POLENERGIA

Polenergia S.A.

FINANCIAL STATEMENT

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

FOR THE YEAR ENDED DECEMBER 31ST 2015

WITH THE AUDITOR'S OPINION

Zbigniew Prokopowicz – *President of the Management Board*	*Jacek Głowacki –* *Vice-President of the Management Board*
Michał Kozłowski – *Vice-President of the Management Board*	*Anna Kwarcińska –* *Vice-President of the Management Board*
	Agnieszka Grzeszczak – Head of Accounting

Warsaw, February 17th 2016

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1. Closing balance

As at December 31st 2015

Assets

	Notes	Dec 31 2015	Dec 31 2014
I. Non-current assets		**1,433,343**	**1,253,065**
Property, plant and equipment	16	2,708	2,761
Intangible assets	15	886	1,252
Investment property	17	2,312	2,803
Financial assets	18	1,413,785	1,236,903
Non-current receivables	20	2,941	3,203
Deferred tax asset	25.2	10,697	6,143
Prepayments and accrued income		14	-
II. Current assets		**102,167**	**285,943**
Inventories	19	12,043	17,500
Trade receivables	20	23,879	18,688
Other current receivables	20	666	3,516
Prepayments and accrued income	21	5,654	4,449
Current financial assets	22	18,508	25,343
Cash and cash equivalents	23	41,417	216,447
Total assets		**1,535,510**	**1,539,008**

Equity and liabilities

	Notes	Dec 31 2015	Dec 31 2014
I. Equity		**1,241,731**	**1,263,111**
Share capital	24.1	90,887	90,887
Share premium		786,134	802,909
Capital reserve from valuation of options		13,207	13,207
Other capital reserves		372,199	372,199
Net loss		(20,696)	(16,091)
II. Non-current liabilities		**2,890**	**2,846**
Bank and other borrowings	27	1,000	1,000
Provisions	26	1,187	1,187
Other liabilities		703	659
III. Current liabilities		**290,889**	**273,051**
Bank and other borrowings	29	274,366	259,264
Trade payables	28	768	1,033
Other liabilities	28	4,496	1,702
Provisions	26	1,938	2,042
Accruals and deferred income	30	9,321	9,010
Total equity and liabilities		**1,535,510**	**1,539,008**

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2. Statement of profit or loss

For the year ended December 31st 2015

	Notes	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
Revenue		32,115	20,589	11,639	15,377
Cost of sales	33	(27,835)	(16,972)	(11,409)	(16,623)
Gross profit/(loss)		**4,280**	**3,617**	**230**	**(1,246)**
Other income	34	1,254	197	17	24
Administrative expenses	33	(13,348)	(11,916)	(3,463)	(145)
Other expenses	35	(332)	(1,313)	(62)	(1,218)
Finance income	36	9,191	22,382	3,988	5,827
including dividends		2,699	16,006	2,699	2,911
Finance costs	37	(26,295)	(35,331)	(9,962)	(18,184)
Loss before tax		**(25,250)**	**(22,364)**	**(9,252)**	**(14,942)**
Income tax expense	25.1	4,554	6,273	1,562	844
Net loss		**(20,696)**	**(16,091)**	**(7,690)**	**(14,098)**

3. Statement of other comprehensive income

For the year ended December 31st 2015

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
Net profit (loss) for period	**(20,696)**	**(16,091)**	**(7,690)**	**(14,098)**
Net other comprehensive income	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR PERIOD	**(20,696)**	**(16,091)**	**(7,690)**	**(14,098)**

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4. Statement of changes in equity

For the year ended December 31st 2015

	Share capital	Share premium	Capital reserve from valuation of options	Other capital reserves	Retained earnings	Net loss	Total equity
As at Jan 1 2015	**90,887**	**802,909**	**13,207**	**372,199**	**(16,091)**	**-**	**1,263,111**
Total comprehensive income for period							
Net profit for period	-	-	-	-	-	(20,696)	(20,696)
Transactions with owners of the parent recognised directly in equity							
Share issue	-	(684)	-	-	-	-	(684)
Allocation of profit	-	(16,091)	-	-	16,091	-	-
As at Dec 31 2015	**90,887**	**786,134**	**13,207**	**372,199**	**-**	**(20,696)**	**1,241,731**

