CONSOLIDATED FINANCIAL STATEMENTS OF PROCHEM S.A. CAPITAL GROUP

As at and for the period ended 31 December 2015

PROCHEM S.A.
Powązkowska 44C Street
01-797 Warsaw

Table of content to the consolidated financial statements of PROCHEM S.A. Capital Group

Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	Note No.	31 December 2015	31 December 2014
A s s e t s			
Non-current assets			
Property, plant and equipment	1	23 814	25 238
Intangible assets	2	508	190
Investment properties	3	11 960	32 960
Shares	4	830	830
Shares valued using the equity method	5	24 000	25 136
Deferred tax assets	6	2 716	1 998
Other financial assets	7	17 955	13 609
Total non-current assets		**81 783**	**99 961**
Current assets			
Inventories	8	7 071	4 483
Trade and other receivables	9	83 991	66 534
Other financial assets	10	2 799	11 209
Other assets	11	15 197	13 544
Cash and cash equivalents		23 595	6 606
Total current assets		**132 653**	**102 376**
Total assets		**214 436**	**202 337**
E q u i t y a n d l i a b i l i t i e s			
Equity			
Share capital	12	3 895	3 895
Revaluation reserve	13	11 584	11 973
Retained earnings	14	100 878	97 568
Owners' equity		**116 357**	**113 436**
Non-controlling interest		**8 738**	**9 243**
Total equity		**125 095**	**122 679**
Non-current liabilities			
Provision for deferred income tax	6	2 883	2 656
Provision for retirement and similar benefits	15	1 854	1 985
Deferred income	21	-	1 867
Other non-current liabilities	16	416	376
Total non-current liabilities		**5 153**	**6 884**
Current liabilities			
Current bank loans	17	11 772	14 050
Current borrowings	18	-	60
Trade payables	19	51 451	31 229
Liabilities under current income tax		1 447	407
Other liabilities	20	8 142	7 809
Deferred income	21	11 376	19 219
Total current liabilities		**84 188**	**72 774**
Total liabilities		**89 341**	**79 658**
Total equity and liabilities		**214 436**	**202 337**

Consolidated profit and loss account

(all amounts in PLN thousands if not stated otherwise)

	Note No.	in 2015	in 2014
Revenues from sales, including :		266 443	176 048
Revenues from sale of services	22	257 799	166 370
Revenues from sale of goods and materials	23	8 644	9 678
Cost of sales, including :		-241 214	-153 158
Cost of services sold	24	-233 573	-144 309
Cost of merchandise and raw materials		-7 641	-8 849
Gross profit on sale		**25 229**	**22 890**
General and administrative expenses		-15 574	-16 209
Other operating income	25	1 533	1 496
Other operating expenses	26	-1 636	-2 305
Results from operating activities		**9 552**	**5 872**
Financial income	27	961	582
Profit on disposal of shares in subsidiaries		190	-
Finance costs	28	-2 860	-2 657
Profit sharing in entities valued using the equity method		-1 136	1 166
Before tax profit		**6 707**	**4 963**
Income tax :	29	2 553	1 685
- current tax		2 954	1 879
- deferred tax		-401	-194
Profit for the period		**4 154**	**3 278**
Profit for the period assigned to:			
Shareholders of Parent Entity		4 432	3 751
Non-controlling interest		-278	-473
Weighted average number of ordinary shares (units)		3 895 000	3 895 000
Profit (loss) per one ordinary share (in PLN per share) assigned to owners of Parent Entity		1.14	0.96

Statement of comprehensive income

Profit for the period	**4 154**	**3 278**
Other comprehensive income net	**-411**	**603**
Other comprehensive income that will be reclassified to profit and loss under certain conditions:	**-376**	**744**
Revaluation of property, plant and equipment	9	623
Deferred tax on revaluation of revaluation of property, plant and equipment	-	-108
Foreign exchange translation differences of the entity operating abroad	-385	229
Other comprehensive income that will not be reclassified to profit or loss:	**-35**	**-141**
Actuarial losses on valuation of provisions for employee benefits	-39	-174
Income tax on other comprehensive income	4	33
Total comprehensive income	**3 743**	**3 881**
Total comprehensive income assigned to :		
Shareholders of Parent Entity	4 023	4 292
Non-controlling interest	-280	-411
Weighted average number of ordinary shares (units.)	3 895 000	3 895 000
Total comprehensive income per ordinary share (in PLN per one share) assigned to owners of Parent Entity	1.03	1.10

Consolidated statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Revaluation reserve	Retained earnings	Equity assigned to shareholders of parent entity	Equity assigned to non-controlling interest	Total equity	Revaluation reserve
in 2015						
As at the beginning of the period	**3 895**	**11 973**	**97 568**	**113 436**	**9 243**	**122 679**
Net profit (loss) of the given period	-	-	4 432	**4 432**	-278	**4 154**
Net other comprehensive income	***-***	***-409***	***-***	***-409***	***-2***	***-411***
Total comprehensive income	**-**	**-409**	**4 432**	**4 023**	**-280**	**3 743**
Payment of dividend	-	-	-1 363	**-1 363**	-11	**-1 374**
Repurchase of own shares for redemption (Elektromontaż) – change in the structure of participation	-	18	60	**78**	-102	**-24**
Other changes – among others sale of shares in subsidiaries	-	2	181	**183**	-112	**71**
As at the end of the period	**3 895**	**11 584**	**100 878**	**116 357**	**8 738**	**125 095**

	Revaluatio n reserve	Retained earnings	Equity assigned to shareholders of parent entity	Equity assigned to non-controlling interest	Total equity	Revaluation reserve
in 2014						
As at the beginning of the period	**3 895**	**10 954**	**92 573**	**107 422**	**12 337**	**119 759**
Net profit (loss) of the given period	-	-	3 751	**3 751**	-473	**3 278**
Net other comprehensive income	***-***	***541***	***-***	***541***	***62***	***603***
Total comprehensive income	**-**	**541**	**3 751**	**4 292**	**-411**	**3 881**
Payment of dividend	-	-	-	-	-30	**-30**
Acquisition of shares in the companies e Elektromontaż Kraków S.A. and Prochem Zachód sp. z o.o.	-	408	968	**1 376**	-2 098	**-722**
Repurchase of own shares for redemption (Elektromontaż) – change in the structure of participation	-	95	348	**443**	-525	**-82**
Other changes – among others sale of shares in subsidiaries	-	-25	-72	**-97**	-30	**-127**
As at the end of the period	**3 895**	**11 973**	**97 568**	**113 436**	**9 243**	**122 679**

Consolidated statement of cash flows

(all amounts in PLN thousands if not stated otherwise)

	Note No.	in 2015	in 2014
Cash flows – operating activities			
Before tax profit		6 707	4 963
Total adjustments		6 554	-5 708
Share in net profit of entities valued using the equity method		1 136	-1 166
Amortisation and depreciation	24	2 440	2 336
Interest and profit sharing (dividends)		235	375
(Profit) loss on disposal of property, plant and equipment		70	-177
Loss on investing activities		4 130	417
Change in provisions		149	332
Change in inventories		-2 588	4 479
Change in receivables	31	-15 404	-14 338
Change in current liabilities, except for loans and borrowings	31	21 556	5 446
Other adjustments (including changes in deferred income)		-5 029	-3 412
Cash provided by (used in) operating activities		13 261	-745
Income tax paid		2 408	2 060
Net cash provided by (used in) operating activities		**10 853**	**-2 805**
Cash flows – investing activities			
Proceeds		**12 567**	**586**
Disposal of intangible assets, property, plant and equipment and investment property		11 759	348
Proceeds from financial assets, including:		808	238
a) in related entities		-	211
- disposal of financial assets		-	211
b) in other entities		808	27
- disposal of financial assets		566	-
- repayment of a loan		226	-
- other proceeds from financial assets		16	27
Outflows		**-2 005**	**-8 297**
Acquisition of intangible assets and property plant and equipment		-1 705	-1 575
For financial assets, including:		-300	-6 722
a) in related entities		-	-6 722
- acquisition of financial assets		-	-722
- loans granted		-300	-6 000
Net cash provided by (used in) investing activities		**10 562**	**-7 711**
Cash flows – financing activities			
Inflows		**9 020**	**9 816**
Bank loan		9 002	9 771
Other financial proceeds		18	45
Outflows		**-13 446**	**-943**
Dividend paid		-1 398	-112
Repayment of bank loans		-11 280	-193
Repayment of borrowings received		-60	-
Payment of liabilities under finance lease agreement		-62	-64
Interest and commission paid		-628	-549

Other financial outflows	-18	-25
Net cash provided by (used in) financing activities	**-4 426**	**-8 873**
Total cash flows, net	16 989	-1 643
Net increase/(decrease) in cash and cash equivalents	16 989	-1 643
Cash and cash equivalents at the beginning of the period	**6 606**	**8 249**
Cash and cash equivalents disclosed in the statement of financial position	**23 595**	**6 606**

Notes on adopted accounting principles (policy) and other explanatory notes to financial statements

1. Establishment of the Parent Entity and principal activity

Company PROCHEM S.A.(hereinafter called „Prochem", „Company", „Issuer" or „Parent Company") seated in Warsaw, 44C Powązkowska Street. The company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XII Commercial Department of the National Court Register under KRS number 0000019753. Principal activity according to Polish Business Classification (PKD 2007) determines symbol 7112Z – engineering activities and related technical consulting. According to Warsaw Stock Exchange classification PROCHEM belongs to construction sector. PROCHEM S.A. is a Parent Company of the Capital Group and prepares a separate consolidated financial statements. PROCHEM S.A. was established through transformation of a state-owned enterprise under the name of Przedsiębiorstwo Projektowania I Realizacji Inwestycji Przemysłu Chemicznego „Prochem". The notarial deed and Company's Articles of Association were signed on 1 October 1991. Duration of the Company is unlimited.

In 2013 the Company commenced implementation of investment project „Turnkey construction of system for the production of highly purified paraffin, oils, lubricant and cooling greases and pattern material with the expansion of power complex in Belarus". Therefore, for the period of implementation of the project the Representation Office was established. Time limit for the activity of the Representation Office is restricted, i.e. until 30 July 2016.

.

2. The Management Board and the Supervisory authorities of the Issuer

As at the date of preparation hereby financial statements the Management Board of PROCHEM S.A. comprises of:

Jarosław Stępniewski - President of the Management Board
Marek Kiersznicki - Vice President of the Management Board
Krzysztof Marczak - Vice President of the Management Board

As at the date of preparation hereby financial statements the Supervisory Board comprises of:

- Marek Garliński - Chairman
- Steven Tappan – Vice Chairman
- Andrzej Karczykowski
- Krzysztof Obłój
- Wiesław Kiepiel

3. Employment

In 2015 average employment was 459 FTEs, and in 2014 503 FTEs. Level of employment in persons as at 31December 2015 was 48, and as at 31 December 2014 524.

4. Description of the Capital Group with indication of the consolidated entities

PROCHEM S.A. Capital Group (hereinafter referred to as „Capital Group", „Group"), in addition to the data of the Parent Company comprises the following subsidiaries directly and indirectly:

Subsidiaries covered by full consolidation:

- Prochem Inwestycje Sp. z o. o. seated in Warsaw – subsidiary directly (100.0%);
- PRO-INHUT Sp. z o. o. seated in Dąbrowa Górnicza – subsidiary indirectly (93.2%);
- Pro-Organika Sp. z o. o. seated in Warsaw – subsidiary directly (91.4%);
- PREDOM Sp. z o. o. seated in Wrocław – subsidiary indirectly (81.1% of share in capital and profit, 71.4% of votes);
- Prochem Zachód Sp. z o. o. seated in Słubice – subsidiary directly (80.0%);
- ELPRO Sp. z o. o. Kraków – subsidiary indirectly (88.8%, including 77.6% in the 50% share of Elektromontaż Kraków);
- Elmont Inwestycje Sp. z o. o. Kraków – subsidiary indirectly (88.8%, including 77.6% in the 50% share of Elektromontaż Kraków);
- Elektromontaż Kraków S.A. – subsidiary indirectly (77.6%), including 65.8% of the capital and votes belongs to Prochem Inwestycje subsidiary in 100%. Elektromontaż Kraków S.A. prepares consolidated financial statements, which contains data of the subsidiary in 100%: ELMONT-POMIARY Sp. z o. o. seated in Kraków and two associated companies ELPRO Sp. z o. o. and Elmont-Inwestycje Sp. z o. o.;
- IRYD Sp. z o. o. seated in Warsaw – subsidiary indirectly 100%;
- ATUTOR Integracja Cyfrowa Sp. z o. o. seated in Warsaw – subsidiary indirectly (87.3% of share belongs directly to Prochem Inwestycje Sp. z o. o. 100% subsidiary);
- Prochem RPI Sp. z o. o. seated in Warsaw – subsidiary directly and indirectly in 100%;

Jointly controlled entities and associates valued using the equity method:

- ITEL Sp. z o. o. seated in Gdynia – 42.0% share (18.7% of votes and capital belongs directly to Prochem S.A., and 23.3% belongs to RPI Sp. z o. o. subsidiary in 100%);
- Irydion Sp. z o. o. seated in Warsaw – 50% of share.

Consolidated subsidiaries were included in the consolidated financial statements from the date of acquiring control until the date of loss of control by the parent company, and the jointly-controlled entities and the associates from the date of exercising of joint control and of exertion of significant influence.

Predom Projektowanie Sp. z o. o. was excluded from consolidation. The company has not commenced activities.

In the twelve months of 2015 the subsidiary Elektromontaż Kraków S.A. has repurchased 1 050 of own shares for redemption for the total amount of PLN 24 thousand. As a result of share buyback for redemption by the company Elektromontaż Krakow SA the structure of the shareholding has changed. The share of the Parent Company increased by 0.3% percentage point.

5. Adopted accounting policies

Principles of presentation

The consolidated financial statements of PROCHEM S.A. for the period from 1 January to 31 December 2015 and analogous period of the comparable year was prepared according to International Accounting Standards and International Financial Reporting Standards, which were adopted by European Union (EU) and were effective as at 31 December 2015. The scope of separate financial statements is compliant with Minister of Finance Regulation of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent required by the law of a non-Member State (Official Journal no. 33, item 259 with further amendments).

Presented consolidated financial statements are compliant with all requirements of IFRS adopted by EU and present true and fair view of the financial position of the Group as at 31 December 2015 and comparable data as at 31 December 2014, as well as results of operations for the year ended 31 December 2015 and comparable data for the year ended 31 December 2014.

The consolidated financial statements of PROCHEM S.A. as at 31 December 2015 was prepared assuming that the Group will continue to operate as a going concern in foreseeable future and it is stated that there is no evidence indicating that the Issuer and entities from Capital Group will not be able to continue its operations as a going concern.

The financial statements were prepared based on the principle of the historical cost, apart from:

- land, building and constructions measured at revalued amount,
- investment property (land), investment property under construction measured at fair value.

Operational activities of the Issuer and of the companies belonging to the Capital Group neither have seasonal character nor are subject to cyclical trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by seasonality, which in large extent is caused by the weather conditions. Weather conditions have an impact on the volume of the revenue generated in these segments. Lower revenues are achieved during the winter season, when the weather conditions do not allow for execution of some construction work.

The consolidated financial statements of PROCHEM S.A. for 2015 includes the data of the Office of Representation of PROCHEM, that operates on the territory of Belarus. The Representation Office shall keep accounts according to the law in force in Belarus, and here also is calculated and shall to be paid the income tax from the legal entities.
Exchange differences arising from translation of the reports prepared by the Representation Office were recognized in the *Revaluation reserve - foreign exchange differences from the translation of Representation Office that operates abroad*.

PROCHEM S.A. is the Parent Entity in the Capital Group. The consolidated financial statements are available on the ***www.prochem.com.pl***

Changes in accounting estimates and accounting policies

The preparation of financial statements under IFRS adopted by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set under the estimation are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information or of progressing course of events or of acquiring greater experience. In preparing the separate financial statements were applied the same accounting principles and the same calculation methods which were applied in the financial statements of PROCHEM S.A. for the year ended 31 December 2014.

Accounting estimates
Information about the adopted assumptions and uncertainties relating to estimates made, are included in the following notes:

- Note 1 – Property, plant and equipment: the key assumptions used in the prognosis of discounted cash flows;
- Note 15 – Liabilities for retirement benefits: key actuarial assumptions;
- Note 39 – Information on significant proceedings pending before the court.

