Location	
PKO BP	PLN	22 500	-	17/03/2016	mortgage up to the sum of 33,750	GD1G/00087942/1 Gdansk-North District Court	Gdańsk, ul. Olsztyńska	lank promissory note, mortgage

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

Liabilities of the INPRO SA Capital Group in relation to credits as at 31/12/2013

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage				Other securities
					Ordinary	Securing existing and future debts	Object	Location	
PKO BP	PLN	6 000	2 400	31/07/2014*	mortgage up to the sum of 9,000		GD1G/00064314/3 Gdansk-North District Court	Gdańsk, ul. Chmielna 73	blank promissory note, joint real estate mortgage
PKO BP	PLN	22 500	-	17/03/2016	mortgage up to the sum of 33,750		GD1G/00087942/1 Gdansk-North District Court	Gdańsk, ul. Olsztyńska	lank promissory note, mortgage
PKO BP	PLN	20 000	3 618	31/12/2015	mortgage up to the sum of 30.000 on the share of INPRO		GD1G/00084697/7 Gdansk-North District Court	Gdańsk, ul. Szeroka	blank promissory note, security assignment, blocking of funds on the separate revenue account, mortgage
Alior Bank SA	PLN	10 000	6 199	18/09/2016	joint real estate mortgage up to the sum of 15,000		GD1G/00260693/7, GD1G/00256721/2, GD1G/00257490/0	Gdańsk, ul. Jasieńska	power of attorney to accounts and to sell real estate if credit is not repaid
SGB Bank SA	PLN	9 500	1 090	31/12/2015	contractual mortgage up to 12,350		GD1G/00150959/6	Gdańsk, ul. Jasieńska	power of attorney to accounts and to sell real estate if credit is not repaid
BPS SA	PLN	15 000	-	30/06/2014	mortgage up to the sum of 25,000		GD1G/00255051/7, GD1G/0225052/4, DG1G/00145988/0, DG1G/00255042/1, DG1G/00255053/1, DG1G/00255054/8	Gdańsk, ul. Rzeczypospolitej	blank promissory note, mortgage
PKO BP	PLN	32 548	31 728	31/12/2027	mortgage up to the sum of 54,321		OL1M/00025679/2, OL1M/00026392/3 Mrągowo District Court	The island and peninsula at Lake Mikołajskie	registered pledge on the shares in Hotel Mikołajki, blank promissory note, joint real estate mortgage
Total credit liabilities			**45 035**						

*the credit was repaid in full before the deadline on 23/01/2014

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

Open credit lines as at 31/12/2013

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other
BNP PARIBAS	PLN	300	-	26/02/2014	mortgage securing existing or future claims up to the sum of PLN 611 k	Land and mortgage register DG1G/00091255/9, Gdańsk-North District Court (fixed assets)	land in perpetual usufruct in Kolbudy, ul. Przemysłowa	blank promissory note, security assignment
BANK PEKAO S.A., Branch in GDAŃSK, ul. Ogarna 116	PLN	1 000	-	Overdraft facility 31/12/2014	PLN 2,000 k	Land and mortgage register GD1G/00215282/3 (current assets)	Gdańsk Jasień, plot No. 251/6	blank promissory note
			-					

Credits repaid as at the balance sheet date, in relation to which mortgages as at 31/12/2013 have not been struck out yet

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			Other securities
					Mortgage	Object	Location	
PKO BP	PLN	4 500 k revolving working capital credit	-	31/08/2013	mortgage up to the sum of PLN 6,750 k	OL1M/00025679/2, OL1M/00026392/3 SR Mrągowo (fixed assets)	The island and peninsula at Lake Mikołajskie	registered pledge on the shares in Hotel Mikołajki, blank promissory note
BPS SA	PLN	878	-	31/03/2013		OL1M/00030807/7	Mikołajki, ul. Leśna	blank promissory note

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

Capital Group in relation to lease agreements as at 31/12/2014

Financing party	Object of the agreement	Agreement number	Initial value in PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
Inpro SA							
BGŻ Leasing Spółka z o.o.	Two Liebherr 71 EC-B 5 tower cranes	3859/10/BG	464	2015/12/15	103	103	-
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	242	2016/08/31	115	66	49
Dom Zdrojowy Sp. z o.o.							
PSA Finance	CITROEN C5 car	9300578182	45	2015/02/29	2	2	-
Domesta Sp. z o.o.							
Volkswagen Leasing Gmbh Sp.z o.o.	AUDI Q5 car	6706907-1214-07329	213	2016/09/30	135	56	79
Hotel Mikołajki Sp. z o.o.							
PKO leasing SA	CITROEN C5 car	B/O/OL/2013/02/0008	92	2016/02/15	30	26	4
PKO leasing SA	CITROEN JUMPER car	L/O/OL/2013/05/0009	77	2016/07/15	32	19	12
PKO leasing SA	Two Melex vehicles	B/O/OL/2013/08/0003	72	2016/08/15	31	15	17
					448	**287**	**161**