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For the year ended December 31st 2014

	Share capital	Share premium	Capital reserve from valuation of options	Other capital reserves	Retained earnings	Net loss	Total equity
As at Jan 1 2014	**42,628**	**78,521**	**13,207**	**372,199**	**(12,790)**	**-**	**493,765**
Total comprehensive income for period							
Net profit for period	-	-	-	-	-	(16,091)	(16,091)
Transactions with owners of the parent recognised directly in equity							
Revaluation of management stock option plan	-	-	-	-	-	-	-
Share issue	48,259	737,178	-	-	-	-	785,437
Allocation of profit	-	(12,790)	-	-	12,790	-	-
As at Dec 31 2014	**90,887**	**802,909**	**13,207**	**372,199**	**-**	**(16,091)**	**1,263,111**

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5. Statement of cash flows

For the year ended December 31st 2015

	Notes	For period ended Dec 31 2015	For period ended Dec 31 2014
A. Cash flows from operating activities			
I. Loss before tax		**(25,250)**	**(22,364)**
II. Total adjustments		**26,316**	**18,192**
Depreciation and amortisation	33	1,707	1,505
Foreign exchange losses (gains)		(1)	(1)
Interest and profit distributions (dividends)		15,166	4,142
Loss (gain) on investing activities		6,383	13,003
Income tax expense		-	293
Change in provisions		(104)	1,415
Change in inventories		5,457	(8)
Change in receivables	38	(3,926)	5,162
Change in current liabilities (net of borrowings)	38	3,226	369
Change in accruals and deferrals	38	(1,592)	(7,688)
III. Net cash from operating activities (I+/-II)		**1,066**	**(4,172)**
B. Cash flows from investing activities			
I. Cash receipts		**21,451**	**41,847**
1. Proceeds from financial assets, including:		19,604	37,049
– disposal of financial assets		100	-
– dividends and other profit distributions		2,699	16,006
– repayment of non-current loans advanced		14,107	577
– interest		150	7,298
– other proceeds from financial assets	38	2,548	13,168
2. Other cash receipts from investing activities	38	1,847	4,798
II. Cash payments		**192,295**	**95,461**
1. Acquisition of intangible assets and property, plant and equipment		894	3,806
2. Payments for financial assets, including:		191,401	89,805
– acquisition of financial assets		184,769	74,545
– non-current loans advanced		6,632	15,260
3. Other payments related to investing activities	38	-	1,850
III. Net cash from investing activities (I-II)		**(170,844)**	**(53,614)**
C. Cash flows from financing activities			
I. Cash receipts		**-**	**240,000**
1. Net proceeds from issue of shares and other equity instruments	24	-	240,000
II. Cash payments		**5,253**	**471**
1. Repayment of borrowings		4,600	-
2. Payment of finance lease liabilities		653	471
III. Net cash from financing activities (I-II)		**(5,253)**	**239,529**

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D. Total net cash flows (A.III+/-B.III+/-C.III)	**(175,031)**	**181,743**
E. Net increase/decrease in cash, including:	**(175,030)**	**181,744**
- effect of exchange rate fluctuations on cash held	**1**	**1**
F. Cash at beginning of period	**216,447**	**34,703**
G. Cash at end of period (F+/- E), including:	**41,417**	**216,447**
- restricted cash	27	50

External financing sources - borrowings (statement of cash flows)

item C.I.2 Proceeds from borrowings	-	-
item C.II.4 Repayment of borrowings	(4,600)	-
Change in external financing sources, including:	**(4,600)**	**-**
net increase/decrease in borrowings	(4,600)	-

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6. General information

Polenergia S.A., formerly Polish Energy Partners S.A. (the name was changed by entry to the National Court Register on September 11th 2014), (the "Company") was established under a Notary Deed of July 17th 1997. The Company is entered in the National Court Register maintained by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under KRS No. 0000026545. The Company's Industry Identification Number (REGON) is 012693488. The Company's registered office is at ul. Krucza 24/26 in Warsaw.