New standards, interpretations and changes in published IFRS

A number of new standards, amendments to standards and interpretations not yet effective for annual periods ended 31 December 2015 and have not been applied in the financial statements.
Standards and Interpretations which were adopted by the EU, but not yet effective for annual periods ended 31 December 2015, and the Standards and Interpretations, which are waiting for approval:

Standard	Amendments	Effective from ..(in the EU)
IFRS 9 Financial instruments (with updates)	Changes in the scope of classification and valuation - the existing categories of financial instruments replaced by two categories: measured at amortized cost and at fair value. Changing in the hedging accounting.	1 January 2018
IFRS 14 Regulatory Deferral Accounts	The recognition, measurement and disclosures for Regulatory Deferral Accounts	1 January 2016 (*The European Commission has taken a decision not approving of the transitional standard in anticipation of an adequate standard*
IFRS 15 Revenue from Contracts with Customers	Standard applies to all contracts with customers except those that fall within the scope of other IFRSs (i.e. leases, insurance contracts and Financial instruments). IFRS 15 clarifies and unifies the principles for recognizing revenue from contracts with customers.	1 January 2018
Amendments to IFRS 10 and IAS 28	Guidelines regarding the sale or contribution of assets by the investor to associated company or joint venture.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Clarification of the provisions concerning the recognition of investment entities in consolidation.	1 January 2016
Amendments to IAS 1	Amendments concerning required disclosures in the financial statements.	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of standards that the methods of amortization and depreciation cannot be based on revenues which are generated through the use of the asset.	1 January 2016
IFRS 16 Leases	Provides guidance on the lease, it eliminates the existing distinction between operating lease and financial lease.	1 January 2019
Amendments to IAS 27	The application of the equity method in the separate financial statements	1 January 2016
Amendments to 7	Presentation of disclosures enabling assessment of changes in the value of liabilities which arose within the financial activities.	1 January 2017
Amendments to IAS 12	Disclosure of deferred tax assets from unrealized losses.	1 January 2017
Annual improvements to IFRSs (2012-2014 cycle)	A set of amendments concerning: IFRS 5 – changes in the method of sale; IFRS 7 – regulations on contracts of service and the use of standards in the interim financial statements; IAS 19 – the discount rate; regional market issue; IAS 34 – additional guidelines on disclosures in the interim financial report	1 January 2016

PROCHEM S.A. Capital Group will apply new mentioned above standards, and changes in standards and interpretations of IFRS published by International Accounting Standards Committee, that are not effective as at the day of approval for the publication of the financial statements in accordance with their effective date.

The impact of new regulations on future separate financial statements

The new IFRS 9 Financial Instruments introduces fundamental changes in classification, presentation and measurement of financial instruments. At the date of preparation of these financial statements, the Company is currently analyzing the impact of the new standard. The entity does not expect that the standard will have a significant impact on separate financial statements.

The new IFRS 15 aims to unify the rules determining income (except for specific regulated revenues in other IFRS / IAS) and to indicate the scope of required disclosures. Analysis of the impact of the standard on the Company's future financial statements is not yet complete.

Other standards and their changes should not have a significant impact on future financial statements of PROCHEM S.A. Changes in IFRS standards and interpretations, which came into effect from 1 January 2015 until the day of approval for the publication of the separate financial statements had no material impact on these financial statements.

Transactions in foreign currencies

Transactions in foreign currencies are initially recognized at the exchange rate of the NBP effective as at the transaction date. Balance sheet items of assets and liabilities expressed in foreign currencies are measured at the average NBP exchange rate in force at the balance sheet date. Gains and losses arising from the settlement of such transactions and carrying value of assets and liabilities expressed in foreign currencies are recognized in the profit and loss account.

Functional currency and presentation currency of financial statements

The consolidated financial statements is presented in Polish Zlotys (‘zloty’ or ‘PLN’) which is the functional currency and presentation currency.

The financial result and financial position of the Representation Office are translated using the following procedures:

- the assets and liabilities shall be translated at the closing rate as at the date of statement of financial position,
- revenues and expenses are translated at the average exchange rate, and
- arisen exchange differences are recognized in the statement of comprehensive income.

Accounting principles applied by the Capital Group are described below.

The principles of consolidation

1. When preparing the consolidated financial statements of PROCHEM Capital Group, the following procedures were applied:
    - the data of subsidiaries were recognized in financial statements using the full method, consisting in combining the financial statements of the parent company and its subsidiaries by adding together like items of assets, liabilities, equity, revenues and expenses
    - shares in associated entities valued in the consolidated financial statements using the equity method, and at initial recognition are recognized at cost. The purchase price include transaction costs.
2. The subsidiaries are entities controlled by the Parent Entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date of the obtaining the control until the date of its cessation.

3. Accounting policies applied by subsidiaries have been aligned with the principles adopted by the Group.
4. Goodwill of subsidiaries represents the surplus of the purchase price of financial assets acquired by the parent company over the fair value of the net assets of the subsidiary, in proportion to the acquired share in the entity's equity. Negative goodwill of subsidiaries is the surplus of the fair value of the net assets of the subsidiary above the purchase price of financial assets borne by the parent company, in proportion to the acquired share in the equity of this entity. As at the date of acquisition of subsidiary and associated company (obtaining of control), assets, equity and liabilities and contingent liabilities of a subsidiary are measured at fair value.
5. In case of cessation of the control (e.g. in the event of sale) the Group ceases to recognize assets and liabilities of the subsidiary, non-controlling interest and remaining components of the capitals related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss of the current period. If the Group retains any interests in the former subsidiary, they are subsequently measured at fair value as at the date of the cessation of the control.
6. Shares of non-controlling interests are disclosed at assigned value, even if it results in arising of a negative balance of non-controlling interests.
7. The Group of PROCHEM S.A. treats the transactions with the non-controlling interests as transactions with external entities.
8. Gains or losses arising from the sale of shares to non-controlling interests are recognized in equity.
9. As associated entities are considered such entities in which PROCHEM has between 20% and 50% of the total number of votes in the decisive bodies or otherwise may exercise substantial influence over their financial and operating policies. As the jointly-controlled entities are considered such the entities in which PROCHEM S.A. holds 50% of the total voting rights in the decisive bodies.
10. Investments in associates and jointly controlled are accounted for using the equity method and are initially recognized at cost. Share in profit or loss of the associate or jointly-controlled is recognized in profit and loss account. If the share in losses of an associate or jointly controlled equals or exceeds its interest of PROCHEM S.A. Capital Group in this entity, the Group does not recognize further losses, unless it is obliged. Unrealized gains between the Group and the associate are eliminated to the level of the Group's interest in such entity.
11. The purchase price of shares in associated companies is subject to adjustments by any changes in the fair value of the net assets, which are attributable to the value of the share held, from the moment of purchase until the date of the financial statements, as well as effects of a stated impairment.
12. At preparing the consolidated financial statements shall be done the following adjustments and exemptions:
    - In the scope of exemptions:
        1. shares with the equity held by the parent company, at the moment of obtaining control of subsidiaries,
        2. mutual receivables and liabilities and other settlements of a similar nature of consolidated entities,
        3. income and expenses from mutual buying and selling operations in the capital group,
        4. dividends accrued or paid by the subsidiaries to the parent company, and to other consolidated entities.
    - In the scope of adjustments:
        1. gains or losses arising as a result of economic transactions between consolidated entities.

Property, plant and equipment and intangible assets

Property, plant and equipment are presented in accordance with IAS 16.
Property, plant and equipment include fixed assets and expenditures on construction in progress which the Group intends to use in their business operations in a period longer than one year, and which will result in future economic benefits to the Group.
Expenditures on property, plant and equipment include incurred investment expenditures as well as incurred expenses on future supply of machinery, equipment and services relating to production of PPE (transferred advance payments).
PPE are initially stated at cost. Measurement after initial recognition:

- land, buildings and construction are carried at revalued amount, being its fair value at the date of revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
- Other PPE are carried at their cost increased by possible improvement costs, less any accumulated depreciation and any accumulated impairment losses.

Increase in value resulting from the revaluation of land, buildings and constructions is recognized in other comprehensive income and accumulated in total amount in equity- *Revaluation reserve,* as revaluation surplus unless it represents the reversal of a revaluation decrease previously recognized in the profit and loss account. A decrease in value arising as a result of a revaluation of land, buildings and constructions is recognized as cost of the period to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset and recognized in other comprehensive income. A decrease resulting from revaluation included in other comprehensive income decreases the amount of total surplus arising from the revaluation recognized in the equity.

Value of PPE designated to liquidation, that are withdrawn from use as a result of the change of technology or other reasons, is being revalued by write-down. Write-down is recognized in other operating costs.

Expenditures on PPE incurred at a later date are recognized at their carrying amount when it is probable that future economic benefits associated with them will flow to the entity, and this cost could be reliably measured. All other repair and maintenance costs of PPE are recognized in the cost of the period, in which they were incurred.

Profit and loss on sale of PPE are set by comparing the revenue from sales with the carrying amount of the given component of fixed assets and recognized in the consolidated profit and loss account. PPE are subject to depreciation since they are available for use. Depreciation allowances on fixed assets are provided by systematic, scheduled allocation of the initial value over the established useful life of the component. A straight line depreciation method is applied.

In the consolidated financial statements for the current period and comparative periods the following useful lives are used by the Group for PPE:

- Buildings and constructions 10-40 years
- Machinery and equipment 5-12 years
- Vehicles 5 years
- Tools, devices, movables and equipping 5-10 years.

The applied useful lives, depreciation methods are verified at the end of each reporting year and, when necessary, adjusted in the current and in subsequent periods.

Own land is not subject to depreciation.

PPE in-progress, which are arising for the conducted operating activity, as well as for purposes not yet identified, are presented in the financial statements at their cost less recognized impairment losses. The manufacturing cost comprises all fees and borrowing costs capitalized in accordance with the applied accounting principles.

PPE are subject to the impairment tests if premises for impairment exist, in addition, for PPE in-progress in the period of the realization, possible impairment is determined at each balance sheet day. The effects of the impairment are recognized in other operating costs.

The component of intangible assets is measured at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets, except for the goodwill, are being amortized. Amortization allowances of intangible assets are made through systematic and planned allocation of the initial value in the established useful life of the component. A straight- line method of depreciation is applied.

In the consolidated financial statements for the current period and comparative periods the Group applied useful life period of 3-10 years for amortization of intangible assets.

The applied useful lives, amortization methods are verified at the end of each reporting year and when necessary adjusted in the current and in subsequent periods.

Intangible assets are subject to the impairment tests if premises for impairment exist. The effects of the impairment are recognized in other operating costs.

Investment properties

Investment property is a property (land or a building or part of a building, or both), which the Group treats as a source of rental income or maintains due to the increase in value, or in order to benefit from both of them, and the investment property :

- is not used in operating activities,
- is not offered for sale in the ordinary course of investment activity.

Investment properties are also real estates under construction or their adaptation, which are to be used in the future as investment properties. Gains or losses arising from the sale/liquidation of the investment property shall be determined as the difference between proceeds from sale and the carrying amount of these assets and are recognized in the profit and loss account.

Investment properties are initially measured at its cost, including transaction costs. After initial recognition, investment properties are measured at fair value as defined in the fair value model and IFRS 13 Fair Value Measurement. The method of valuation is obligatory to all investment properties unless some investment properties cannot be measured by this method - then the cost approach method is applied until the moment of sale of the investment property.

Profit or loss from changes in the fair value of the property is recognized in the result for the period in which the change occurred.

The change in classification, i.e. the transfer to or from investment properties should be done only in case of change in use, e.g.:

- commencement of use by the owner - a transfer from investment property to property, plant and equipment,
- completion of use by the owner - the transfer from PPE to investment properties,
- commencement of adaptation of investment property for a sale - transfer from investment properties to inventories,
- transfer of the property to a third party under an operating lease - for a transfer from inventories to investment property.

Cost of an investment property which is transferred to property, plant and equipment or inventories represents its fair value at the date of change in use.

The difference between the fair value and the carrying amount, which arose at the time of the transfer to investment properties measured at fair value:

- PPE- is accounted for as a revaluation in accordance with IAS 16,
- inventories - is recognized as profit/loss for the period,
- completion of the construction or adaptation in own scope of investment property - as the profit/loss for the period.

The fair value according to IFRS 13 it is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. terms between market participants at the measurement date. Measurement of fair value refers to a specific asset. Therefore, at measurement at fair value should be taken into account the characteristics of the asset, if market participants would consider such characteristics when determining the price of the asset at the measurement date. These characteristics include, for example:
- condition and location,
- any restrictions on the sale or use of the asset.

The impact of individual characteristics is to differ in depending on how these features will be taken into account by the market participants.

Fair value measurement is based on the assumption that the transaction on disposal of assets is held:
- on the principal market for the asset,
- in case of the absence of a principal market, the most advantageous market for the asset. The most advantageous market means market that maximises the amount that would be received to sell the asset by the seller of the asset, after taking into account transaction costs and transport costs.

The standard requires the classification of fair value measurements depending on the inputs obtained for the purposes of valuation in accordance with the following hierarchy:

- Level 1: inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs.

IFRS 13 requires disclosures in financial statements. The scope of required disclosures depends on the category of fair value measurement (i.e. whether it is included in the financial statements or in the notes only) and the level of the fair value hierarchy within which the fair value measurements are categorised.

Disclosures resulting from IFRS 13 concerning fair value model relate to:

- Reconciliation of fair value at the beginning of the period and its value at the end of the period.
- A level from the three levels of fair value hierarchy. For investment properties, it will be a level 2 or 3 for which it is required:
  - disclosure of the amount of transfer between levels (the reasons for those transfers and the policy applied by the Group for determining whether such a change in levels has occurred),
  - description of applied valuation techniques and inputs,
  - in case of the change in the valuation techniques used in the fair value measurement, disclosure of such a change and the reasons for making such a change.
- If the highest and best use of a non-financial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.
- Information enabling reconciliation of classes of assets and liabilities, which were disclosed at the separate levels of the fair value hierarchy with the line items presented in the statement of financial position.

Measurement of fair value of the entity's investment property is carried out by an independent expert, who has qualifications relevant to carrying out valuations of real estate, as well as current experience in such valuations in locations where assets of the Group are located.

In justified cases, investment properties whose value changes by at least 10%, are valued in each year..

Lease

The Group as the lessee

Lease, by which substantially all the risks and rewards incidental to ownership of an asset falls to the Company PROCHEM S.A. constitutes the financial lease. Assets under this lease are measured in the financial statements at the lower amount of fixed commencement of use: fair value or present value of minimum lease payments. Each lease payment is divided into the part constituting the liability and the financial part. The liability is presented in the balance-sheet in the position „Other liabilities" with the division into the short-term part (payable up to one year) and long term (payable in the period longer than one year). Finance costs are recognized in the profit and loss account. Principles of the amortization and depreciation of assets being a subject of the financial lease and the principles of determining impairment allowances by assets under finance lease are consistent with principles applied for the Company's assets. PPE held under lease agreements are depreciated over the economic life of assets. Straight-line method of depreciation is used.

Lease payments under an operating lease and subsequent lease installments are recognized in current costs using straight-line method over the lease term.

The Group as the lessor

Lease agreements, such as rent agreements according to which the Company retains substantially all the risks and all rewards resulting from having a leased object, are classified as operating lease. Leasing costs are recognized in current costs while income from the leased object are recognized in income of the period.

Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except for costs that are directly attributable to the acquisition, construction or production of an asset (PPE, intangible assets).
Capitalization of borrowing costs commences when:

1. borrowing costs are incurred,
2. expenditures are incurred for the asset,
3. the activities necessary to prepare the asset for its intended use or sale are undertaken.

Capitalization of borrowing costs shall be suspended in the case of interruption for extended periods of active investing activity by the entity. Borrowing costs are capitalized until the designation of the asset for use or sale.

Current assets

Inventory – in the item of inventory - materials, goods, semi-finished products and work-in-process are shown.
Inventories are measured initially at cost. As at the balance sheet day the measurement is done with the principles of prudence, that is categories are valued at the lower of purchase price, the production cost or the net realizable value.
Stock of goods and materials slowly-rotating is covered by the write-down set by individual evaluation of the net realizable value as at the balance sheet day.
The cost of inventories shall be shall be assigned by using the first-in, first out (FIFO) method.

Write-downs concerning inventory and their reversals are recognized in the other operating expenses and revenues.

Loans granted - arise when the entity is transferring financial means directly to the debtor, not intending to enter the receivable into trade. They are classified as current assets, provided the date if their maturity does not exceed 12 months from the balance sheet day. Loans with the maturity date exceeding 12 months starting from the balance sheet day are classified as non-current assets. Loans are initially recognized at their fair value. The measurement of loans after initial recognition is at amortized cost, using the effective interest rate method, less impairment losses.