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

31/12/2013

Financing party	Object of the agreement	Agreement number	Initial value in PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
Inpro SA							
BGŻ Leasing Spółka z o.o.	Two Liebherr 71 EC-B 5 tower cranes	3859/10/BG	573	2015/12/15	206	103	103
Caterpillar Financial Services Poland Sp. z o.o.	428 F digger-loader	OL-026954	242	2016/08/31	178	63	115
Dom Zdrojowy Sp. z o.o.							
Bankowy Fundusz Leasingowy SA	MERIDIAN yacht	C/GD/2008/07/206	1 139	2014/06/25	378	378	-
PSA Finance	CITROEN C4 car	9300578182	45	2015/02/29	13	11	2
PSA Finance	CITROEN C5 car	9400296552	80	2014/12/31	17	17	-
Hotel Mikołajki Sp. z o.o.							
PKO Leasing SA	CITROEN JUMPER car	L/O/OL/2013/05/0009	77	2016/07/15	51	23	28
PKO Leasing SA	Two Melex vehicles	B/O/OL/2013/08/0003	72	2016/08/15	47	18	29
PKO Leasing SA	CITROEN C5 car	B/O/OL/2013/02/0008	92	2016/02/15	47	16	31
					937	**629**	**308**

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

Minimum future lease payments in relation to those agreements are as follows:

Nominal value of minimum lease payments	**31/12/2014**	**31/12/2013**
Within 1 year	287	629
Within 1 to 3 years	161	308
Total liabilities relating to finance lease - minimum total lease payments	**448**	**937**

Note 30 Trade and other liabilities

Long-term liabilities	**31/12/2014**	**31/12/2013**
Towards related entities	**180**	**130**
trade liabilities	180	130
Towards other entities	**2 013**	**1 932**
trade liabilities	2 013	1 922
other liabilities	-	10
Total trade and other long-term liabilities	**2 193**	**2 062**

Short-term liabilities	**31/12/2014**	**31/12/2013**
Towards related entities	**801**	**987**
trade liabilities	801	987
Towards other entities	**64 334**	**47 414**
trade liabilities	10 339	14 884
payroll payable	645	625
state budget liabilities other than current income tax	1 128	1 021
advances received	51 984	30 687
other liabilities	238	197
Total trade and other short -term liabilities	**65 135**	**48 401**

Total trade and other liabilities	**67 328**	**50 463**

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.

Note 31 Government grants

Not applicable.

Note 32 Contingent liabilities and receivables

32.1 Other contingent liabilities

The following contingent liabilities existed within the Capital Group:

As at 31/12/2014:

1. Dom Zdrojowy – a contractual real estate mortgage up to PLN 30,000 k established on the Hotel SPA in Jastarnia, ul. Kościuszki 2a, land and mortgage register KW GD2W/00040638/7, for the mortgage administrator, Hogan Lovells (Warsaw) LPP (a limited liability partnership), Branch Office in Poland, as a security for issue of bonds by the issuer, INPRO SA, to secure the bond holders' claims; the interim depositary is Bank Gospodarki Żywnościowej SA; the bonds will be traded on the target basis on the ASo Catalyst (BondSpot) market, the issue date being 14/08/2013, and the buyout date 14/08/2015. The full early buyout of the bonds took place on 11/03/2015.

2. 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 investment credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 5 September 2011 (The credit was obtained by Hotel Mikołajki Sp. z o.o., the debt as at 31/12/2014 was PLN 29,462 k).

As at 31/12/2013:

1. Dom Zdrojowy – a contractual real estate mortgage up to PLN 30,000 k established on the Hotel SPA in Jastarnia, ul. Kościuszki 2a, land and mortgage register KW GD2W/00040638/7, for the mortgage administrator, Hogan Lovells (Warsaw) LPP (a limited liability partnership), Branch Office in Poland, as a security for issue of bonds by the issuer, INPRO SA, to secure the bond holders' claims; the interim depositary is Bank Gospodarki Żywnościowej SA; the bonds will be traded on the target basis on the ASo Catalyst (BondSpot) market, the issue date being 14/08/2013, and the buyout date 14/08/2015.