The Company's business comprises:

- production and distribution of electricity (PKD 40.10),
- production and distribution of heat (steam and hot water) (PKD 40.30),
- construction and civil engineering (PKD 45.21),
- construction installation activities (PKD 45.3),
- other credit granting, excluding licensed activities and activities reserved for banks (PKD 65.22),
- research and development of natural sciences and engineering (PKD 73.10),
- development and sale of own real estate (PKD 70.11),
- operating of real estate on a fee or contract basis (PKD 70.32),
- accounting and bookkeeping activities (PKD 74.12),
- construction and process design, urban planning (PKD 74.20),
- business and management consultancy activities (PKD 74.14),
- other commercial activities n.e.c. (PKD 74.84),
- other education n.e.c. (PKD 80.42),
- wholesale of solid, liquid and gaseous fuels and related products (PKD 51.51).

6.1. Duration of the Company

The Company has been established for an indefinite time.

6.2. Periods covered by these separate financial statements

These separate financial statements cover the year ended December 31st 2015 and contain comparative data for the year ended December 31st 2014.

6.3. Composition of the Management and Supervisory Boards

As at December 31st 2015, the composition of the Company's Management Board was as follows:

Zbigniew Prokopowicz	President of the Management Board
Jacek Głowacki	Vice-President of the Management Board
Anna Kwarcińska	Vice-President of the Management Board
Michał Kozłowski	Vice-President of the Management Board.

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As at December 31st 2015, the composition of the Company's Supervisory Board was as follows:

Tomasz Mikołajczak	Chairman of the Supervisory Board
Łukasz Rędziniak	Deputy Chairman of the Supervisory Board
Mariusz Nowak	Member of the Supervisory Board
Arkadiusz Jastrzębski	Member of the Supervisory Board
Rafał Andrzejewski	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board (since December 15th 2015)
Dawid Jakubowicz	Member of the Supervisory Board (since December 15th 2015)
Marek Gabryjelski	Member of the Supervisory Board (since December 5th 2015).

7. Going concern

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for at least 12 months after the end of the reporting period, i.e. December 31st 2015. As at December 31st 2015, current assets were lower than current liabilities. As current liabilities include mainly loans from related entities, the Company does not identify the liquidity risk. If the Company is unable to repay a loan by its maturity date, the Company is able − as the sole owner of the creditor − to extend the maturity date by another 12 months.

8. Identification of the consolidated financial statements

The Company prepared the consolidated financial statements for the year ended December 31st 2015, which were authorised for issue on February 17th 2016.

9. Authorisation of the financial statements

These separate financial statements were authorised for issue by the Management Board on February 17th 2016.

10. The Company's investments

The Company holds investments in the subsidiaries listed below.

As at December 31st 2015:

Company	Registered office	Business profile	Direct percentage interest in share capital and total vote
Dipol Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Interpep EC Zakrzów Sp. z o.o. Sp. Komandytowa	ul. Krucza 24/26, Warsaw	Production of heat and electricity	99%
Mercury Energia Sp. z o.o. i Wspólnicy, Sp. Komandytowa	ul. Krucza 24/26, Warsaw	Production of heat and electricity	94.1%
Energopep Sp. z o.o., Sp. Komandytowa	ul. Krucza 24/26, Warsaw	Trade in property rights	96%