Receivables are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest rate method less impairment allowances. Impairment allowance of receivables is identified when there is objective evidence that the entity will not receive all amounts due according to the original terms of receivables and it is recognized in other operating expenses. The amount of write-down is a difference between the carrying amount due and present value of estimated future cash flows, discounted using the effective interest rate.

Cash and cash equivalents include cash in hand and on bank accounts, bank deposits with the original maturity date up to three months and financial assets measured at fair value through profit or loss and meeting the requirements of the definition of the cash equivalent. Cash is measured at nominal value.

Non-current assets held- for- sale

Non-current assets held for sale are assets meeting the following criteria:
- by the Management is committed to a plan to sell,
- an active program to locate a buyer is initiated,
- an asset is available for immediate sale,
- the sale is highly probable within 12 months from classification as held for sale,
- the selling price is rational in relation to the current fair value,
- it is unlikely that the sales plan will be significantly changed.

Change of classification is reflected in the reporting period in which the criteria are met.

Immediately prior to reclassification to the group held for the sale or the disposal, these assets are re-measured according to accounting principles. Non-current assets held for the sale (excluding financial assets and investment properties) are recognized in the financial statements in lower of two values: the carrying amount or the fair value less costs to sell.

Measurement of assets and financial liabilities

At initial recognition the Issuer shall measure component of assets or liabilities at fair value, increased in case of the component of assets or financial liabilities not classified as measured at fair value through profit or loss by transaction costs, which could be directly attributable to the purchase or to the issue of the component of financial asset such as: fees and commissions paid to advisers or agents, levies imposed by regulatory agencies and the stock exchange and taxes. Transaction costs do not include premium or discount from debt instruments, or financing costs, neither administrative costs nor costs of holding of the instruments.

For measurement at the end of the reporting period or any other date after initial recognition the Issuer classifies financial assets into one of four categories:

1. measured at fair value through profit or loss,
2. held-to-maturity investments,
3. loans and receivables,
4. available- for- sale financial assets.

Component of assets measured at fair value through profit or loss means such a component of financial assets which was designated at initial recognition as measured at fair value through profit or loss or was classified as held for trading since:

- was purchased or contracted mainly for sale or repurchase in short term,
- is a part of portfolio of determined financial instruments jointly managed and for which there is evidence of a recent actual pattern of short-term profits, or
- is a derivative instrument (except for derivatives that are effective hedging instruments).

Investments held-to-maturity are non-derivative financial assets with fixed or determinable time of payment or fixed maturity, which the Group is intending and able to hold to its maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted on the active market. Available-for-sale financial assets are non-derivative financial assets, which were classified as available for the sale or which do not constitute loans or other receivables, or investments held-to-maturity as well as they are not the financial assets measured at fair value through financial result.

Measurement of financial assets at fair value

The Group measures financial assets measured at fair value through the profit or loss, including derivatives being assets and available-for-sale financial assets, without reduction by the transaction costs which can be incurred in relation to the sale or using other way of the disposal of assets.

Fair value of financial assets is measured as follows:

- for instruments quoted on the active market based on the last quotations available at the end of the reporting period,
- for debt instruments unquoted on the active market based on the discounted cash flows analysis,

for futures derivatives (forward) and swap contracts based on discounted cash flows analysis.

Investments in equity instruments (shares) that do not have quoted market price on active market and which fair value cannot be measured credibly, are valued at cost by the Company, i.e. at purchase price less possible impairment losses.

Financial assets designated as hedged items are valued in accordance with principles of hedge accounting.

Profit or loss arising from the measurement of the component of financial assets, classified as measured at fair value through profit or loss, is recognized in financial result (profit or loss).

Profit or loss arising from measurement of the component of financial assets classified as available - for - sale is recognized in other comprehensive income, except for impairment losses and exchange differences which are recognized in financial result. For debt financial instruments, interest calculated using the effective interest rate method is recognized in financial result.

Measurement of financial assets at amortized cost

The Group values loans and other receivables, including trade receivables and held-to-maturity investments according to amortized cost and using the effective interest rate method.

Measurement of financial liabilities at fair value

The Group measures financial liabilities classified as measured at fair value through profit or loss (in particular including derivatives which are not being hedging instruments), as at the last day of the reporting period or at any time after the initial recognition at fair value. Irrespective of the nature and purpose of the acquisition, the Group, at the initial recognition, classifies selected financial liabilities as measured at fair value through financial result if it leads to obtaining more useful information. The fair value of the obligation is based on the current selling price for instruments quoted on the active market.

In the absence of an active market, the fair value of financial liabilities is determined by:

- the use of recent market transactions conducted directly between the well knowledgeable, willing parties, or
- reference to the current fair value of another instrument that is almost the same, or
- discounted cash flows analysis.

Measurement of other financial liabilities at amortized cost
The Group measures other financial liabilities according to amortized cost using the effective interest rate method.
Financial guarantee contracts, i.e. contracts that require from the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because of not making payment by a specified debtor when due in accordance with the original or modified terms of a debt instrument, that is not classified as liabilities at fair value through profit or loss are measured at the higher of:
- the amount determined according to the principles of valuation of reserves,
- initial value less, when appropriate, accumulated depreciation allowances.

Impairment of financial assets
At the end of the reporting period, the Group assesses if there is objective evidence of impairment of a financial asset or group of financial assets.

If exist objective premises of an impairment of loans and other receivables as well as of investments held to maturity, which are measured at amortized cost, then the Group shall recognize an impairment loss in the amount of the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at using the original effective interest rate of a financial instrument.

If in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss shall be reversed and recognized as revenue in financial result.

If objective premises exist for an impairment of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, then the amount of impairment allowance is set as the difference between book value of the financial asset and the current value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Impairment allowance which is set in such way, is not subject to reversal.

If objective premises exist for impairment of financial asset available-for-sale, then the cumulative losses arising from valuation recognized in the statement of comprehensive income, in accordance with the principles of valuation of financial assets, are derecognised from equity and recognized in financial result (profit or loss). If in a subsequent period fair value of an available-for-sale debt instrument rises and the increase can be objectively related to an event occurring after the recognition of impairment loss in financial result, the amount of reversed impairment allowances shall be recognized in financial result (profit or loss).
Impairment losses of the investment in an equity instrument, which is classified as available-for-sale is not reversed in financial result (profit or loss).

Dividend payments to shareholders of the Company is recognized as liability in the financial statements of the Company, at time when the appropriate resolution was passed at the General Meeting of Shareholders of the Company.

Provisions - are established in the justified, credibly assessed value. Provisions are created in when the Group is obligated (legal or customary)which results from past events and when it is probable, that fulfilling of this duty will result in the necessity of the outflow of financial means, and is possible the credible estimation of the amount of obligation.

Employee benefits **-** the Group pays the contributions to the obligatory retirement benefit plan, depending on the amount of gross wages, which is paid in accordance with the applicable laws. The Group has no other retirement benefit plans. In order to determine the present value of future obligations relating to retirement benefits and the related current cost of employment is applied actuarial valuation method.
Accrued liabilities are equal to discounted payments which will be made in future, taking into consideration among others, staff turnover, the planned increase of salaries, and relate to the period to the date ending the reporting year.
Provision for the retirement gratuities was created in order to allocate costs to the periods to which they relate.
Provisions for retirement gratuities is recognized in the profit or loss account, except for actuarial gains and losses arising from changes in the actuarial assumptions (including those resulting from changes in the discount rate) as well as the actuarial adjustments ex-post, which are recognized in the statement of comprehensive income.

Equity
Equity is recognized in the accounting books by type, in accordance with legal regulations and the Articles of Association of the Company. Equity includes:

- Share capital – shown in the nominal value of the issued and registered shares.
- Revaluation reserve includes:
  - the revaluation difference between the fair value and the purchase price, less deferred tax among others of buildings and structures, and land which are measured at fair value,
  - capital arisen from the foreign exchange differences – from translation of the foreign operations of Representation Office,
  - gains and losses actuarial resulting from the changes in actuarial assumptions (including those due to change in discount rate).
- Retained earnings, which include:
  - Spare capital, which is created from the surpluses of sale of shares above its nominal value, and from annual write-downs of net profits and write downs of revaluation of property, plant and equipment in the previous years.
  - Reserve capital which arose from the profit allocated to equity.
  - Undistributed profit/loss brought forward and profit(loss)of the current year,
  - Advance payments paid on account of dividends.

Revenues from sales include the fair value of revenues from sale of services, goods and materials**.**
Revenues from the contracts for construction services (general contracting) and the design and engineering services are determined in proportion to the degree of completion of the service. Degree of completion of the service is measured by the share of costs incurred from the date of the contract to the date of recognition of income in the total cost of the execution of service.
Correctness of calculations of the degree of the progress of service as well as expected total expenses and revenues from the service performed is verified at the end of each quarter.
Revenues from sale of goods and materials is recognized in the profit and loss account when the Company has transferred to the buyer the significant rewards of right of ownership to these assets and ceased to be permanently involved in management of the assets transferred, and does not exercise the effective control over them.

Income tax **-** tax burdens include the current taxation by corporate income tax, and the change in provisions or deferred tax assets**.**
Current tax liabilities are established on the basis of current tax regulations and the established taxable income. Current tax liabilities for the current period and previous periods are included as the liability in the amount, in which it wasn't paid.
Provision to deferred income tax is recognized using the liability method, on transitional differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that are actually applicable as at the balance sheet

date. Transitional differences relate to different measurement of assets and liabilities for tax purposes and balance sheet purposes.
Income tax assets are recognized when is probable that in future the taxable income will achieved that will enable the use of transitional differences.
Deferred tax assets are recognized separately from tax losses which can be possible to deduct in the next years.

6. Explanatory notes to consolidated financial statements as at and for the year ended 31 December 2015

Note No. 1 – Property, plant and equipment

	31 December 2015	31 December 2014
Property, plant and equipment, including:	**23 779**	**25 222**
- land	4 732	4 841
- buildings, premises and civil engineering objects	16 486	17 280
- machinery and equipment	906	1 090
- vehicles	807	1 081
- other fixed assets	848	930
Construction under progress	35	16
Total property, plant and equipment	**23 814**	**25 238**

PPE – ownership structure	**31 December 2015**	**31 December 2014**
a) own	11 030	11 735
b) used under rental, lease or other agreement, including :	12 784	13 503
- lease	442	834
- rental and lease	11 790	12 117
- value of the right of perpetual usufruct	552	552
Total value of balance sheet items of property, plant and equipment	**23 814**	**25 238**

The Group, pursuant to an agreement dated 23 July 2004 leases property consisting of 3 buildings with a total area of 6 227.5 m^2, on a plot of 3 311 m^2 located in Warsaw at Emilia Plater Street No. 18 and Hoża No. 76/78. The duration of the contract, from the date of its conclusion, is 30 years.

Land, buildings and constructions are carried at revalued amount, being its fair value at the date of the revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value as at 31 December 2015,remained at the level of valuation on 31 December 2014 which was set based on valuation made by independent experts not associated with the Group. The experts have the right qualifications to carry out valuations of land, buildings and structures, as well as the current experience in such valuations, which are carried out in locations where there are assets of the Company.

Methods of valuation and key unobservable data are presented in table as below.

Method of valuation	**The key, unobservable inputs**	**The relationship between the key, unobservable inputs, and the fair value**
The comparative approach using the method of the adjusted, average price: The model is based on determining of the average transaction price of 1 m2 on the	• The average transaction price per 1 m2. • Attractiveness of the location and neighborhood.	The estimated fair value of real estate would be increased (or would be reduced), if: • the average transaction price for

basis of a representative sample of the transactions, which were concluded. The average price was adjusted for weight of characteristics of the market: the attractiveness of the location and the neighborhood, area and shape of the plot, destiny, legal status of a land, access to the plot.	• Area and shape of the plot • Designation • Legal status • Access to the plot.	the m2 was higher (was lower)
Discounted cash flows: The model of measurement is based on the present value of future net cash flows that will be generated from the real estate taking into account: the level of lease of a space. The expected net cash flows are discounted through discount rates, which take the risk into account. Other factors considered in the average rent, which was adopted per square meter are: attractiveness of the location, technical condition of building, the standard and the functionality of the building, the possibilities of the access, and parking spaces..	• Level of lease of space: reflecting the status of the currently leased space. • Discount rates adjusted for the risk: 7%	The estimated fair value of real estate would be increased (or would be reduced) if: • Level of lease of space was higher (was lower); • Discount rates adjusted for the risk were higher (were lower).

There was no change in a valuation technique during the year.

Details concerning land, buildings and constructions, as well as information about the hierarchy of fair values as at 31 December 2015

The Group	Fair value as at 31December 2014 (in PLN thousands)	Fair value as at 31December 2015 (in PLN thousands)
	Level 3	Level 3
Land, including right of perpetual usufruct	4 841	4 732
Buildings and constructions	17 280	16 486
Total	**22 121**	**21 218**

Property, plant and equipment covered by the mortgage, which hedges the repayment of loans, as described in Note 18.

Change in PPE in 2015

	Land, including the right of perpetual usufruct of land	**Buildings, premises, and civil engineering objects**	**Machinery and equipment**	**Vehicles**	**Other PPE**	**Construction under progress**	**Total PPE**
Gross value							
As at 1 January 2015	**5 563**	**25 402**	**5 038**	**3 498**	**4 493**	**18**	**44 012**
Increase (due to)	-	310	425	344	185	19	1 283
- acquisition	-	310	425	344	185	19	1 283
Decrease (due to)	-	-	-479	-1 092	-69	-	-1 640
- disposal of PPE	-	-	-	-221	-	-	-221
- liquidation of PPE	-	-	-19	-	-7	-	-26
- other changes including non-current assets of subsidiary sold	-	-	-460	-871	-62	-	-1 393
As at 31 December 2015	**5 563**	**25 712**	**4 984**	**2 750**	**4 609**	**37**	**43 655**
Depreciation and impairment							
As at 1 January 2015 - accumulated depreciation	**722**	**8 122**	**3 948**	**2 417**	**3 563**	**2**	**18 774**
- increase – depreciation for the period	109	1 104	566	331	185	-	2 295
- decrease due to disposal of PPE	-	-	-	-221	-2	-	-223
- decrease due to liquidation of PPE	-	-	-19	-	-3	-	-22

Other changes, including depreciation of non-current assets of subsidiary sold	-	-	-417	-584	18	-	-983
As at 31 December 2015 - accumulated depreciation	**831**	**9 226**	**4 078**	**1 943**	**3 761**	**2**	**19 841**
Net value of PPE as at 31 December 2015	**4 732**	**16 486**	**906**	**807**	**848**	**35**	**23 814**

Comparative data

Change in PPE in 2014

	Land, including the right of perpetual usufruct of land	Buildings, premises, and civil engineering objects	Machinery and equipment	Vehicles	Other PPE	Construction under progress	Total PPE
Gross value							
As at 1 January 2014	**5 491**	**23 214**	**6 297**	**3 288**	**4 251**	**72**	**42 613**
Increase (due to)	123	2 188	480	703	503	-	3 997
- purchase	-	-	480	703	452	-	1 635
- other changes, including revaluation of non-current assets at fair value	123	2 188	-	-	51	-	2 362
Decrease (due to)	-51	-	-1 739	-493	-261	-54	-2598
- disposal of PPE	-	-	-7	-489	-4	-	-500
- liquidation of PPE	-	-	-1 732	-8	-253	-	-1 993
- other changes	-51	-	-	4	-4	-54	-105
As at 31 December 2014	**5 563**	**25 402**	**5 038**	**3 498**	**4 493**	**18**	**44 012**
Depreciation and impairment							
As at 1 January 2014 – accumulated depreciation	**617**	**5 580**	**4 867**	**2 620**	**3 583**	**2**	**17 269**
- increase – depreciation for the period	105	905	626	276	241	-	2 153
- decrease due to disposal of PPE	-	-	-2	-475	-7	-	-484
- decrease due to liquidation of PPE	-	-	-1 544	-8	-254	-	-1 806
- other changes, including revaluation of non-current assets at fair value	-	1 637	1	4	-	-	1 642
As at 31 December 2014 – accumulated depreciation	**722**	**8 122**	**3 948**	**2 417**	**3 563**	**2**	**18 774**
Net value of PPE as at 31 December 2014	**4 841**	**17 280**	**1 090**	**1 081**	**930**	**16**	**25 238**

Note No. 2 – Intangible assets	31 December 2015	31 December 2014
Acquired concessions, patents, licenses and similar assets (including computer software)	508	190
Total intangible assets	**508**	**190**
Intangible assets – structure of ownership		
own	508	190
Total intangible assets	**508**	**190**