2. 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 investment credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 5 September 2011 (The credit was obtained by Hotel Mikołajki Sp. z o.o., the debt as at 31/12/2014 was PLN 31,728 k).

3. The undertaking by INPRO SA to grant a subordinate loan in the amount of PLN 440 k by 31/3/2014 as a security for investment credit granted by PKO BP SA under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 05/09/2014. (credit obtained by Hotel Mikołajki Sp. z o.o.).

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

32.4 Contingent receivables

Contingent receivables	31/12/2014	31/12/2013
Disputable state budget settlements	-	-
Guarantees received	203	89
Total contingent receivables	**203**	**89**

32.3 Planned capital expenditure

The Group's capital expenditure planned for 2015 is approximately PLN 9,000 k and are mainly related to the planned extension and modernisation of plant in inBet Sp. z o.o and with the project being implemented in Mikołajki (the construction of the link building).

32.4 Court cases

The Group was not a party to significant court proceedings as at 31 December 2014.

32.5 Guarantees

Not applicable.

32.6 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 Group's previous tax settlements may be increased by additional tax liabilities.

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

Note 33 Shares in 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 2014 and 2013.

SHORT-TERM RECEIVABLES/LIABILITIES at 31/12/2014			DEBTOR								
			other related entities					other related entities			
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
CREDITOR	related entities	Inpro SA		430	-	-	8 397	-	8	-	-
		inBet Sp. z o.o.	253		-	3	-	-	-	-	-
		Dom Zdrojowy Sp. z o.o.	-	-		-	-	-	-	-	8
		P.B. Domesta Sp. z o.o.	-	-	-		-	-	-	-	-
		Hotel Mikołajki Sp. z o.o.	-	-	3	-		-	-	-	-
	TOTAL for related entities		**9 086**					**16**			
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	2	-	-				
		Isa Sp. z o.o.	692	-	-	66	-				
		Inpro Management s.c.	-	-	-	-	-				
		Members of the Management Board	-	-	25	-	16				
	TOTAL for other related entities		**801**					**-**			

		LONG-TERM RECEIVABLES/LIABILITIES as at 31/12/2014	DEBTOR								
			other related entities					other related entities			
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
CREDITOR	related entities	Inpro SA		-	-	-	428	-	-	-	-
		inBet Sp. z o.o.	5		-	-	-	-	-	-	-
		Dom Zdrojowy Sp. z o.o.	-	-		-	-	-	-	-	-
		P.B. Domesta Sp. z o.o.	-	-	-		-	-	-	-	-
		Hotel Mikołajki Sp. z o.o.	-	-	-	-		-	-	-	-
	TOTAL for related entities		**433**					**-**			
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-				
		Isa Sp. z o.o.	180	-	-	-	-				
		Inpro Management s.c.	-	-	-	-	-				
		Members of the Management Board	-	-	-	-	-				
	TOTAL for other related entities		**180**					**-**			

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

REVENUES / COSTS 01/01/2014-31/12/2014			BUYER								
			related entities - full consolidation					related entities - full consolidation			
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
SELLER	related entities	Inpro SA		422	4	1	1 715	1	78	2	-
		inBet Sp. z o.o.	5 204		-	672	-	-	-	-	-
		Dom Zdrojowy Sp. z o.o.	48	-			6	3	-	-	62
		P.B. Domesta Sp. z o.o.	-	-	-		-	-	-	-	-
		Hotel Mikołajki Sp. z o.o.	2	-	21	-		-	-	-	67
	TOTAL for related entities		**8 095**					**213**			
	other related entities	Hotel Oliwski Sp. z o.o.	3	-	19	-	-				
		Isa Sp. z o.o.	6 576	-	1	394	-				
		Inpro Management s.c.	1 955	-	-	-	-				
		Members of the Management Board	-	-	244	-	159				
	TOTAL for other related entities		**9 351**					**-**			

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

COMPARATIVE DATA:

SHORT-TERM RECEIVABLES/LIABILITIES at 31/12/2013			DEBTOR								
			related entities - full consolidation					other related entities			
			Inpro SA	Rugby Prefabrykaty Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
CREDITOR	related entities	Inpro SA					20 094		1		
		Rugby Prefabrykaty Sp. z o.o.	362								
		Dom Zdrojowy Sp. z o.o.						2			6
		P.B. Domesta Sp. z o.o.									
		Hotel Mikołajki Sp. z o.o.	25								3
	TOTAL for related entities						**20 481**				**12**
	other related entities	Hotel Oliwski Sp. z o.o.			1						
		Isa Sp. z o.o.	926			42					
		Inpro Management S.C.									
		Members of the Management Board			18						
	TOTAL for other related entities						**987**				**-**