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Energopep Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production of heat and electricity	100%
Polenergia Elektrownia Mercury Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of heat and electricity	100%
Polenergia Elektrociepłownia Zakrzów Sp. z o.o. (formerly: Interpep EC Zakrzów Sp. z o.o.)	ul. Krucza 24/26, Warsaw	Production and distribution of heat and electricity	100%
Grupa PEP – Finansowanie Projektów Sp. z o.o.	ul. Krucza 24/26, Warsaw	Other credit facilities	100%
Polenergia Biomasa Energetyczna Północ Sp. z o.o.	ul. Krucza 24/26, Warsaw	Wholesale of solid, liquid and gaseous fuels and related products	10.9%
Grupa PEP – Biomasa Energetyczna Południe Sp. z o.o.	ul. Krucza 24/26, Warsaw	Wholesale of solid, liquid and gaseous fuels and related products	100%
Grupa PEP – Biomasa Energetyczna Wschód Sp. z o.o.	ul. Krucza 24/26, Warsaw	Wholesale of solid, liquid and gaseous fuels and related products	100%
Grupa PEP – Bioelektrownia 2 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Activities of head offices and holding companies	100%
Grupa PEP – Bioelektrownia 2 Sp. z o.o. Sp.K.	ul. Krucza 24/26, Warsaw	Energy sector services	99.9%
Grupa PEP – Uprawy Energetyczne Sp. z o.o.	ul. Krucza 24/26, Warsaw	Growing of non-perennial crops	100%
Grupa PEP – Farma Wiatrowa 1 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 3 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 4 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Polenergia Farma Wiatrowa Łomża Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 5 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 6 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 7 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%

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Polenergia Farma Wiatrowa Grabowo Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 8 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 9 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Polenergia Farma Wiatrowa Namysłów Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 10 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 11 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Polenergia Farma Wiatrowa Klukowo Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 12 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 13 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 14 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 15 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Farma Wiatrowa 16 Sp. z o.o., formerly: Morka Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Grupa PEP – Farma Wiatrowa 17 Sp. z o.o., formerly: Juron Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Grupa PEP – Farma Wiatrowa 18 Sp. z o.o., formerly: Zonda Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Polenergia Farma Wiatrowa Krzywa Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa 19 Sp. z o.o., Nauto Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Grupa PEP – Farma Wiatrowa 20 Sp. z o.o., formerly: Erato Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Polenergia Farma Wiatrowa Rudniki Sp. z o.o., formerly: Farma Wiatrowa 21, Jugo Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%

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Grupa PEP – Farma Wiatrowa 22 Sp. z o.o., formerly: Autan Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Grupa PEP – Farma Wiatrowa 23 Sp. z o.o., formerly: Solano Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Amon Sp. z o.o.	ul. Pucka 4, Łebcz	Production and distribution of electricity	100%
Talia Sp. z o.o.	ul. Pucka 4, Łebcz	Production and distribution of electricity	100%
Grupa PEP Development Projektów Sp. z o.o., formerly: Polish Energy Partners SA Development Projektów SKA	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	51%
Grupa PEP - Finansowanie Projektów 1 Sp. z o.o., formerly: Polish Energy Partners SA Finansowanie Projektów SKA	ul. Krucza 24/26, Warsaw	Other credit granting	39%
Grupa PEP Aktywa Finansowe Sp. z o.o.	ul. Krucza 24/26, Warsaw	Other credit granting	16%
Grupa PEP – Projekty Energetyczne 1 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Certyfikaty Sp. z o.o., formerly: Grupa PEP – Obrót 1 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Grupa PEP – Obrót 2 Sp. z o.o.	ul. Krucza 24/26, Warsaw	Energy sector services	100%
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o., formerly: Pepino Sp. z o.o.	Al. Wojska Polskiego 156, Szczecin	Production and distribution of electricity	100%
Polenergia Farma Wiatrowa Piekło Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa Piekło Sp. z o.o., Bise Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Polenergia Farma Wiatrowa Wierzbnik/Jankowice Sp. z o.o., formerly: Grupa PEP– Farma Wiatrowa Wierzbnik/Jankowice Sp. z o.o., Euros Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Polenergia Farma Wiatrowa Mycielin Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa Mycielin Sp. z o.o.,Monsun Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Polenergia Farma Wiatrowa Bądecz Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa Bądecz Sp. z o.o., Karif Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%

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Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o., formerly: Grupa PEP – Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o., Mistral Sp. z o.o.	ul. Krucza 24/26, Warsaw	Production and distribution of electricity	100%
Neutron Sp. z o.o.	ul. Krucza 24/26, Warsaw	Activities of holding companies	100%

Indirectly, the Company holds interests in the entities listed below.