Change in intangible assets in 2015

	Acquired concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2015	**3 226**	**3 226**
Increase (due to)	465	465

- acquisition	465	465
Decrease (due to)	-245	-245
- liquidation	-245	-245
As at 31 December 2015	**3 446**	**3 446**

Amortization and impairment		
As at 1 January 2015 - accumulated amortization	**3 036**	**3 036**
Amortization for the period (due to)	-98	-98
- increase (amortization calculated)	145	145
- decrease due to liquidation	-243	-243
As at 31 December 2015 - accumulated amortization	**2 938**	**2 938**
Net intangible assets as at 31 December 2015	**508**	**508**

Comparative data
Changes in intangible assets in 2014

	Acquired concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2014	**4 122**	**4 122**
Increase (due to)	70	70
- acquisition	70	190
Decrease (due to)	-966	-966
- liquidation	-966	-966
As at 31 December 2014	**3 226**	**3 226**
Amortisation and impairment		
As at 1 January 2014 – accumulated amortisation	**3 822**	**3 882**
Amortisation for the period (due to)	-786	-786
- increase (calculated amortisation)	180	180
- decrease due to disposal	-966	-966
As at 31 December 2014 - accumulated amortisation	**3 036**	**3 036**
Net intangible assets as at 31 December 2014	**190**	**190**

Note No. 3 – Investment properties

	31 December 2015	31 December 2014
Construction in-progress	1 122	9 125
Buildings and constructions	6 148	6 594
Land	4 690	17 241
Total investment properties	**11 960**	**32 960**

Investment properties by type	**Change in investment properties in 2015**	**Change in investment properties in 2014**
Investment properties - land		
As at opening balance sheet	17 241	17 533
- net increase due to revaluation to fair value	-	-292
- decrease, including disposal	-12 551	-
As at closing balance sheet	4 690	17 241

Investment properties in-progress		
As at opening balance sheet	9 125	9 478
- change due to:	-8 003	-
a) disposal	-8 003	-
b) revaluation at fair value	-	-353
Total change	-8 003	-353
As at closing balance sheet	1 122	9 125
Investment properties - buildings and constructions		
As at opening balance sheet	6 594	6 592
- change due to:	-	-
a) revaluation at fair value	-	2
b) increase due to acquisition	298	-
c) disposal	-744	-
Total change	-446	2
As at closing balance sheet	6 148	6 594
Total investment properties	**11 960**	**32 960**

In 2015, the Group sold an investment property which is situated in Krakow for the price PLN 16 378 thousand (4 000 thousands of EUR) and commission in the amount of PLN 4 263 thousand (1 000 thousand of EUR), which will be paid by the Buyer upon receipt of a replacing building permit. Details of this transaction are as follows:

	(in PLN thousands)
Payment in cash	16 378
Deferred proceeds from the sale (Note No. 7- Other receivables received in March 2016)	4 263
Total	20 641

Fair value of investment properties on 31 December 2015 was disclosed on the level of fair value on 31 December 2014, which was set based on valuation made by independent experts not associated with the Group. The experts have the right qualifications to carry out valuations of investment properties, as well as the current experience in such valuations, which are carried out in locations where there are assets of the Group. Methods of valuation and key unobservable data are presented in table as below:

Method of valuation	**The key, unobservable inputs**	**The relationship between the key, unobservable inputs, and the fair value**
The comparative approach using the method of the adjusted, average price: The model is based on determining of the average transaction price of 1 m2 on the basis of a representative sample of the transactions, which were concluded. The average price was adjusted for weight of characteristics of the market: the attractiveness of the location and the neighborhood, area and shape of the plot, destiny, legal status of a land, access to the plot.	• The average transaction price per 1 m2. • Attractiveness of the location and neighborhood. • Area and shape of the plot • Designation • Legal status Access to the plot.	The estimated fair value of real estate would be increased (or would be reduced), if: • the average transaction price for the m2 was higher (was lower)
Discounted cash flows: The model of measurement is based on the present value of future net cash flows that will be generated from the real estate taking into account: the level of lease of a space and periods with no rents. The	• Level of lease of space: reflecting the status of the currently leased space. • Discount rates adjusted for the risk: 7% -7.5%.	The estimated fair value of real estate would be increased (or would be reduced) if: • Level of lease of space was higher (was lower);

expected net cash flows are discounted through discount rates, which take the risk into account. Other factors considered in the average rent, which was adopted per square meter are: attractiveness of the location, technical condition of building, the standard and the functionality of the building, the possibilities of the access, and parking spaces..	• Periods with no rents: lack.	• Discount rates adjusted for the risk were higher (were lower); • Periods with no rents were shorter (longer).

There was no change in a valuation technique during the year.

Details concerning investment properties, as well as information about the hierarchy of fair values as at 31 December 2015

The Group	Fair value (in PLN thousands)	
	31 December 2015	**31 December 2014**
	Level 3	Level 3
Land, including right of perpetual usufruct	4 690	17 241
Buildings and constructions	7 270	15 719
Total	**11 960**	**32 960**

There were no displacements between levels 1, 2 and 3 during a year.

Note No. 4 - Shares

Shares	**31 December 2015**	**31 December 2014**
In other entities	830	830
Net shares	830	830
write-downs of financial fixed assets	-	-
Gross value of shares	**830**	**830**

Change in shares	**31 December 2015**	**31 December 2014**
a) as at the beginning of the period	830	843
b) decrease due to sale	-	-13
c) as at the end of the period	830	830

Note No. 5 – Shares in entities valued using the equity method

Shares in associated entities	**31 December 2015**	**31 December 2014**
Shares – net value	24 000	25 136
Write-downs of shares	400	2 073
Gross value of shares	**24 400**	**27 209**

Change in shares valued using the equity method	**31 December 2015**	**31 December 2014**
As at the beginning of the period	25 136	23 970
- shares at cost	25 136	23 970
Increase (due to)	-1 136	1 166
- Share in the result of the current year	-1 136	1 166
As at the end of the period, net value	24 000	25 136
Write-down	400	2 073
As at the end of the period, gross value	24 400	27 209

Zmiana stanu odpisów aktualizujących wartość akcji i udziałów w jednostkach wycenianych metodą praw własności	**31 December 2015**	**31 December 2014**
As at the beginning of the period	2 073	2 073
Decrease in write-down	-2 073	-
As at the end of the period	-	2 073

On 14 April 2015 pursuant to the sale agreement the Group sold 12 290 shares in TEOMA Spółka Akcyjna in liquidation. The total sale price was set at PLN 122.90.

Irydion Sp. z o. o. is the only joint venture (a jointly-controlled entity), where the Group participates. It is a company whose aim is to build an office building under the name of "Astrum Business Park" in Warsaw. The Company is not been quoted. Group has classified its interest in Irydion as a joint venture.
Group exercises joint control along with the shareholder Look Finansowanie Inwestycji Łukasiewicz i Wspólnicy spółka jawna (hereinafter Look), 50% shares for each partner. Each of the partners has two representatives in the Supervisory Board.

Shares in subsidiaries

Item No.	a	b	c	d	e	f	g	h	i	j	K
	Name of the company and its legal form	Registered office	Scope of company's activities	Type of relationship (subsidiary, jointly controlled entity or associate, details of direct and indirect relationship)	Consolidation method applied/valuation using the equity method, or an indication that the entity is not subject to consolidation/valuation under the equity method	Date of acquisition of control / joint control /and of the exertion of significant influence	Value of shares at cost	Total revaluation adjustments	The carrying value of shares	Percentage of share capital held directly and indirectly	Participation in total number of votes at the General Assembly (directly and indirectly)
1	PROCHEM INWESTYCJE Sp. z o. o.	Warsaw	Consultancy on business and management	subsidiary	full	22 June1992	2 999	-	2 999	100.0%	100.0%
2	PREDOM Sp. z o.o.	Wrocław	Construction designing, urban planning, process engineering	Indirect subsidiary (company Prochem Inwestycje sp. z o. o. holds 75% of capital)	full	19July2002	764	-	764	81.1%	69.4%
3	PRO-INHUT Sp. z o. o.	Dąbrowa Górnicza	Construction designing, urban planning, process engineering	Indirect subsidiary (company Prochem Inwestycje sp. z o.o. holds 93.2% of shares)	full	4 October 2001	63	-	63	93.2%	93.2%
4	PRO-ORGANIKA Sp. z o.o.	Warsaw	Commercial activity	subsidiary	full	28 June1996	320	160	160	91.4%	91.4%
5	PROCHEM ZACHÓD Sp. z o.o.	Warsaw	Marketing activities, construction works, design services, commercial activity and forwarding	subsidiary	full	18March 1998	1 061	-	1 061	80.0%	80.0%
6	ELEKTROMONTAŻ KRAKÓW S.A.***)**	Kraków	Assembly of electrical installations and equipment	Indirect subsidiary (company Prochem Inwestycje Sp. z o.o. holds 65.5% of shares)	full	10 December 2001	14 725	-	14 725	77.6%	77.3%
7	ELMONT INWESTYCJE sp. z o.o.	Kraków	Developer's activity	Indirect subsidiary (Elektromontaż Kraków S.A. holds 50% of shares)	full	5 April 2007	9 050	-	9 050	88.8%	88.8%

8	ELPRO sp. z o.o.	Kraków	Development and sale of real estates and rental of properties on own account, management of non-residential real estates	Indirect subsidiary (Prochem Inwestycje Sp. z o. o. holds 50%, Elektromontaż Kraków S.A. holds 50% shares)	full	17 April 2002	3 234	-	3 234	88.8%	888%
9	IRYD sp. z o.o.	Warsaw	Development and sale of real estates and rental of properties on own account	Indirect subsidiary(Prochem Inwestycje Sp. z o. o. holds 100% shares)	full	13 July 2000	150	150	-	100.0%	100.0%
10	ATUTOR INTEGRACJA CYFROWA Sp. z o.o.	Warsaw	Production and sale of computer software, computer system integration, IT services	Indirect subsidiary (company Prochem Inwestycje holds 87.3%)	full	28 September 2000	308	-	308	87.3%	87.3%
11	PROCHEM RPI S.A.	Warsaw	Developer's activity	subsidiary (company Prochem Inwestycje Sp. z o. o. holds 3.33% of shares)	full	8 April 1998	513	-	513	100.0%	100.0%
12	Elmont Pomiary Sp. z o.o.	Kraków	Developer's activity	Indirect subsidiary (Elektromontaż Kraków S.A. holds 100% shares)	full	20 April 2004	190	-	190	77.6%	77.6%
13	PREDOM PROJEKTOWANIE sp. z o.o.**)	Wrocław	Design services	Indirect subsidiary (company PKI Predom Sp. z o. o.)	Not subject to consolidation	1 May 2002	53	53	-	81.0%	69.3%

**** the share in capital and votes, is presented upon completion of the redemption procedure of shares bought back by Elektromontaż Kraków S.A. with the aim of redemption***
***** the company has not commenced activities***

Shares in subsidiaries - continuation

	a	b							c			d			e	F
Item No.	Name of the company	Entity's equity, including:	Share capital	Own shares (negative value)	Revaluation capital	Other equity, including:	Profit (loss) brought forward	Net profit (loss)	Entity's liabilities and provisions to liabilities, including:	Non-curent	current	Entity's trade and other receivables, including:	Non-current	current	Total entity's assets	Total revenues from sales
1	PROCHEM INWESTYCJE Sp. z o. o.	7 910	3 000	-		4 910	-	2 117	21 125	19 265	1 860	17	-	17	29 035	4 408
2	P.K.I.PREDOM Sp. z o.o.	9 691	600	-	6 050	3 041	-	304	2 552	1 746	806	2 048	-	2 048	12 243	4 908
3	PRO-INHUT Sp. z o .o.	895	53	-	-	842	-	75	1 425	22	1 403	1 719	-	1 719	2 320	2 933
4	PRO-ORGANIKA S.A.	595	350	-	-	245	-	85	1 420	-	1 420	1 200	-	1 200	2 015	4 364
5	PROCHEM ZACHÓD Sp. z o.o.	1 839	1 600	-	-	239	-	51	37	-	37	-	-	-	1 876	-
6	ELEKTROMONTAŻ KRAKÓW S.A.*)	22 843	1 269	-	7 270	14 304	-	264	11 650	1 304	10 346	8 884	-	8 884	34 493	35 835
7	ELMONT INWESTYCJE sp. z o.o.	7 464	8 000	-		-536	-	-686	1 636	653	983	5 246	-	5 246	9 100	0
8	ELPRO sp. z o.o.	4 010	3 290	-		720	-	7	368	353	15	24	-	24	4 378	196
9	IRYD Sp. z o.o.	-183	150	-		-333	-327	-6	208	-	208	11	-	11	25	-
10	ATUTOR Sp. z o.o.	205	355	-		-150	-169	19	389	10	379	460	-	460	594	940
11	PROCHEM RPI Sp. z o.o.	446	600	-		-154	-149	-5	1	-	1	2	-	2	447	-
12	Elmont Pomiary Sp. z o.o.		the company consolidated by Elektromontaż Kraków S.A. - financial data of the company are included in financial statements of Elektromontaż Kraków S.A.													
13	PREDOM PROJEKTOWANIE Sp. z o.o.		Not subject to consolidation													

**** data from the consolidated financial statements of Elektromontaż Krakow S.A. Capital Group, presented upon elimination of the profits of the associates, which are indirect subsidiaries of the Parent Company.***

Shares in entities valued using the equity method

Item No.	a	b	c	d	e	f	g	h	i	j	k
	Name of the company and its legal form	Registered office	Scope of the Company's activities	Type of relationship (subsidiary, jointly controlled entity or associate, details of direct and indirect relationship)	Consolidation method applied	Date of acquisition of control / joint control /and of the exertion of significant influence	Value of shares at cost	Total revaluation adjustments	The carrying value of shares	Percentage of share capital held	Participation in total number of votes at the General Assembly
1	ITEL Sp. z o.o.	Gdynia	Other electrical installations	associated	The equity method	13 September 2005	708	400	308	42.0%	42.0%
2	IRYDION Sp. z o.o.	Warsaw	rental of own real estate	Jointly-controlled	The equity method (change in the structure of shareholding from a subsidiary for a jointly-controlled entity as from 3April 2013)	24 March 2000	4 503	-	4 503	50.0%	50.0%

Shares in entities valued using the equity method – continuation

Item No.	a	b		c			d			e	f
	Name of the company	Company's equity, including:		Liabilities and provisions to liabilities, including:			Receivables, including:			Total entity's assets	Revenues from sales
			Net profit (loss)		Non-current liabilities	Current liabilities		Non-current receivables	Current receivables		
1	ITEL Sp. z o.o.	1 108	-516	1 443	48	1 395	1 455	-	1 455	2 551	5 596
2	IRYDION Sp. z o.o.	47 074	-1 838*	77 673	67 859	9 814	1 728	-	1 728	124 747	-

***)** The result after consolidation adjustments.

Note No. 6 – Settlement of deferred income tax
- deferred tax assets

Change in deferred tax assets	**31 December 2015**	**31December 2014**
1. Deferred tax assets as at the beginning of the period, recognized in financial result (profit or loss)	**6 051**	**5 708**
a) recognized in financial results	**6 000**	**5 690**
- provisions to costs	627	448
- write-down of receivables	1 045	860
- unpaid remuneration under contracts of mandate and specific task contracts	37	52
- deferred income	2 204	980
- interest on loan	647	543
- provision for retirement benefit	395	406
- provision for holiday benefits	266	241
- deferred tax on write-down of financial asset	5	977
- unpaid employee benefits	61	147
- write-down of inventories	54	54
- tax loss	300	649
- other, including exchange differences	359	333
b) recognized in equity	51	**18**
- provision to retirement benefit	51	17
- provisions for costs and revaluation of receivables	-	1
2. Increase	**3 697**	**3 154**
a) recognized in financial result	**3 693**	**3 120**
- provisions to costs	289	262
- write-down of receivables	-	190
- unpaid remuneration under contracts of mandate and specific task contracts	32	37
- deferred income	842	2 029
- interest on loan	72	117
- provision for retirement benefit	30	3
- provision for holiday benefits	70	76
- unpaid employee benefits	-	61
- provision for tax loss	1 255	6
- other, including exchange differences	1 103	339
b) recognized in equity	**4**	**34**
- provision to retirement benefit	4	34
3. Decrease	**4 086**	**2 811**
a) recognized in financial result	**4 086**	**2810**
- the use of provision for costs	624	83
- write-down of receivables	3	5
- paid remuneration under contracts of mandate and specific task contracts	37	52
- deferred income	2 204	805
- interest on loan	429	13
- the use of provision for retirement benefit	16	14
- the use of provision for holiday benefits	58	51
- paid employee benefits	61	147
- the use of the asset for tax loss	296	355
- deferred tax on write-down of financial assets	-	972