LONG-TERM RECEIVABLES/LIABILITIES as at 31/12/2013			DEBTOR								
			related entities - full consolidation					other related entities			
			Inpro SA	Rugby Prefabrykaty Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
CREDITOR	related entities	Inpro SA					419		1		
		Rugby Prefabrykaty Sp. z o.o.	29								
		Dom Zdrojowy Sp. z o.o.									
		P.B. Domesta Sp. z o.o.									
		Hotel Mikołajki Sp. z o.o.									
	TOTAL for related entities						**448**				**1**
	other related entities	Hotel Oliwski Sp. z o.o.									
		Isa Sp. z o.o.	130								
		Inpro Management S.C.									
		Members of the Management Board									
	TOTAL for other related entities						**130**				**-**

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

REVENUES / COSTS 01/01/2013-31/12/2013			BUYER								
			related entities - full consolidation					other related entities			
			Inpro SA	Rugby Prefabrykaty Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
SELLER	related entities	Inpro SA		65	3 762	3	38 427	14	81	2	
		Rugby Prefabrykaty Sp. z o.o.	4 221			541					
		Dom Zdrojowy Sp. z o.o.	246					8			60
		P.B. Domesta Sp. z o.o.									
		Hotel Mikołajki Sp. z o.o.	38								3 419
	TOTAL for related entities						**47 303**				**3 584**
	other related entities	Hotel Oliwski Sp. z o.o.			14		2				
		Isa Sp. z o.o.				294					
		Inpro Management S.C.	1 975								
		Members of the Management Board			248						
	TOTAL for other related entities						**2 533**				-

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

The data in the table concerning the sales by Rugby Prefabrykaty Sp. z o.o. to INPRO SA and PB Domesta Sp. z o.o. and of the sales by INPRO SA to Hotel Mikołajki Sp. z o.o. were presented by long-term contracts.

Sales of Rugby Prefabrykaty as per invoices	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Buyer: Inpro SA	5 044	4 417
Buyer: P.B. Domesta Sp. z o.o.	683	648
	5 727	**5 065**

Sales of Inpro SA as per invoices	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Buyer: Hotel Mikołajki Sp. z o.o.	1 633	39 568
Buyer: Dom Zdrojowy Sp. z o.o.	4	3 664
	1 637	**43 232**

Loans granted by Inpro SA	**31/12/2014**	**31/12/2013**
To related entities:		
Dom Zdrojowy Sp. z o.o.	7 154	8 192
Hotel Mikołajki Sp. z o.o.	26 345	12 147
Total loans granted to related entities	**33 499**	**20 339**

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 Remuneration of the Group's senior management

The remuneration of the senior management comprises:

The remuneration paid to the senior management (with surcharges) comprises:	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
The Management Board*		
The parent entity	1 955	1 975
Subsidiaries	850	883
The Supervisory Board		
The parent entity	58	54
Subsidiaries	198	198
Other senior management		
Short-term employee benefits	1 898	1 618
Retirement severance pay	9	-
Benefits related to employment relationship termination	24	-
Total	**4 992**	**4 728**

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

*) Including the remuneration of the Management Board paid on the basis of the company management agreement.

33.4 Participation of the senior management in the employee share programme

Not applicable.

Note 34 Purposes and objectives of financial risk management

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

The main kinds of risk arising from the Group'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 Group 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 Group 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 Group 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 Group did not use interest rate hedging because it considered the interest rate risk not to be significant.

Irrespective of the present situation, the Group 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 Group's financial instruments exposed to the interest rate risk broken down to various age categories.

01/01/2014 - 31/12/2014					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	21 351	-	-	-	21 351
Liabilities relating to finance lease and lease agreements with a purchase option	287	161	-	-	448
Total	**21 638**	**161**	**-**	**-**	**21 799**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	17 364	-	-	-	17 364
Short term financial assets	9 576	-	-	-	9 576
Bank credits	22 459	26 917	4 532	18 130	72 038
Debt instrument liabilities	20 403				20 403
Total	**69 802**	**26 917**	**4 532**	**18 130**	**119 381**

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

01/01/2013 - 31/12/2013

Fixed interest rate	<1 year	1-3 years	3-5 years	>5 years	Total
Cash assets	-	-	-	-	-
Liabilities relating to finance lease and lease agreements with a purchase option	629	308	-	-	937
Total	**629**	**308**	**-**	**-**	**937**

Variable interest rate	<1 year	1-3 years	3-5 years	>5 years	Total
Cash assets	6 118	-	-	-	6 118
Short term financial assets	2 661				2 661
Bank credits	4 889	15 217	4 533	20 396	45 035
Debt instrument liabilities	607	19 600	-	-	20 207
Total	**14 275**	**34 817**	**4 533**	**20 396**	**74 021**

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 Group'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 Group 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 Group'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 31/12/2013.