- other, including exchange differences	358	313
b) recognized in equity	**-**	**1**
- provisions for costs and revaluation of receivables	-	1
4. Total deferred tax assets as at the end of the period, including:	**5 662**	**6 051**
a) recognized in financial result	**5 607**	**6 000**
- provisions for costs	292	627
- write-down of receivables	1 042	1 045
- unpaid remuneration under contracts of mandate and specific task contracts	32	37
- deferred income	842	2 204
- interest on loan	290	647
- provision for retirement benefit	409	395
- provision for holiday benefits	278	266
- unpaid employee benefits	1	61
- tax loss	1 259	300
- deferred tax on write down of financial assets	5	5
- write-down of inventories	54	54
- other, including exchange differences	1 103	339
b) recognized in equity	**55**	**51**
- provision for retirement benefit	55	51

- provision to deferred income tax

1. Provision to deferred income tax at the beginning of the period, including:	**6 709**	**6 513**
a) recognized in financial result	**4 751**	**4 611**
- interest accrued on loan	558	398
- revaluation of non-current financial assets	136	136
- accrued income from uncompleted service	1 670	1 561
- the difference between the installment of the operating lease, and the depreciation of the leased non-current assets recognized in costs	6	6
- revaluation of non-financial investments	1 785	1 864
- surplus of balance sheet amortization over tax amortization	472	381
- other	124	265
b) recognized in equity	**1 958**	**1 902**
- revaluation of property, plant and equipment at fair value	1 958	1 902
2. Increase	**2 752**	**2 790**
a) recognized in financial result for the period, due to positive temporary differences	**2 752**	**2 723**
- interest accrued on loan	137	170
- accrued income from uncompleted service	1 320	2 439
- the difference between the installment of the operating lease, and the depreciation of the leased non-current assets recognized in costs	-	1
- revaluation of non-financial investments	341	11
- the difference between tax amortization and balance sheet amortization	92	91
- revenues from the sale of non-financial assets, tax revenues of next period	809	-
- other	53	11

b) recognized in equity due to positive temporary differences	**-**	**67**
- revaluation of property, plant and equipment at fair value	-	52
- revaluation of non-financial investments	-	15
3. Decrease	**3 632**	**2 594**
a) recognized in financial result of the period due to positive temporary differences	**3 623**	**2 583**
- interest on loan paid	205	10
- accrued income from uncompleted service	1 670	2 330
- the difference between the installment of the operating lease, and the depreciation of the leased non-current assets recognized in costs	6	1
- the use of revaluation of non-financial investments	1 630	90
- other	112	152
b) recognized in equity due to positive temporary differences	**9**	**11**
- revaluation of non-financial investments	9	11
4. Total provision to deferred income tax at the end of the period	**5 829**	**6 709**
a) recognized in financial result	**3 880**	**4 751**
- interest accrued on loan	490	558
- revaluation of non-current financial assets	136	136
- accrued income from uncompleted service	1 320	1 670
- the difference between the installment of the operating lease, and the depreciation of the leased non-current assets recognized in costs	-	6
- revaluation of non-financial investments	496	1 785
- surplus of balance sheet amortization over tax amortization	564	472
- revenues from the sale of non-financial assets, tax revenues of next period	809	-
- other	65	124
b) recognized in equity	**1 949**	**1 958**
- revaluation of property, plant and equipment at fair value	1 949	1 958

	31 December 2015	**31 December 2014**
Deferred tax assets	5 662	6 051
Provision to deferred income tax	-5 829	-6 709
Provision to deferred income tax	**-167**	**-658**

Presentation in the statement of financial position:

	31 December 2015	**31 December 2014**
Deferred tax assets	2 716	1 998
Provision to deferred income tax	-2 883	-2 656
Provision to deferred income tax	**-167**	**-658**

Note No. 7 – Other non-current financial assets

Other financial assets	**31 December 2015**	**31 December 2014**
a) from jointly-controlled entities	17 955	11 525
- loans	17 955	11 525
b) other non-current financial assets – discounted the security deposit constituting the collateral of a bank guarantee of reimbursement of advance payment	-	2 084
Total other financial assets	**17 955**	**13 609**

Loans granted as at 31 December 2015

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
  - in the amount of PLN 11 720 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 720 thousand. The interest rate is set annually according to WIBOR 6M, loan repayment date with interest on 22 September 2031;
  - in the amount of PLN 6 235 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 235 thousand. The interest rate is set annually at 3% per year, loan repayment date with interest on 22 September 2031;

Increase:

- Accrued interest on loans granted to jointly-controlled company Irydion Sp. z o.o. in the amount of PLN 375 thousand,
- Reclassification of a current loan to a non-current loan, granted to the jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 6 055 thousand, including amount of the loan PLN 6 000 thousand, accrued interest PLN 55 thousand. The interest rate is set annually at 3% per year, the repayment date of the loan 22 September 2031.

Loans granted - as at 31 December 2014

- Loan granted to the jointly-controlled company Irydion Sp. z o. o. seated in Warsaw in the amount of PLN 11 525 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 525 thousand. The interest rate is set annually according to WIBOR 6M, the repayment date of the loan with interest on 30 September 2018.

Note No. 8– Inventories

Inventories	**31 December 2015**	**31 December 2014**
Materials	6 220	3 368
Semi-finished products and work-in-process	128	350
Goods	723	765
Total inventories	**7 071**	**4 483**
Write-down of inventories	285	285

Note No. 9 – Trade and other receivables

Trade and other receivables	**31 December 2015**	**31 December 2014**
Trade receivables	85 643	72 608
Write-down of receivables	7 404	6 943
Net trade receivables, including:	**78 239**	**65 665**
- with a repayment period up to 12 months	74 208	61 447
- with a repayment period over 12 months	4 031	4 218
Receivables from taxes, subsidies, customs duties, social and health insurance and other benefits	**4 851**	**290**
Other receivables	1 303	585
Write-down of other receivables	402	6
Net other receivables	**901**	**579**
Total receivables, net	**83 991**	**66 534**

Trade and other receivables from related entities	31 December 2015	31 December 2014
Trade receivables, including:	7 432	105
- from jointly-controlled entities	7 432	105
Total trade and other receivables from related entities, net	**7 432**	**105**
Write-down of receivables from related entities	-	-
Total trade and other receivables from related entities, gross value	**7 432**	**105**

Change in write-downs of trade and other receivables	31 December 2015	31 December 2014
As at the beginning of the period	**6 949**	**9 504**
a) increase (due to)	1 104	1 143
- write-downs for receivables	1 104	1 143
b) decrease (due to)	247	3 698
- payment received	198	299
- the use of write-downs created in the previous periods	6	3 397
- sale of shares in subsidiary	37	-
- resolving of write-down	6	2
Write-downs of current trade receivables and other receivables at the end of the period	**7 806**	**6 949**

In the majority of contracts signed by the Group, time of payment for services was established in the range from 14 to 60 days. As at 31 December 2015 and as at 31 December 2014, trade receivables include the security deposits under statutory warranty for construction and assembly works respectively in the amount of PLN 22 014 thousands and PLN 19 909 thousands.

Trade receivables with time of repayment remaining from the balance sheet date:	31 December 2015	31 December 2014
a) up to 1 month	18 950	19 099
b) above 1 month up to 3 months	23 592	21 514
c) above 3months up to 6 months	5 249	138
d) above 6 months up to 1 year	3 221	454
e) above 1 year	4 031	4 149
f) receivables overdue	30 600	27 254
Total receivables from supplies and services (gross)	85 643	72 608
g) write-down of receivables from supplies and services	7 404	6 943
Total receivables from supplies and services (net)	**78 239**	**65 665**

An age analysis of past due trade receivables (gross)	31 December 2015	31 December 2014
a) up to 1 month	4 197	1 136
b) above 1 month up to 3 months	341	287
c) above 3months up to 6 months	951	1 047
d) above 6 months up to 1 year	947	2 235
e) above 1 year	24 164	22 549
Total receivables from supplies and services (gross)	**30 600**	**27 254**
f) write-down of receivables from supplies and services, past due	7 404	6 943
Total past due receivables from sale and services, (net)	**23 196**	**20 311**

The outstanding balance of trade receivables includes receivables overdue with a carrying amount PLN 17 364 thousands from security deposit under the statutory warranty, to which Company did not create reserves, because it is considered, that will be recovered. The Company has collateral in the form of the seized guarantee deposits under the statutory warranty from subcontractors in the amount of PLN 2 928 thousands. For more information see Note No. 38 – Information on significant proceedings pending before the court.

Note No. 10 – Other financial assets

Other financial assets	**31 December 2015**	**31 December 2014**
a) from jointly-controlled entities	-	6 055
- current loans	-	6 055
b) from other entities:	2 799	5 154
- current loans	273	198
- other financial assets – discounted the security deposit constituting the collateral of a bank guarantee of reimbursement of advance payment	2 526	4 956
Total other financial assets	**2 799**	**11 209**
Write-down of other financial assets	-	-
Gross other financial assets	**2 799**	**11 209**

Loans granted - as at 31 December 2015

- Loan granted to the Civil Committee of Building of the Cardiologic Hospital of the name of Marshal Józef Piłsudski in Warsaw PLN 198 thousand, including: amount of the loan PLN 133 thousand, accrued interest PLN 65 thousand, interest rate set at the statutory rate, repayment date 30 June 2008. Receivables secured by a mortgage on the right of perpetual usufruct of the land under land register – KW No. 136324.
- Loan granted to Pro Serwis Sp. z o. o. in Warsaw PLN 75 thousand, including: amount of the loan PLN 75 thousand. Interest on the loan is set at 2% annually. The term for payment - the compensation by fulfilment of the contractual obligations for property management.

Increase

- Loans granted to company Pro Serwis Sp. z o. o. in Warsaw :
  - 8 June 2015 in the amount of PLN 300 thousand, fixed interest rate of 2% per year.

Decrease

- Repayment of the loan by Pro Serwis Sp. o.o. PLN 225 thousands.
- Reclassification of a current loan to a non-current loan, granted to the jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 6 055 thousand, including amount of the loan PLN 6 000 thousand, accrued interest PLN 55 thousand. The interest rate is set annually at 3% per year, the repayment date of the loan 22 September 2031.

Loans granted - as at 31 December 2014

- Loan granted to the Civil Committee of Building of the Cardiologic Hospital of the name of Marshal Józef Piłsudski in Warsaw PLN 198 thousand, including: amount of the loan PLN 133 thousands, accrued interest PLN 65 thousands, interest rate set at the statutory rate, repayment date 30 June 2008. Receivables secured by a mortgage on the right of perpetual usufruct of the land under land register – KW No. 136324.
- Loan granted to the jointly-controlled entity IRYDION Sp. z o. o. seated in Warsaw PLN 2,041 thousand, including amount of the loan PLN 2,000 thousand, accrued interest PLN 41 thousand, interest rate is set at 3% per year, the repayment date of the loan 31 December 2015
- Loan granted to the jointly-controlled entity IRYDION Sp. z o. o. seated in Warsaw PLN 1,009 thousand, including amount of the loan PLN 1,000 thousand, accrued interest PLN 9 thousand, interest rate is set at 3% per year, the repayment date of the loan 31 December 2015
- Loan granted to the jointly-controlled entity IRYDION Sp. z o. o. seated in Warsaw PLN 503 thousand, including amount of the loan PLN 500 thousand, accrued interest PLN 3 thousand, interest rate is set at 3% per year, the repayment date of the loan 31 December 2015.

- Loan granted to the jointly-controlled entity IRYDION Sp. z o. o. seated in Warsaw PLN 2,502 thousand, including amount of the loan PLN 2,500 thousand, accrued interest PLN 2 thousand, interest rate is set at 3% per year, the repayment date of the loan 31 December 2015.

Note No. 11 – Other assets

Other assets by type:	**31 December 2015**	**31 December 2014**
a) prepayments	1 412	958
- cost of property and personal insurance	281	282
- software maintenance costs	631	459
- subscriptions	37	39
- deferred costs	449	49
- other	14	129
b) other prepayments	13 785	12 586
- amounts due from the ordering parties under long-term contracts	13 785	12 586
Total other assets	**15 197**	**13 544**

The item - other accruals - comprises the valuation of contracts for construction services that are in progress at the balance sheet date.

Note No. 12 – Share capital

SHARE CAPITAL (THE STRUCTURE)							
Series / emission	Type of share	Type of shares preference	Number of shares	Series / emission at nominal value	Method of coverage of capital	Registration date	Right to dividend (from)
Founding	inscribed	3 votes per 1 share	580	580	Cash	23 July 1991	1 October1991
Founding	inscribed	-	6 816	6 816	Cash	23 July 1991	1 October1991
Founding	bearer	-	1 810 104	1 810 104	Cash	23 July 1991	1 October1991
B	inscribed	-	750	750	Cash	29 July 1993	1 January1993
B	bearer	-	681 750	681 750	Cash	29 July 1993	1 January1993
C	bearer	-	530 000	530 000	Cash	20 April 1994	1 January1994
D	bearer	-	865 000	865 000	Cash	5 September 1994	1 January1994
Total number of shares			**3 895 000**				
Total share capital				**3 895 000**			
Nominal value of 1 share = PLN 1.00							

The share capital of the Company amounts to PLN 3 895 thousands and is divided into 3 895 000 shares with the nominal value of PLN 1 each. The number of shares did not change with comparison to as at 31 December 2014. Total number of votes from all shares is 3 896 160.

Changing the rights from the issuer's securities

On September 24 of 2015 according to section 10 of the Statutes of the Company PROCHEM S.A., Resolution No. 22/132/94 of the Board of Warsaw Stock Exchange dated 30 May 1994, and Resolution No. 636/15 of the Management Board of National Depository for Securities dated 23 September 2015, and Resolution No. 955/2015 of the Management Board of the Warsaw Stock Exchange of 18 September 2015, was carried out the conversion of registered shares into bearer shares. Date of conversion, assimilation and introduction to trading on the main market in standard mode - 28 September 2015.

After change:

- the Company's share capital amounts to PLN 3.895 million and has not changed,
- the total number of votes from all shares of the Issuer at the General Meeting will amount to 3,896,160, decreased by 500 votes.

Structure of shares after the change:

- 3,886,854 shares to bearer,
- 7,566 shares registered unprivileged,
- 580 shares registered privileged.

According to information in the Company's possession as at the day of the statements the following shareholders have at least 5% of the votes at the General Meeting of Shareholders:

	Description	**Number of shares (units)**	**% of votes in total number of votes**	**% of share capital**
1.	POROZUMIENIE PHC, including:	1 179 483	30.30	30.28
	Steven Tappan	510 000	13.09	13.09
2.	OtwartyFunduszEmerytalny PZU „ZłotaJesień“	387 521	9.94	9.95
3.	Legg Mason Towarzystwo Funduszy Inwestycyjnch S.A., including:	560 549	14.39	14.39
	- Legg Mason Parasol Fundusz Inwestycyjny Otwarty „Legg Mason Parasol FIO”	284 054	7.29	7.29
4.	(QUERCUS Parosolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ) managed by Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	394 963	10.14	10.14

Since the submission of the annual report for 2014 years the Company received the following information about the change in shareholding:
- On October 22, 2015, the Investment Fund QUERCUS Parasolowy SFIO alone increased its share in the total number of votes in the company PROCHEM S.A. and exceeded the threshold of 5% of the total number of votes in the company PROCHEM S.A. Before the change, the Fund held 190,644 shares of the Issuer, representing 4.895% of the share capital and held 190,644 votes from these shares, representing 4.893% of the total number of votes at the General Meeting. As at 22 October 2015 the Fund held 194,944 shares of the company PROCHEM S.A., representing 5.005% of the share capital of the Company. The shares held give 194,944 votes at the General Meeting of the Company, representing 5.003% of the total number of votes at the General Meeting.
- on 22 December 2015 QUERCUS Towarzystwo Funduszy Inwestycyjnych S.A. – QUERCUS Parasolowy SFIO, QUERCUS Absolutne Return FIZ and QUERCUS Absolutnego Zwotu FIZ – increased (through Common Funds) share in the total number of votes in the company PROCHEM S.A. and exceeded the threshold of 10% of the total number of votes in the company PROCHEM S.A. Before tha change the funds held a total of 389 463 shares in the Company, representing 9.999% of the share capital and they had 389 463 votes from these shares, representing 9.996% of the total number of votes at the General Meeting. On the day of the transaction the Funds together hold 394 963 shares of the Company, representing 10.14% of the share capital and 10.14% of the total number of votes at the General Meeting.

Note No. 13 – Revaluation reserve

	31 December 2015	**31 December 2014**
As at opening balance	11 973	10 954
Revaluation of PPE	-	462
Capital from foreign exchange differences	-385	205
Actuarial losses on valuation of provisions for employee benefits	-6	-126
Other changes	2	478
As at closing balance	**11 584**	**11 973**

Note No. 14 - Retained earnings

	31 December 2015	31 December 2014
Spare capital	44 775	43 077
Other capital reserve	52 322	49 544
Profit (loss) brought forward	-651	1 196
Net profit assigned to shareholders of Parent Entity	4 432	3 751
Total	100 878	97 568

Note No. 15 – Provision for retirement and similar benefits

The Company implemented the post-employment benefits program, which include the retirement gratuities for employees. Reserves for retirement gratuity payments are calculated on an individual basis for every employee. The basis for calculating provision for the employee is the expected amount of the benefit that the Company obliges to pay according to applicable terms and conditions which relate to remunerations. Retirement gratuity is paid once at the time of retirement or disability pension. Current value of these obligations is determined by an independent actuary and revalued. The level of provisions corresponds with the discounted payments that will be made in the future, taking into consideration the staff turnover, and relate to the period until the date ending the reporting year. Rate of financial discount to calculate the current value of employee benefit obligations has been determined based on market yields on government bonds, of which currency and maturities are approximate to currency and to estimated period of fulfilment of employee benefit obligations.
The principal actuarial assumptions at the end of the reporting period:

Data in percentage (%)	**in 2015**	**in 2014**
Discount rate	3.0%	2.6%
Average anticipated annual increase in the base for calculation of the retirement and pension benefits in 2016-2025; the year 2014, in 2015-2024	0%-2.35%	from 0.0% to 2.1%
Weighted average index of employee mobility	5.44%-10.78%	from 5.38% to 8.9%
Increase in the base of retirement benefits:		
- the year 2015 in 2016, the year 2014 in 2015	0%-2.0%	from 0% to 3.0%
- the year 2015 in the years 2017-206, the year 2014 in the years 2016-2024	0%-2.5%	from 0% to 2.5%
- in other years	2%-2.5%	2.5%

Post-employment benefits, retirement and pension benefits

(in PLN thousands)		**in 2015**	**in 2014**
Liabilities as at the beginning of the period		**2 368**	**2 234**
Current employment costs		96	86
Cost of interest		62	97
Net actuarial gains and losses		205	167
Net actuarial gains and losses recognized in other comprehensive income		22	225
Benefits paid		-312	-441
Liabilities as at the end of the period, including:		**2 441**	**2 368**
- current liabilities	(note No. 20)	587	383
- non-current liabilities		1 854	1 985

Book value of liabilities under employee benefits as at 31 December 2015 and as at 31 December 2014 are the same as the current value.

Historical information

As at	**Current value of liabilities arising from above benefits**
31 December 2015	2 441
31 December 2014	2 368

Employee benefit costs are included in general and administrative expenses. In 2015 the provision for employee benefits was changed as a result of updated assumptions, primarily in relation to the discount rate and change in planned salary increase index.
Total amount of expenses has been recognized in the financial result:

In PLN thousands	**31 December 2015**	**31 December 2014**
Current employment costs	96	86
Interest charges	62	97
Actuarial gains (losses)	205	167
Benefits paid	-312	-110
Total costs	**51**	**240**

Note No. 16 - Other non-current liabilities

Other non-current liabilities	**31 December 2015**	**31 December 2014**
- capital unpaid	50	50
- financial lease agreements	243	232
- transformation of perpetual usufruct right to right of ownership	14	20
- the security deposits retained	90	74
- other	19	-
Total non-current liabilities	**416**	**376**

Note No. 17- Current bank loans

	31 December 2015	**31 December 2014**
- loans	11 772	14 050

Information on bank loans

Name of the bank	Registered office	Credit limit	Amount engaged	Repayment date	Terms of interest	Security
By Prochem S.A.						
mBank S.A.	Warsaw	6,000 Credit in overdraft	3 024	30 June 2016	WIBOR for O/N deposits in PLN + margin	Promissory note in blank
mBank S.A.	Warsaw	6.000 working capital loan	6 000	30 June 2016	WIBOR for 1 month deposits in PLN + margin	Promissory note in blank
ING Bank Śląski S.A.	Katowice	3 000 Credit in overdraft	0	16 November 2016	WIBOR for 1 month deposits in PLN + margin	Statement on submission to execution

By Elektromontaż Kraków S.A.

Deutsche Bank	Kraków	500	0	31 March 2016	WIBOR for 1 month deposits in PLN + margin	Mortgage on the property, cession of a debt of real estate
Deutsche Bank	Kraków	500	500	15 July 2016	WIBOR for 1 month deposits in PLN + margin	Mortgage of up to PLN 2 250 thousand on real estate
ING BANK Śląski	Kraków	2 500	1 484	19 October 2016	WIBOR for 1 month deposits in PLN + margin	Mortgage of up to PLN 3 750 thousand on real estate

By Pro-Organika sp. z o.o.

mBank S.A.	Warsaw	100 Credit in overdraft	0	30 June 2016	WIBOR for O/N deposits in PLN + margin	lack
mBank S.A.	Warsaw	115 working capital loan	115	15 February 2016	WIBOR for 1 month deposits in PLN + margin	lack
BZ WBK S.A..	Warsaw	300 working capital loan	289	23 April 2016	WIBOR for 1 month deposits in PLN + margin	lack

By Atutor Integracja Cyfrowa sp. z o.o.

Bank Millenium S.A.	Warsaw	100	98	Not applicable	7.38% at the period when the account is opened	lack

By Pro-Inhut sp. z o. o.

ING Bank Śląski S.A.	Dąbrowa Górnicza	262	262	30 April 2016	WIBOR for 1 month deposits in PLN + margin	lack

Note No. 18 – Current loans

Loans	31 December 2015	31 December 2014
In relation to other entities	-	60
Total liabilities under loans	**-**	**60**

Note No. 19 – Trade payables

	31 December 2015	31 December 2014
To other jointly-controlled entities	-	12
- from supplies and services, with maturity period:	-	12
- up to 12 months	-	12
To other entities	51 451	31 217
- from supplies and services, with maturity period:	51 451	31 217
- up to 12 months	48 854	29 386
- above 12 months	2 597	1 831
Total trade payables	**51 451**	**31 229**

Note No. 20 – Other liabilities

	31 December 2015	31 December 2014
a) to other entities	4 609	4 618
- due to taxes, duties, insurance and other benefits	3 669	2 821
- due to remuneration	351	265
-other (by type)	589	1 533
• liabilities to employees	16	56
• to shareholders	21	19
• under lease agreement	181	358
• other	371	1 099
b) other short-term provisions	3 533	3 191
- provision for costs relating to long-term contracts	385	468
- provision for costs (moving part of salary, contracts of mandate)	993	842
- cost of audit	104	96
- short-term provision for retirement benefits	587	383
- provision for unused annual leaves	1 464	1 402
Total other liabilities	**8 142**	**7 809**

Liabilities under lease agreements

	The current value	Interest	Future minimum payments under lease	The current value	Interest	Future minimum payments under lease
In PLN thousands	**In 2015**	**In 2015**	**In 2015**	**In 2014**	**In 2014**	**In 2014**
Up to 1 year	153	18	171	319	39	358
From 1 to 5 years	226	17	243	206	26	232
Total	**379**	**35**	**414**	**525**	**65**	**590**

Nota 21 – Deferred income

	31 December 2015	31 December 2014
Deferred income, including:	11 054	20 316
- advanced payments received	6 200	18 632
- amounts due to the ordering parties under long-term contracts	4 854	1 684
Other	322	730
Deferred income as at the end of the period, including:	**11 376**	**21 046**
Non-current liabilities	**-**	**1 827**
Current liabilities	**11 376**	**19 219**

Note No. 22- Revenues from sale of services

Revenues from sale of services (type of service and type of activity)	**In 2015**	**In 2014**
- Revenues from sale of services, including:	**257 799**	**166 370**
- from related entities	28 234	18 008

Revenues from sales (territorial structure)	**in 2015**	**in 2014**
Domestic market	142 091	106 111
- including from related entities	28 234	18 008
Exports	115 708	60 259

Revenues under contracts for construction services (general contracting) and other services are presented in Note No. 32. The gross amount due from ordering parties/buyers for the works under the contracts was presented in Note No. 11.
Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenues of the Group is presented in Note No. 31.

Note No. 23 - Revenues from sale of goods and materials

Revenues from sale of goods and materials (by type of material and type of activity))	**in 2015**	**in 2014**
Goods and materials	8 644	9 678

Revenues from sale of goods and materials (territorial structure)	**in 2015**	**in 2014**
Domestic market	5 321	9 678
Abroad	3 323	-

Note No. 24 – Cost of services sold

Costs by type:	**in 2015**	**in 2014**
a) amortization and depreciation	2 440	2 336
b) consumption of materials and energy	24 461	20 283
c) outsourcing	174 588	89 808
d) taxes and levies	1 067	935
e) remuneration	33 693	35 169
f) social security and other benefits	6 336	6 194
g) other types of costs (by category), including:	6 389	5 480
- property and personal insurance	876	791
- business trips	1 889	1 105
- State Fund for Rehabilitation of Disabled Persons (PFRON)	199	292
- other	3 425	3 292
Total costs by type	248 974	160 205
Change in inventories, goods and accruals and prepayments	173	313
General and administrative expenses (negative value)	-15 574	-16 209
Cost of services	**233 573**	**144 309**

Note No. 25 – Other operating income

	in 2015	in 2014
a) gain on sale of non-financial non-current assets	70	177
b) grants	70	112
c) reversal of impairment allowance (due to)	204	321
- for receivables	204	320
- for other	-	1
d) other, including:	1 189	886
- reimbursement of litigation costs	73	25
- received compensation, fines and penalties	1 018	123
- revenues from car rental	8	89
- revaluation of investment property	-	64
- revenues from sale of financial assets	-	211
- write-off of overdue liabilities	-	308
- other	90	66
Total operating income	**1 533**	**1 496**

Note No. 26 – Other operating expenses

	in 2015	in 2014
a) loss on disposal of non-financial non-current assets	129	-
b) impairment allowance (for)	1 099	1 143
- receivables	1 099	1 143
c) other, including:	408	1 162
- grants	-	7
- litigation costs	83	106
- write-off of overdue liabilities	11	1
- valuation of non-financial non-current assets	-	707
- paid compensation, fines and penalties	56	173
- other, including warranty costs of renting office space, arising from sale agreement of an office building	258	168
Total operating expenses	**1 636**	**2 305**

Note No. 27 – Financial income

	in 2015	in 2014
a) interest on loans granted	375	281
- from the jointly-controlled entities	375	281
b) other interest	321	48
- from other entities	321	48
c) the surplus of foreign exchange gains	136	-
d) other, including:	129	253
- revenues from discounted non-current liabilities	120	195
- other	9	58
Total financial revenues	**961**	**582**

Note No. 28 – Finance costs

	in 2015	in 2014
a) interest on loans and borrowings	522	490
b) other interest	120	62
- for other entities	120	62
c) the surplus of foreign exchange losses	1 409	536
d) other, due to :	809	1 569
- commission on bank guarantees	349	454
- commission on loans	108	51
- commission on letter of credit	11	16
- the cost of discounting of long-term flows	288	642
- other/ costs related to Representation Office in Belarus	53	406
Total finance costs	**2 860**	**2 657**

Note No. 29 – Income tax

Deferred income tax disclosed in the profit and loss account	in 2015	in 2014
- Decrease (increase) from arising and reversal of temporary differences	-401	-194
Total deferred income tax	**-401**	**-194**

Establishment of the effective tax rate

(in PLN thousands)	**in 2015**	**in 2014**
Tax rate	**19%**	**19%**
Profit for the period	4 154	3 278
Income tax	2 553	1 685
Before tax profit	6 707	4 963
Income tax at the applicable rate of 19%	1 274	943
tax revenues (permanent differences)	176	-
The difference between the result of the sale of shares in subsidiary	174	-
Costs not constituting tax deductible expenses	867	264
utilization of tax losses in the current period, for which was not created deferred tax	-	-76
the deferred tax asset for tax losses that were not included in previous years	-	573
the difference in the tax rate, which is applicable on the territory of the Republic of Poland, and outside Poland	-	-59
Other	62	40
Total income tax disclosed in the profit and loss account	**2 553**	**1 685**

Note No. 30 – Additional disclosures to the statement of cash flows

Operating activities include basic activity and turnover from other operating activity .
Investing activities include the turnovers in the scope of investment in PPE, intangible assets, equity investments and securities held for trading.
Received dividends are recognized in cash flows from investing activities. Loans granted and repaid

together with accrued interest are presented in cash flows - investing activities.
Paid interest and commission on borrowings, loans and leases are recognized in cash flows - financing activities. Financial activity include also received and repaid bank loans and borrowings.

Differences between the amounts directly from the financial statements and presented in the statement of cash flows result from a transfer of specified amounts from operating activity to investing activity and financing activity.

These relate to the following balance sheet items (in PLN thousands):

Change in current receivables	**-15 404**
Receivables as at 1 January 2015	66 534
Other assets as at 1 January 2015	13 544
Receivables from sale of non-current assets	-49
Adjustment of receivables of a subsidiary the year 2013	360
Receivables from sale of assets	-396
Elimination of receivables of a sold subsidiary	-1 991
Opening balance sheet after adjustments	**78 002**
Receivables as at 31December 2015	83 991
Other assets as at 31 December 2015	15 197
Receivables from sale of non-current assets	-45
Receivables from sale of real estate	-5 240
Receivables due to income tax	-497
Closing balance sheet after adjustments	**93 406**

Change in current liabilities (except for current loans and special funds)	**21 556**
Trade payables at 1 January 2015	31 229
Other liabilities at 1 January 2015	7 809
Provision for short-term retirement benefits	-383
Provision to annual leaves	-1 402
Provision to audit	-96
Provision for short-term other costs	-471
Discount of non-current liabilities	250
Adjustment of liabilities of a subsidiary the year 2013	-34
Liabilities under operating lease	-184
Elimination of liabilities of a sold subsidiary	-1 058
Liabilities to shareholders	-2
Closing balance sheet after adjustments	**35 658**
Trade payables at 1 January 2015	51 451
Other liabilities at 1 January 2015	8 142
Provision for short-term retirement benefits	-587
Provision to annual leaves	-1 464
Provision to audit	-104
Provision for short-term other costs	-385
Discount of non-current liabilities	250
Investment commitments	-46
Liabilities under operating lease	-40
Liabilities to shareholders	-3
Closing balance sheet after adjustment	**57 214**

	In 2015	In 2014
Change in other adjustments	**-5 029**	**-3 412**
Change in deferred income - advances received	-11 969	-6 961
The security deposit constituting a collateral for the bank guarantee of reimbursement of advance*)	4 515	1 721
amounts due to the ordering parties under long-term contracts	3 170	1 532
Other adjustments	-745	296

*) In connection with the implementation of the investment project in Belarus, the Company in order to secure the return of received advance payment has granted a bank guarantee of advance refund to the amount of EUR0 7,230 thousand. As the security of the guarantee, the Company, under a contract concerning a security deposit in cash, has placed a deposit in the bank to the amount of EUR0 2,191 thousand. The deposit shall be reduced by the amounts settled during the implementation of the project. Period of completion, from the contract of the security deposit was determined on 2016. As of 31 December 2015, the part of the security deposit - which was not accounted for and discounted was presented in the statement of financial position in other financial assets non-current and current in the amount of PLN 2,526 thousand (Note No.9), and as at 31 December 2014 respectively in the amount of PLN 2,084 thousand and PLN 4,957 thousand (Notes No. 7 and 9).

Note No. 31– Operating segments

Operating segment is a component part of the entity:
- that engages in business activity from which it can obtain income and incur expenses,
- whose operating results are regularly reviewed by the body responsible for making operating decisions of the Company,
- in case of which is available a separate financial information.

Revenues of the segment are revenues from sale to external customers.
Expenses of the segment are the expenses composed of costs relating to the sale to external customers.
Segment result is determined on the level of operating income.

The activities of companies from Capital Group and the Issuer, for the managing purposes were divided into the eleven main sectors of operation, such as: execution (general contracting), design services and other engineering services (supervisions along with the project engineer service), the lease of the construction equipment, and other activities, covering among others the income from the sublet, sale of photocopying services and other.
Segment assets include all assets used by a segment, consisting primarily of receivables, inventories and property, plant and equipment diminished by the value of provisions and impairment losses.
Some assets in the joint use are assigned to the segments based on reasonable weight.