The Group had no foreign currency liabilities as at the balance sheet date or 31/12/2013.

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 2014 and 31 December 2013 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 Group does not take 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

31/12/2014

Item in the financial statements	value of the item	Interest rate risk				Foreign currency risk	
		impact on the result		impact on the capital		impact on the result	
		+ 100 base points	- 100 base points	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Bank deposits	15 207	152	(152)	-	-	-	-
Debt securities issued - bonds	20 403	(204)	204				
Credits incurred	72 038	(720)	720	-	-	-	-
Total increase / (decrease)		(772)	772	-	-	-	-

31/12/2013

Item in the financial statements	value of the item	Interest rate risk				Foreign currency risk	
		impact on the result		impact on the capital		impact on the result	
		+ 100 base points	- 100 base points	+ 100 base points	- 100 base points	+ 10%	- 10%
Bank deposits	6 820	68	(68)	-	-	-	-
Debt securities issued - bonds	20 207	(202)	202				
Credits incurred	45 035	(450)	450	-	-	-	-
Total increase / (decrease)		(584)	584	-	-	-	-

1. Bank deposits

31/12/2014

These comprise short-term deposits (with variable interest - overnight, deposits on escrow accounts) in the amount of PLN 15,207 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 15,207 k x 100pb]= PLN 152 k

31/12/2013

These comprise short-term deposits (with variable interest - overnight, deposits on escrow accounts) in the amount of: PLN 6,820 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 6,820 k x 100 base points/] = PLN 68 k

2. Bonds

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

31/12/2013

Variable interest bonds in the amount of PLN 20,207 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
[PLN 20,207 k x 100 base points] = PLN 202 k

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

3. Credits

31/12/2014
Variable interest credit in the amount of PLN 72,038 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 72,038 k x 100 base points/] = PLN 720 k

31/12/2013
Variable interest credit in the amount of PLN 45,035 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 45,035 k x 100 base points/] = PLN 450 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 Group to suffer losses. The maximum exposure to credit risk as at the balance sheet date is PLN 6,966 k (as at 31 December 2013: PLN 6,166 k) and was estimated as the balance sheet value of receivables (note 25 – gross receivables adjusted with revaluation deductions)

01/01/2014-31/12/2014			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	4 123	3 358	361	225	107	-	72

01/01/2013 - 31/12/2013			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	1 234	1 026	158	29	2	18	1

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).

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

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

Revaluation deductions in relation to credit losses	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Status as at 1 January	**137**	**189**
Increases	215	1
Decrease	(31)	(53)
Status as at 31 December	**321**	**137**

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.

	01/01/2014 -31/12/2014	**01/01/2013 -31/12/2013**
Securities on shares in subsidiaries	*15 780	**20 330
Total	***15 780**	**** 20 330**

** concerns a registered pledge on the shares of INPRO SA in Hotel Mikołajki Sp. z o.o.:*

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 Pledgee'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 Pledgee 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:
1. The satisfaction of the Pledgee'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 Pledgee 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.

*** concerns the registered pledge on the shares of INPRO SA in Hotel Mikołajki Sp. z o.o. as described above and the registered pledge on the shares of INPRO SA in Dom Zdrojowy Sp. z o.o., whose details were given below.*
Registered pledge on the shares in Dom Zdrojowy Sp. z o.o. in the amount of PLN 4,550 k for the following lease agreements:
- I. operating lease C/GD/2008/07/206 of 9 July 2008 PKO Leasing SA

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

Conditions of claim satisfaction: in the event that the following conditions are met jointly:
- no repayment of the whole or a part of the secured claim,
- termination or expiry of the lease agreement

the following may take place:

1. The satisfaction of the Pledgee's claims, as its discretion, in the procedure prescribed by the provisions of law on court enforcement proceedings, by taking over the ownership of the object of the pledge (at the price corresponding to 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. Notice to the Pledger by the Pledgee of its will to exercise the voting right in relation to the shares (a power of attorney to exercise the voting right with a notarised signature)

There is no significant concentration of the credit risk in the Group.

34.7 Liquidity risk

The Group 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 26) available credit lines (note 29) and the Company's good financial condition cause that the liquidity loss risk should be assessed as slight.
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.

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	13 333	10 645	492	3	2 193
Bonds issued	20 403	-	803	19 600	-
Loans and credits	72 038	20 381	378	1 700	49 579
Other financial liabilities	448	179	26	82	161
Total	**106 222**	**31 206**	**1 698**	**21 385**	**51 933**

Liabilities mature above 365 days	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Trade liabilities	2 193	-	-	2 193
Bonds issued	-	-	-	-
Loans and credits	26 837	4 452	18 290	49 579
Other financial liabilities	161	-	-	161
Total	**29 191**	**4 452**	**18 290**	**51 933**

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

01/01/2013 - 31/12/2013		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 361 days (see note below)**
Trade liabilities	17 924	7 954	4 792	3 125	2 052
Bonds issued	20 207	-	607	-	19 600
Loans and credits	45 035	2 589	378	1 922	40 146
Other financial liabilities	937	17	37	575	308
Total	**84 102**	**10 560**	**5 814**	**5 622**	**62 106**

Liabilities mature above 365 days	1-3 years	3-5 years	>5 years	Total
Trade liabilities	2 052	-	-	2 052
Bonds issued	19 600	-	-	19 600
Loans and credits	15 217	4 533	20 396	40 146
Other financial liabilities	308	-	-	308
Total	**37 177**	**4 533**	**20 396**	**62 106**

Securities established for Group companies - the fair value	31/12/2014	31/12/2013
- on fixed assets*	117 578	107 739
- on current assets**	140 511	100 100
Total	**258 089**	**207 839**

Securities established by Group companies as at 31/12/2014

*** Securities on fixed assets**

1. A joint contractual real estate mortgage in the amount of PLN 54,321 k established on real estate situated in Mikołajki (land and mortgage registers No. OL1M/00026392/3 and KW OL1M/00025679/2) for Powszechna Kasa Oszczędności Bank Polski S.A. the Regional Corporate Branch Office in Gdańsk, in relation to credit granted to Hotel Mikołajki Sp. z o.o.

2. A contractual real estate mortgage up to PLN 30,000 k established on the ownership title to premises with the 56.820/100.000 share in the joint ownership of the real estate from which the premises were separated, such real estate situated in Jastarnia, ul. Kościuszki 2A (land and mortgage register GD2W/00040638/7) for Hogan Lovells (Warszawa) LPP (a partnership) as a security for 2,000 bearer bonds of the nominal value of PLN 10 k each, issued by INPRO SA on 14/08/2013, the buyout date 14/08/2015. The total early buyout took place on 11/03/2015.

3. A mortgage up to PLN 2,000 k established on plot No. 251/6 located in Gdańsk Jasień – land and mortgage register No. GD1G/00215282/3, for PEKAO SA to secure overdraft facility granted to PB DOMESTA Sp. z o.o.

4. A mortgage up to PLN 477 k on the ownership title to real estate in Jastarnia, comprised by land and mortgage register No. GD2W/00042989/6, constituting a security for the operating lease agreement No. O/GD/2008/07/206 of 09/07/2008 (the lease of a motor yacht at PKO Leasing SA).

5. Registered pledges on the shares of INPRO in Hotel Mikołajki Sp. z o.o. described in detail in note No. 34.6 "Credit risk" in the total amount of PLN 15.780 k.

6. 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 concerns legal securities established on current assets.

The schedule of mortgages established on current assets as at 31 December 2014 in the total amount of PLN 140,511 k is included in note No. 29 of additional information.

Securities established by Group companies as at 31/12/2013

*** Securities on fixed assets**

1. A mortgage securing existing and future claims in the amount of PLN 611 k established on land in perpetual usufruct in Kolbudy, ul. Przemysłowa (land and mortgage register No. GD1G/00091255/9, the Gdańsk-North District Court, Kolbudy Górne) to secure an overdraft facility

2. A joint contractual real estate mortgage in the amount of PLN 54,321 k established on real estate situated in Mikołajki (land and mortgage registers No. OL1M/00026392/3 and KW OL1M/00025679/2) for Powszechna Kasa Oszczędności Bank Polski S.A. the Regional Corporate Branch Office in Gdańsk, in relation to credit granted to Hotel Mikołajki Sp. z o.o.