In 2015 revenues from activities achieved by the Issuer outside Polish borders (exports) and recognized in the consolidated profit and loss account amounted to PLN 119 031 thousand what constitutes 45% of sales revenues. In the analogous period of the previous year such revenues amounted to PLN 60 259 thousand, what accounted for 34,2% of sales revenues.
Information on major customers of the Issuer, which share in the sales revenue was recognized in the consolidated profit and loss account for 2015 and exceeded 10% of the total revenues from sale.
- Belarusian client – revenues in the amount of PLN 115,708 thousand, what represents 43 % of the total sales revenues, which was shown in the segment of „General Contracting" and „Design services and other engineering services";
- Irydion Sp. z o. o. the jointly controlled company – revenues in the amount of PLN 28,234 thousand, what represents 11% of the total sales revenues, which were shown in the segment of „General Contracting" and „Design services and other engineering services";
- Producer of rapeseed oil for technical purposes – revenues in the amount of PLN 34,222 thousand, what represents 13% of the total sales revenues, which were shown in the segment of „General Contracting" and „Design services and other engineering services".

Assets of the Representation in Belarus as at 31 December 2015 do not exceed 10% of balance sheet amount disclosed in the separate statement of financial position.

Unallocated assets to segments are the primarily shares in the jointly-controlled entities and in associates, and loans granted. With respect to the above-mentioned assets don't exist any premises indicating of the possible loss of value as at 31 December 2015. In addition, as at the balance sheet date the Group has carried out the analysis of contracts on construction works in light of the results budgeted. For all contracts in which the budgeted costs exceeded the budgeted income, the Group recognized provisions to cover losses at the balance sheet day.

Detailed data on the activities of the companies belonging to the Group in the different segment is presented in the following tables.

Information about the geographical areas

Geographical breakdown of sales revenues was presented in accordance with country of the seat of the ordering party.

	Note No.	**2015**	**2014**
Poland		147 412	106 088
Belarus		119 031	60 259
Other countries		-	23
	22	**266 443**	**166 370**

Geographical breakdown of non-current assets

	Note No.	**2015**	**2014**
Poland		36 121	58 143
Belarus		161	245
	1, 2 i 3	**36 282**	**58 388**

Current data

In 2015	General contracting	Design services and other engineering services	Rental of the construction equipment	Electrical installations	Rental of office space and real estate	Property management	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues on behalf of external customers	188 437	32 448	1 907	25 446	4 922	2 069	1 067	8 644	177	1 326	-	266 443
Total segment revenues	188 437	32 448	1 907	25 446	4 922	2 069	1 067	8 644	177	1 326	-	266 443
Result												
Profit (loss) of the segment	**11 933**	**-2 451**	**279**	**-1 204**	**1 160**	**193**	**209**	**291**	**-**	**-755**	**-**	**9 655**
Financial income	-	-	-		-	-	-	-	-	-	1 151	1 151
Finance costs	-	-	-	-	-	-	-	-	-	-	-2 860	-2 860
Net financial activities	-	-	-		-	-	-	-	-	-	-1 709	**-1 709**
Profit sharing in entities valued under the equity method	-	-	-	-	-	-	-	-	-	-	-1 136	**-1 136**
Profit (loss) on other operating activities	-	-	-	-	-	-	-	-	-	-	-103	**-103**
Before tax profit (loss)	-	-	-	-	-	-	-	-	-	-	6 707	**6 707**
Income tax	-	-	-	-	-	-	-	-	-	-	2 553	**2 553**
Profit in the current period	-	-	-	-	-	-	-	-	-	-	4 154	**4 154**
Loss assigned to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-278	**-278**
Profit for the period assigned to shareholders of parent entity	-	-	-	-	-	-	-	-	-	-	**4 432**	**4 432**
Segment assets (related to activity)	59 632	10 096	474	6 015	14 116	-	197	1 828	-	381	-	92 739
Assets unallocated (among others shares, other financial assets)	-	-	-	-	-	-	-	-	-	-	121 697	121 697
Total assets	**59 632**	**10 096**	**474**	**6 015**	**14 116**	**-**	**197**	**1 828**	**-**	**381**	**121 697**	**214 436**
Liabilities of the segment (related to activity)	54 252	1 241	380	5 047	4 108	-	171	1 804	-	988	21 350	89 341
Equity of the owners of the parent entity											116 357	116 357
Non-controlling interests											8 738	8 738
Total liabilities and equity	**54 252**	**1 241**	**380**	**5 047**	**4 108**	**-**	**171**	**1 804**	**-**	**988**	**1 46 445**	**214 436**
Depreciation of property, plant and equipment	108	477	92	365	701	50	86	45	-	335	36	2 295
Amortisation of intangible assets	-	6	-	13	-	-	2	-	-	-	124	145
Write-down of segment assets	-114	-423	-5 108	-1 124	-159	-	-	-122	-	-354	-	-7 404

Comparative data

In 2014	General contracting	Design services and other engineering services	Rental of the construction equipment	Electrical installations	Rental of office space and real estate	Property management	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues on behalf of external customers	91 044	37 462	4 016	20 154	4 928	5 445	1 577	9 678	418	1 326	-	176 048
Total segment revenues	**91 044**	**37 462**	**4 016**	**20 154**	**4 928**	**5 445**	**1 577**	**9 678**	**418**	**1 326**	**-**	**176 048**
Result												
Profit (loss) of the segment	**8 378**	**-1 348**	**1 417**	**-1 495**	**933**	**164**	**-732**	**139**	**-**	**-775**	**-**	**6 681**
Financial income	-	-	-		-	-	-	-	-	-	582	582
Finance costs	-	-	-	-	-	-	-	-	-	-	-2 657	-2 657
Net financial activities	-	-	-		-	-	-	-	-	-	-2 075	**-2 075**
Profit sharing in entities valued under the equity method	-	-	-	-	-	-	-	-	-	-	1 166	**1 166**
Profit (loss) on other operating activities	-	-	-	-	-	-	-	-	-	-	-809	**-809**
Before tax profit (loss)	-	-	-	-	-	-	-	-	-	-	4 963	**4 963**
Income tax	-	-	-	-	-	-	-	-	-	-	1 685	**1 685**
Profit in the current period	-	-	-	-	-	-	-	-	-	-	3 278	**3 278**
Loss assigned to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-473	**-473**
Profit for the period assigned to shareholders of parent entity	-	-	-	-	-	-	-	-	-	-	**3 751**	**3 751**
Segment assets (related to activity)	58 032	4 879	618	5 621	17 716	3 152	904	1 599	-	634	-	93 155
Assets unallocated (among others shares, other financial assets)	-	-	-	-	-	-	-	-	-	-	109 182	109 182
Total assets	**58 032**	**4 879**	**618**	**5 621**	**17 716**	**3152**	**904**	**1 599**	**-**	**634**	**109 182**	**202 337**
Liabilities of the segment (related to activity)	40 121	404	88	6 872	196	1 007	-	1 016	-	899	29 055	79 658
Equity of the owners of the parent entity	-	-	-	-	-	-	-	-	-	-	113 436	113 436
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	9 243	9 243
Total liabilities and equity	**40 121**	**404**	**88**	**6 872**	**196**	**1 007**	**-**	**1 016**	**-**	**899**	**151 734**	**202 337**
Depreciation of property, plant and equipment	108	88	122	318	651	123	84	44	-	-	618	2 156
Amortisation of intangible assets	-	73	-	9	-	2	3	2	-	-	91	180
Write-down of segment assets	-93	-570	-4 513	-1129	-213	-	-	-116	-	-309	-	-6 943

Note No. 32 - Profit per one share

Net profit per 1 share in trading as at balance-sheet day 31 December 2015 amounted to PLN 1.14 ; in 2014 amounted to PLN 0.96.

Note No. 33 - Distribution of profit

Pursuant to Resolution No. 13 of the Annual General Meeting of 13 June 2015 net profit of the Issuer for 2014 in the amount of PLN 5 009 143.39 was divided as follows:

- Part of the profit in the amount of PLN 1 363 250.00 was assigned for a dividend,
- Part of the profit in the amount of PLN 3 645 893.39 was assigned for capital reserve.

Proposed distribution of profit for 2015

Net profit for 2015 in the amount of PLN 6 213 046.33 is proposed to be divided as follows:

- For a dividend the amount of PLN 1 558 000.00 i.e. PLN 0. 40 per share;
- For capital reserve the amount of PLN 4 655 046.33.

Note No. 34 - Dividends

On 17 July 2015 the Issuer paid dividend in the amount of PLN 0.35 per share, in the total amount of PLN 1 363 250.00.

Note No. 35 - Financial instruments and financial risk management

35.1 Categories and classes of financial instruments

Financial assets

		Categories of financial instruments	
(in PLN thousands)		**Loans, receivables and other**	
Classes of financial instruments	**Note No.**	**31 December 2015**	**31 December 2014**
Receivables from supplies and services	9	78 239	65 665
Cash		23 595	6 606
Loans granted	7,10	18 228	17 777
Other financial assets – discounted the security deposit constituting the collateral of a bank guarantee of reimbursement of advance payment	7,10	2 526	7 041
Total		**122 588**	**97 089**

Financial liabilities

31 December 2015		**Categories of financial instruments**		
(in PLN thousands)		**Financial liabilities measured at amortized costs**	**Liabilities excluded from IAS 39**	**Total**
Classes of financial instruments	**nota**			
Loans	17	11 772	-	11 772
Finance lease	16,20	-	424	424
Trade payables	19	51 451	-	51 451
Total		**63 223**	**424**	**63 647**

31 December 2014 **Categories of financial instruments**

(in PLN thousands)		Financial liabilities measured at amortized costs	Liabilities excluded from IAS 39	Total
Classes of financial instruments	**Note No.**			
Loans	17	14 050	-	14 050
Borrowings received	18	60	-	60
Finance lease	16,20	-	590	590
Trade payables	19	31 229	-	31 229
Total		**45 339**	**590**	**45 929**

Impairment allowances of financial assets by classes of financial instruments

(in PLN thousands)	As at	
	31 December 2015	**31 December 2014**
Receivables from supplies and services	7 404	6 943
Other receivables	402	-
Total	**7 806**	**6 943**

Impairment allowances of financial assets are presented in Note No. 9.

Fair value of financial instruments

		31 December 2015		31 December 2014	
(in PLN thousands)	**Note No.**	**Fair value**	**Book value**	**Fair value**	**Book value**
Financial assets					
Receivables from supplies and services	9	78 239	78 239	65 665	65 665
Cash	31	23 595	23 595	6 606	6 606
Loans granted	7,10	18 228	18 228	17 777	17 777
Other financial assets – discounted the security deposit constituting the collateral of a bank guarantee of reimbursement of advance payment		2 526	2 526	7 041	7 041
Total		**122 588**	**122 588**	**97 089**	**97 089**
Financial liabilities					
Loans	17	11 772	11 772	14 050	14 050
Borrowings received	18	-	-	60	60
Finance lease	16,20	424	424	590	590
Trade payables	19	51 451	51 451	31 229	31 229
Total		**63 647**	**63 647**	**45 929**	**45 929**

Operating lease

The Group is a party to the lease agreement of office space and a lease agreement of real estate. The agreement has been classified as operating lease. Agreement on the lease of office space on the conducted business activity includes also additional fees for additional services that are settled once a year. Rent under the agreement once a year is indexed according to a Harmonized Index of Growth of Consumer Goods Price in the European Union (index), which is published two months before the date of indexation.

Part of leased office space is subleased. The lease agreement and related to it sublease agreements will expire in 2016.

Lease agreement of real estate expires in August 2034 year. Area of the property is rented for offices, in the course of business conducted, on the basis of rental agreements. Rent for the area leased

according to the agreements once a year is subject to valorization according to a Harmonized Index of Growth of Consumer Goods Price in the European Union (index), which is published two months before the date of indexation or according to another index. Lease agreements also include extra fees for additional services, which are subject to settlement, depending on the agreement once a year, or two months after the end of the quarter.
Rental agreements are concluded in the majority for a period of 5 years (until 2019) and for an indefinite period.

During the year 2015 in the profit and loss account was recognized an amount of PLN 5 547 thousand as the cost of fees resulting from the lease agreement of office space and a lease agreement of real estate, in 2014 this amount was 4 435 thousand.
Revenues from sublease are recognized in operating income.
Over 2015 in the profit and loss account was recognized an amount of PLN 4 223 thousand as income from the sublease and lease, in 2014 this amount was PLN 5 028 thousand.
As of January 18, 2011 the Group is a party to an agreement with Toyota Leasing Polska sp. z o. o. on the rental of passenger cars. As at 31 December 2015 lease agreements cover 56 company cars.
In 2015 in the profit and loss account was recognized an amount of PLN 1 029 thousand as the cost of the rental of cars, and in 2014 PLN 843 thousand.

Minimal payments under non-cancellable agreements of operating leases are as follows:

Agreement of operating lease, when the Group is the lessee

In PLN thousands	2015	2014
Up to 1 year	7 236	4 821
1-5 years	22 135	3 826
above 5 years	22 546	13 350

Agreement of operating lease when the Company is the lessor

In PLN thousands	2015	2014
Up to 1 year	4 147	4 349
1-5 years	6 064	6 847
above 5 years	592	839

35.2. Financial risk management

The Group’s operations are exposed to the following financial risks:
- credit risk;
- liquidity risk;
- market risk (including currency risk, interest rate risk).

Credit risk

The Group during its commercial activity conducts sale of services to business entities with the deferred payment date, as a result of it may arise the risk of not receiving of amounts due from contractors for the services provided. The Group, in order to mitigate the credit risk manages the risk through the obligatory procedure of gaining hedging.
The accepted period of the repayment of amount due associated with the normal course of the sale is 14 - 60 days.
Amounts due from contracting parties are regularly monitored by financial services. In case of overdue amounts due procedures of the vindication are started.
The age analysis of trade receivables that are past due at the end of the reporting period, but in case of which there is no impairment is presented in Note No. 9.

In order to reduce the risk of not recovering the receivables from deliveries and services, the Group accepts a collateral from its customers in the form of, among other: bank and insurance guarantees, mortgages, promissory notes, as well as the security deposit.
For the improvement of the current liquidity, in order to release the receivables retained by investors under proper security for the implemented contracts and statutory warranty in relation to construction work and assembly work, the Group granted bank guarantees and the insurance guarantee within the guarantee lines which were launched for this purpose.

Credit risk associated with bank deposits and with cash is considered by the Company as low.
All entities in which the Company invests free funds operate in the financial sector. These include domestic banks and branches of foreign banks of a current creditworthiness of adequate quality.
The risk of impaired financial assets is reflected by impairment allowances of their value.

Liquidity risk

Liquidity risk
The Group is exposed to the liquidity risk resulting from the relation of current liabilities to current assets.
As at 31 December 2015 as at 31 December 2014 the index of ratio of current assets to current liabilities (current liquidity ratio) was respectively 1.56 and 141.
Detailed information regarding loans is disclosed in Note No. 17.
Analysis of maturity of the liabilities in Notes from 15 to 21.
The Group realized in 2015 sales revenues in the amount of PLN 266 443 thousand, including PLN 115 708 thousand (43%) concerned the Client from Belarus. Therefore, the Group recognized in the statement of financial position following financial instruments regarding the above Client.

Classes of financial instruments	31 December 2015	% Share in total assets	31 December 2014	% Share in total assets
Financial assets				
Receivables from supplies and services	9 435	4.4%	22 442	11%
Other financial assets – discounted the security deposit constituting the collateral of a bank guarantee of reimbursement of advance payment	2 526	1.2%	7 041	3%
Total financial assets	**11 961**	**5.6%**	**29 483**	**14%**
Financial liabilities				
Trade payables	20 365	9.5%	7 086	4%
Total financial liabilities	**20 365**	**9.5%**	**7 086**	**4%**

The Management Board of the Group constantly monitors the progress of work, which concern the contract, including the cash flows generated within the project and is personally responsible for direct contact with the Investor. Key decisions related to contract (e.g. a provider of technology and of main components of the installation) are taken in consultation with the Investor. On the basis of existing cooperation with the Client and analysis of the current performance of the contract in relation to the budget and schedule of work which were agreed with the Client - the Management Board of the Group considers as low the risk associated with the realization of financial instruments which were recognized in the statement of financial position as at 31 December 2015.