3. A contractual real estate mortgage up to PLN 30,000 k established on the ownership title to premises with the 56.820/100.000 share in the joint ownership of the real estate from which the premises were separated, such real estate situated in Jastarnia, ul. Kościuszki 2A (land and mortgage register GD2W/00040638/7) for Hogan Lovells (Warszawa) LPP (a partnership) as a security for 2,000 bearer bonds of the nominal value of PLN 10 k each, issued by INPRO SA on 14/08/2013.

4. A mortgage up to PLN 2,000 k established on plot No. 251/6 located in Gdańsk Jasień – land and mortgage register No. GD1G/00215282/3, for PEKAO SA to secure overdraft facility granted to PB DOMESTA Sp. z o.o.

5. A mortgage up to PLN 477 k on the ownership title to real estate in Jastarnia, comprised by land and mortgage register No. GD2W/00042989/6, constituting a security for the operating lease agreement No. O/GD/2008/07/206 of 09/07/2008 (the lease of a motor yacht at PKO Leasing SA).

6. Registered pledges on the shares of INPRO in Dom Zdrojowy Sp. z o.o. and Hotel Mikołajki Sp. z o.o. described in detail in note No. 34.6 "Credit risk" in the total amount of PLN 20,330 k

**** Securities on current assets**

This concerns legal securities established on current assets.

The schedule of mortgages established on current assets as at 31 December 2013 in the total amount of PLN 100,100 k is included in note No. 29 of additional information.

Note 35 Capital management

The Group 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 Group 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 decreased by 0.07.

The debt to equity ratio calculated as the relationship of liabilities to equity also increased from 0.59 as at 31/12/2013 to 0.79 as at 31/12/2014).

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

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 0.3, and of the credits, loans and other sources of finance to EBITDA ratio at the level of up to 10.

Equity to total assets ratio	**31/12/2014**	**31/12/2013**
Equity	207 027	203 112
Total assets	371 326	322 614
	0.56	**0.63**

Relationship between liabilities and equity	**31/12/2014**	**31/12/2013**
Total liabilities	164 299	119 502
Equity	207 027	203 112
	0.79	**0.59**

Net worth ratio	**31/12/2014**	**31/12/2013**
Total equity less intangibles	201 120	197 073
Balance sheet total	371 326	322 614
	0.54	**0.61**

Ratio: Credits, loans and other sources of finance/EBITDA	**31/12/2014**	**31/12/2013**
Profit from operating activities	12 697	19 475
Plus: depreciation	5 853	3 163
EBITDA	**18 550**	**22 638**
Credits, loans and other sources of finance	**92 889**	**66 179**
	5.01	**2.92**

Note 36 Financial instruments

The fair value of the financial instruments held by the Group as at 31 December 2014 and 31 December 2013 did not differ considerably from the figures presented in the consolidated 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.

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

Financial assets	Category	31/12/2014	31/12/2013
Trade and other receivables	loans and receivables	7 459	6 839
Short-term financial assets		9 576	2 661
Cash and cash equivalents		38 715	7 118
		55 750	**16 618**

Financial liabilities	Category	31/12/2014	31/12/2013
Long-term loans and bank credits	financial liabilities valued as at the amortised cost	49 579	40 146
Short-term loans and bank credits	as above	22 459	4 889
Trade and other liabilities	as above	67 328	50 463
Debt instrument liabilities (long-term)	as above	-	19 600
Debt instrument liabilities (short-term)	as above	20 403	607
Other long-term financial liabilities (lease)	as above	161	308
Other short-term financial liabilities (lease)	as above	287	629
		160 217	**116 642**

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

01/01/2014-31/12/2014	Loans and receivables	Financial liabilities valued at the amortised cost	Total
Interest revenues/costs	7	(2 313)	**(2 306)**
Reversal/creation of revaluation deductions	(214)	-	**(214)**
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-	(352)	**(352)**
Total	**(207)**	**(2 665)**	**(2 872)**

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

For 12 months ended on 31/12/2013 (audited)	**Loans and receivables**	**Financial liabilities valued at the amortised cost**	**Total**
Interest revenues/costs	1	(1 339)	**(1 338)**
Reversal/creation of revaluation deductions	17	-	**17**
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-	(607)	**(607)**
Total	**18**	**(1 946)**	**(1 928)**

Note 37 Employment structure

The average employment level in the Group in the period from January to December 2014 and January to December 2013 respectively was as follows:

	01/01/2014-31/12/2014	**01/01/2013-31/12/2013**
Management Board of the Parent Entity*	3	3
Management Board of Group entities*	3	4
Administration	42	44
Sales Department	35	28
Production Division	207	157
Other	35	94
Total	**324**	**330**

*) Including the Management Board performing its tasks on the basis of the company management agreement.

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

1. For 2014:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies PLN 79 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies PLN 26 k

2. For 2013:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies PLN 71 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies PLN 22 k

Note 39 Events after the balance sheet date

a) On 08/01/2015 the Management Board of Hotel Mikołajki Sp. z o. o. issued an official letter to mLeasing Sp. z o.o. with an explanation of the reasons why further talks concerning the finance lease of the real estate constituting the five-star Mikołajki Hotel in Mikołajki and the signing of the lease agreement were abandoned. The letter of intent concerning the transaction and concluded by the parties was described in current report No. 28/2014 of 30/07/2014.

b) On 16/01/2015 INPRO SA signed with SGB – Bank SA a working capital credit agreement for PLN 9,500 k for the financing of the construction of stage III of Wróbla Staw multi-family buildings. Based on the annexe, the Bank expressed consent to organising entries in division four of land and mortgage registers for real estate at which the project was being implemented, in relation to the effected division of plots by means of land surveying methods.

c) On 26/01/2015 the Management Board of INPRO SA adopted a resolution on the premature total buyout of 2,000 bonds introduced into the alternative trading system on the Catalyst market. The Management Board specified that the date of fixing the rights to benefits under the bonds would be 0303/2015, and the date of payment of those benefits would be 11/03/2015.

d) On 28//01/2015 the Management Board of INPRO SA signed a preliminary purchase agreement with four natural persons for land located in Gdańsk, Stężycka street. The agreement was described in current report No. 5/2015 of 29/01/2015.

e) On 05/02/2015, upon request from the Company, there came to an ended the period of using the working capital credit for funding the costs of construction of the City Park estate, buildings E and F, such credit obtained in the consortium of the following banks: BPS SA with its registered office in Warsaw and Powiślański Bank Spółdzielczy w Kwidzynie with its registered office in Kwidzyn. The first premature partial repayment of the credit took place on 09/03/2015.

f) On 23/02/2015 the Company's Supervisory Board adopted resolution No. 3/2015 on the basis of which the monthly fixed remuneration of the INPRO SA's manager, that being Messrs: Zbigniew Lewiński, Krzysztof Maraszek and Piotr Stefaniak, the partners in a partnership called INPRO MANAGEMENT, was increased to PLN 210 k net effective from 01/03/2015 i.e. by the amount of PLN 60 k net in relation to the amount binding previously.

a) On 25/02/2015 INPRO SA as the lender signed with Hotel Mikołajki Sp. z o.o. as the borrower a short-term loan agreement for PLN 2,000 k with the repayment deadline on 31/03/2015. The agreement was described in current report No. 8/2015 of 26/02/2015.

g) On 25/02/2015 the building permit for the construction of the Kwartał Uniwersytecki estate in Gdańsk became valid in law.

h) As from 26/02/2015, trading in series A bonds quoted on the Catalyst market, was suspended in relation to the planned full premature buyout.

i) On 26/02/2015 INPRO SA signed with the consortium of banks: SGB – Bank SA and Bank Spółdzielczy in Tczew a working capital credit agreement for PLN 5,000 k for financing the costs of construction of stage I of Wróbla Staw multi-family buildings. The credit agreement was described in current report No. 9/2015 of 27/02/2015.

j) On 28/02/2015 Dom Zdrojowy Sp. z o.o. effected the full repayment of the overdraft facility in the amount of PLN obtained from Bank Polska Kasa Opieki SA.

k) On 05/03/2015 the Gdańsk-North District Court in Gdańsk, 3rd Land and Mortgage Register Division, recorded in division IV of land and mortgage register No. GD1G/00268666/5 two contractual real estate mortgages, the first up to the sum of PLN 7,000 k and the other one up to PLN 3,000 k, on the assets of INPRO SA of considerable value, such mortgages constituting a legal security for the repayment of the credit in the amount of PLN 5,000 k granted by the consortium of banks: SGB-Bank S.A. and Bank Spółdzielczy in Tczew, as described in item h) above.

l) On 11/03/2015 INPRO SA effected the full premature buyout of 2,000 bonds of the nominal value of PLN 10 k each, registered in the alternative trading system on the Catalyst market.

m) On 19/03/2015 BondSpot SA decided to withdraw 2,000 bonds issued by INPRO SA, of the nominal value of PLN 10,000 each, from trading on the Catalyst market.