The risk of rate of currency exchange

Part of contracts for sale of services is concluded with foreign companies in foreign currencies (EUR0, US $ and BYR). In case of a significant strengthening of the domestic currency it may adversely affect the performance of the Group. Partly, this risk is mitigated in the natural way through the purchase of equipment and services necessary for the accomplishment of these contracts abroad, as well as through the purchase of relevant financial instruments.

Exposure to currency risk as at 31 December 2015

(in PLN thousands)	EUR	USD	NOK	BYR	Total after translation into PLN
Financial assets					
Receivables from supplies and services	2 249	-	-	3 640 078	10 349
Cash	3 444	-	88	4 093 380	16 047
Other financial assets	593	-	-	-	2 527
Total	**6 286**	**-**	**88**	**7 733 458**	**28 923**
Financial liabilities					
Trade payables	1 524	114	-	-	7 032
Deferred income (advances received)	606	-	-	-	2 582
Total	**2 130**	**114**	**-**	**-**	**9 615**

Exposure to currency risk as at 31 December 2014

(in PLN thousands)	EUR	USD	NOK	BYR	Total after translation into PLN
Financial assets					
Receivables from supplies and services	4 876	-	-	6 100 343	22 711
Cash	502	4	88	1 416 781	2 643
Other financial assets	1 682	-	-	-	7 169
Total	**7 060**	**4**	**88**	7 517 124	**32 523**
Financial liabilities					
Trade payables	1 490	90	-	-	6 666
Deferred income (advances received)	4 757	-	-	-	20 276
Total	**6 247**	**90**	**-**	**-**	**26 942**

Analysis of sensitivity to currency risk as at 31 December 2015

(In PLN thousands)	Increase in exchange rate	Total impact on profit before tax	Drop in the exchange rate	Total impact on profit before tax
EUR/PLN	15%	2 657	15%	-2 657
USD/PLN	15%	-61	15%	61
NOK/PLN	15%	6	15%	-6
BYR/PLN	15%	244	15%	-244
Total impact		**2 846**		**-2 846**

Analysis of sensitivity to currency risk as at 31 December 2014

(In PLN thousands)	Increase in exchange rate	Total impact on profit before tax	Drop in the exchange rate	Total impact on profit before tax
EUR/PLN	15%	520	15%	-520
USD/PLN	15%	-45	15%	45
NOK/PLN	15%	6	15%	-6
BYR/PLN	15%	356	15%	-356
Total impact		**837**		**-837**

Exposure to currency risk of revenues and expenses during the reporting period

Revenues in foreign currency, achieved in the currency in the years 2015 and 2014 were as follows::

Currency	**Revenues**		**Average exchange rate for sales**		**Expenses**		**Average exchange rate for purchases**	
(in PLN thousands)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
EUR	27 319	14 307	4 2162	4,2919	32 172	7 164	4.2514	4.1956
USD	153	-	3,7799	-	3 753	555	3.7505	3.4370
BYR	-	-	-	-	166 688 209	10 463 354	0.0002	0.0003

In the reporting period EURO was the main currency.

Analysis of the impact of potential changes in the value of financial instruments as at
31 December 2015 on gross financial result in connection with hypothetical change in foreign currency exchange rates in relation to the Polish Zloty/the functional currency.
Above deviations were calculated based on historical volatility for individual currencies and forecasts.
Sensitivity of financial instruments for currency risk was calculated as the difference between the initial book value of financial instruments and potential book value, assuming increase/decrease of exchange rates.
For other currencies the sensitivity of financial instruments is irrelevant.

The risk of rate of interest

The Group is exposed to the risk of volatility of cash flows arising from interest rate resulting from bank loans based on floating interest rate WIBOR ON (overnight) and loans granted based on floating rate WIBOR 6M, and rediscount rate of bills of exchange. The Group did not take into account in its analysis of the decline in interest rates.

Analysis of financial instruments with floating interest rate

	WIBOR		**The fixed rate of interest**	
(in PLN thousands)	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Financial assets				
Loans granted	11 720	11 525	6 508	6 252
Financial liabilities				
Borrowings	-	60	-	-
Loan	11 772	14 050	-	-

Analysis of cash flow sensitivity of financial instruments with floating interest rate on profit before tax

	Fluctuation assumed		**impact (in PLN thousands)**	
(in PLN thousands)	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
Financial assets				
WIBOR	+50 base point	+50 base point	59	55
Financial liabilities				
Borrowings	+50 base point	+50 base point	-	(1)
Loan	+50 base point	+50 base point	(59)	(70)

Liquidity risk related to the dispute in court with PERN S.A.

In view of the substantial prolongation of legal proceeding in a dispute with PERN SA which begun in 2006, and currently is pending before the District Court in Warsaw concerning the accounting for the contract in the formula GRI concerning investment project under the name of "Rurociąg w relacji ST-1 Adamowo - Baza Surowcowa Plebanka ", which was interrupted on 10 of November 2005, the risk exists of the need of fulfilment by PROCHEM 2015 of the commitments in relation to seized guarantee deposits of subcontractors, which on balance sheet day amounted PLN 2,928 thousand, before the recovering of guarantee deposits seized by PERN S.A. Receivables from the security deposit of the company PROCHEM S.A. from PERN SA on 31 December 2015 amounted to PLN 17 364 thousands. In the Company's opinion the risk is minimal, but the Management Board of PROCHEM S.A. takes into account a necessity of accumulation of adequate funds for this purpose.
A detailed description of the dispute in Note No. 38.

*Note No. 36 - **Related party transactions***

In 2015, the Members of the Supervisory Board and the Management Board had not concluded any contracts with companies belonging to PROCHEM S.A. Capital Group.
Transactions with affiliated entities, as below, were concluded on market conditions and relate to sale and purchase of services, among others - of construction and assembly services, and rental services, as well as granting mutually loans.

Settlements with related entities include receivables, trade payables and financial liabilities.
Guarantees and sureties granted to related entities are presented in note 37.

Transactions of the Capital Group with entities valued with the equity method:

The reporting year
As at 31 December 2015 settlement of the Group with jointly-controlled entities and associates developed as follows:
Receivables from non-current loans – PLN 17,955 thousand.
Trade and other receivables – PLN 7 432 thousand.
Trade payables – PLN 16 thousand.
In the period from 1 January 2015 to 31 December 2015 have occurred the following transactions with the entities jointly-controlled and with associated entities:
- revenue from sale of services - PLN 28 775 thousand.
- financial revenues under interest on loan – PLN 375 thousands.

Revenues from sale of services totally relate to the jointly-controlled company IRYDION Sp. z o. o. in Warsaw, on whose behalf is implemented investment project under the name of "Astrum Business Park" in Warsaw.

The comparative year
As at 31 December 2014 settlement of the Group with jointly-controlled entities and associates developed as follows:
Receivables from non-current loans – PLN 11,525 thousand.
Receivables from current loans - PLN 6,054 thousand.
Trade and other receivables – PLN 105 thousand.
Trade payables – PLN 12 thousand.
In the period from 1 January 2014 to 31 December 2014 have occurred the following transactions with the entities jointly-controlled and with associated entities:
- revenues from sale of services – PLN 18,008 thousand.
- financial revenues under interest on loan – PLN 281 thousand.

Revenues from sale of services totally relate to the jointly-controlled company IRYDION Sp. z o. o.

in Warsaw, on whose behalf is implemented investment project under the name of "Astrum Business Park" in Warsaw.

Note No. 37- Contingent liabilities and contingent assets and other collateral

Contingent liabilities - that bank guarantee of good performance, return of advance payment, guarantee of payment, tender guarantee, Aval of good performance of a contract, which as at the balance sheet date are as follows

	Capital Group	
	31 December 2015	**31 December 2014**
Collateral granted		
Bank guarantee of good performance	15 999	16 845
Guarantee of return of advance payment	4 115	24 668
Guarantee of payment	852	997
Tender guarantee	60	-
Total collateral granted	**21 026**	**42 510**
Contingent liabilities		
surety of promissory notes issued by a subsidiary Pro-INHUT Sp. with o. o seated in Dąbrowa Górnicza to an investor in order to secure the claims of a good execution	247	247
Letters of Credit	3 564	-
Total collateral granted and contingent liabilities	**24 837**	**42 757**

Contingent assets

Contingent assets of the Group constitute bank guarantees of a good performance, which as at balance- sheet day amount to:

	31 December 2015	**31 December 2014**
Collateral received		
Bank guarantee of good performance	3 617	1 547
Aval of good performance of a contract	77	77
Total collateral received	**3 694**	**1 624**

Note No. 38 - Information on significant proceedings pending before the court

PROCHEM S.A. continues to be a party to the proceedings before the court concerning the settlement of the contract which was interrupted on 10 November 2005, for the construction management of an investment project under the name "Pipeline in a section from the ST- 1 Adamowo - to raw material base Plebanka" concluded with PERN S.A. PROCHEM S.A. filed a lawsuit to the court for payment of PLN 41, 301 thousand under the final settlement of the contract, of which PLN 17,364 thousand is recognized in the statement of financial position as a receivable from seized guarantee deposit, and the remaining amount is the contingent receivable. On 18 January 2008 District Court in Warsaw issued a judgment in this case considering claim of PROCHEM S.A. as to be right in principle, while stating that this obligation is not yet due.

On 26 August 2008 the Court of Appeal in Warsaw issued a final judgment on the appeal lodged by PROCHEM S.A. from the a/m judgment of the District Court, recognizing in it that the claim filed by PROCHEM S.A. regarding accounting for the contract is not premature, and at the same time has ordered that the District Court will make the accounting for the contract mentioned above pursuant to

the provisions of the contract. This finding is in compliance with position in a case of PROCHEM S.A.
On 12 August 2010 the hearing was held before the District Court in Warsaw, where the Court decided to appoint an expert- Warsaw University of Technology – Department of Civil Engineering, who according to the recommendations of Court of Appeal will make an ultimate accounting for in relation to the disputed contract. In April 2011, the case file was forwarded to the expert witness, who in an opinion published in May 2012 confirmed the amount of the claim of PROCHEM S.A. By order of May 31, 2012, the District Court granted the Warsaw University of Technology a remuneration for opinion in the case, in relation to which the defendant PERN lodged a complaint. According to PERN SA the prepared opinion could not be the basis of the findings of facts of the case for the Court, because it is contrary to the thesis of the Court in which was determined the basis and scope of the opinion.
The Court of Appeal in Warsaw, I Civil Division has cancelled the decision of the District Court which was contested by PERN SA and the request for remuneration of an expert for the drafting of an opinion has submitted to the District Court for reconsideration.
On 5 February 2013 before the District Court in Warsaw, a hearing was held with the participation of experts, after which the court decided to oblige the parties to submit the pleadings in which the final the final conclusions of evidence to complement the expert opinions will be clarified, and postponed the hearing until 16 May 2013.
By order dated February 25, 2013, the District Court in Warsaw XXVI Economic Department upheld the previous decision of the Court, and finally has awarded a remuneration for the expert for drafting the opinion. In grounds for the judgment the Court determined that, at the hearing on 5 February 2013, the certified expert has carefully explained the methodology that has been adopted for the preparation of the legal opinion and it is not inconsistent with the thesis of the Court, and there are no legitimate grounds to complaint that the methodology adopted by the experts is not correct.
On 14 May 2013, the Issuer received a notice from the District Court in Warsaw of revocation hearing scheduled for 16 May 2013 and the next date of hearing has not been appointed yet.
On 9 August 2013, the Issuer received from the District Court in Warsaw, the decision as of 1 August 2013, from closed session of the Court. At the meeting, the Court decided to admit evidence of a supplementary opinion of research institute - Warsaw University of Technology in Warsaw, in the circumstance of determining the value of services, supplies, and other liabilities made by PROCHEM S.A. and directly related to the implementation of the agreement that have been made after the date of withdrawal from the contract on the basis of commitments contracted prior to the withdrawal from the contract. In November 2013 the experts appointed by the court have started the work associated with the preparation of the supplementary opinion.
On 25 February 2014, the Court received the supplementary opinion that confirms the amount of the claim of PROCHEM S.A.
On 24 October 2014 the court suspended of its own motion the hearing until the removal of formal obstacles that have now been removed and on February 6, 2015, a request was made to continue the proceedings and set a date for the next meeting.
On 4 March 2015 the District Court in Warsaw has scheduled a hearing for 30 April 2015.
At the hearing on 30 April 2015, the Regional Court in Warsaw has pledged experts to supplement the opinion.
On 6 May 2015 in relation to the doubts raised against some aspects of the expert's opinions and in the interest of a faster conclusion of the case, PROCHEM limited the action for payment by the amount of PLN 139 thousand to the amount of PLN 41 162 thousand, along with statutory interest.
On 17 July 2015 the Company received a copy of the supplementary opinion expert, which in all cases had confirmed the position of PROCHEM S.A.
On 22 October 2015 the District Court in Warsaw, XXVI Commercial Division announced judgment in the above matter, in which:

- from the principal action, jointly and severally to the Issuer and a member of the consortium adjudged from PERN:
    - ✓ amount of PLN 35 086 589.26, with statutory interest from 23 March 2006 until the date of payment;

- ✓ amount of PLN 4 879 883.58, with statutory interest from 22 March 2006 until the date of payment;
- ✓ amount of PLN 126 400,4, with statutory interest from 16 January 2007 until the date of payment.

- in the cross action, dismissed the action of PERN entirely.

The above mentioned judgment constitutes the judgment of first instance, the parties have the right to lodge an appeal against the judgment.
From the above judgment on 7 December 2015 PERN lodged an appeal. The term of consideration of the appeal has not been set yet.

At 30 of September 2015 the Group presents the receivables from PERN SA under guarantee deposits seized during the execution of the contract worth PLN 17,364 thousand, which are the subject of a final settlement of the contract and the proceedings which is pending before the Court. These receivables are not covered by write-down. The remaining amount of the claim of PROCHEM S.A. in the amount of PLN 22,728 thousand was recognized as a contingent asset, because at the reporting date, did not meet all the criteria for recognition as an asset in the understanding of IAS 37.
The value of this procedure exceeds 10% of the equity of the Capital Group.
Furthermore, the total value of other proceedings separately for group of liabilities and as well as for group of receivables does not exceed 10% of the equity of the Capital Group.

Note No. 39- Events after reporting date

Not occurred.

Note No. 40- Approval of the financial statements

Consolidated financial statements of PROCHEM S.A. Capital Group for 2015 were approved for issue by the Management Board of PROCHEM S.A. on 28 April 2016.

Other supplementary information to the financial statements

Remuneration of the Members of Management Board and Supervisory Board

Remuneration paid in 2015 in the Issuer's enterprise to the Members of Management Board:

1. Jarosław Stępniewski	PLN 492 thousand: including remuneration established on profit in 2014 – PLN 55 thousand,
2. Marek Kiersznicki	PLN 315 thousand: including remuneration established on profit in 2014 – PLN 50 thousand,
3. Krzysztof Marczak	PLN 315 thousand including remuneration established on profit in 2014 – PLN 50 thousand,

Remuneration paid in 2054 in the Issuer's enterprise to the Members of the Supervisory Board:

1. Marek Garliński	PLN 187 thousand: including remuneration established on profit in 2014 – PLN 40 thousand,
2. Karczykowski Andrzej	PLN 70 thousand: including remuneration established on profit in 2014 – PLN 40 thousand,
3. Dariusz Krajowski-Kukiel	PLN 20 thousand: including remuneration established on profit in 2014 – PLN 20 thousand,
4. Krzysztof Obłój	PLN 70 thousand: including remuneration established on profit in 2014 – PLN 40 thousand,
5. Adam Parzydeł	PLN 20 thousand: including remuneration established on profit in 2014 – PLN 20 thousand.
6. Wiesław Kiepiel	PLN 50 thousand: including remuneration established on profit in 2014 – PLN 20 thousand
7. Steven Tappan	PLN 50 thousand: including remuneration established on profit in 2014 – PLN 20 thousand

The remuneration paid to the Management Board Members in 2015 for performing functions in the Management Boards and in the Supervisory Boards of companies belonging to the group have received:

1. Jarosław Stępniewski PLN 65 thousand.
2. Marek Kierszniccki PLN 172 thousand.
3. Krzysztof Marczak PLN 180 thousand.

Signatures of the Members of the Supervisory Board

28 April 2016	Jarosław Stępniewski	Chairman of the Board	....
date	first name and surname	position	signature
28 April 2016	Marek Kierszniccki	Vice Chairman	....
date	first name and surname	position	signature
28 April 2016	Krzysztof Marczak	Vice Chairman	....
date	first name and surname	position	signature

Signature of the person responsible for bookkeeping

28 April 2016	Barbara Auguścińska-Sawicka	Chief Accountant	....
date	first name and surname	position	signature