Company	Registered office	Business profile	Percentage interest in share capital and total vote
Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. (formerly: Elektrociepłownia Nowa Sarzyna Sp. z o.o.)	ul. Ks. J.Popiełuszki 2, Nowa Sarzyna	Energy sector services	100%
Polenergia Kogeneracja Sp. z o.o.	ul. Krucza 24/26, Warsaw	Distribution of and trade in natural gas	100%
Polenergia Elektrownia Północ Sp. z o.o.	ul. Krucza 24/26, Warsaw	Development of a base-load coal-fired power plant	100%
Polenergia Dystrybucja Sp. z o.o.	ul. Krucza 24/26, Warsaw	Distribution and sale of electricity	100%
Polenergia Obrót Sp. z o.o.	ul. Krucza 24/26, Warsaw	Trade in electricity, natural gas and certificates	100%
Polenergia Bałtyk I S. A.	ul. Krucza 24/26, Warsaw	Development of a wind farm	100%
Polenergia Bałtyk II Sp. z o.o.	ul. Krucza 24/26, Warsaw	Development of a wind farm	100%
Polenergia Bałtyk III Sp. z o.o.	ul. Krucza 24/26, Warsaw	Development of a wind farm	100%
PPG Pipeline Projektgesselschaft mbH	Hamburg, Stadthausbrücke 1−3	Development of a gas pipeline	100%
PPG Polska Sp. z o.o.	ul. Krucza 24/26, Warsaw	Development of a gas pipeline	100%
Geo Kletnia Sp. z o.o.	ul. Krucza 24/26, Warsaw	Development of a wind farm	20%

11. Applied accounting policies

The accounting policies applied in preparing these financial statements are consistent with the policies applied in preparing the Company's full-year financial statements for the year ended December 31st 2014.

11.1. Application of new and amended standards and interpretations

In these separate financial statements, the following new and amended standards and interpretations effective as of January 1st 2015 were applied for the first time:

- **IFRS Annual Improvements cycle 2011-2013**

  In December 2013, the International Accounting Standards Board issued 'IFRS Annual Improvements cycle 2011-2013', which contain changes to four standards. The amendments include changes in the presentation, recognition, measurement and terminology, as well as editorial changes.

  The new interpretation has no material effect on the Company's separate financial statements, as it will not affect its accounting policy with respect to levies.

- **IFRIC 21 Levies**

  The interpretation clarifies the recognition of levies other than income tax. An obligating event is an event specified in law which creates the obligation to pay a levy. The fact that an entity will continue operations in the following period or prepares its financial statements on a going concern basis does not, in itself, create the obligation to recognise a liability for a levy. The same recognition rules apply to full-year and interim statements. Applying the interpretation to liabilities under emission allowances is optional.

  The changes have no significant effect on the Company's separate financial statements.

11.2. New standards and interpretations issued but not yet effective

In these financial statements, the Company resolved not to early adopt the following published standards, interpretations or amendments to existing standards prior to their effective date:

- **IFRS 9 Financial Instruments**

  IFRS 9 replaces IAS 39. The standard is effective for annual periods beginning on or after January 1st 2018.

  The standard introduces a single model that has only two classification categories for financial assets: measurement at fair value or at amortised cost. Assets are classified at initial recognition depending on an entity's financial instrument management model and the characteristics of contractual cash flows from such instruments.

  IFRS 9 introduces a new impairment recognition model based on expected credit losses.

  The majority of requirements under IAS 39 concerning classification and measurement of financial liabilities were incorporated into IFRS 9 unchanged. The key change is the new requirement that entities present in other comprehensive income changes in their own credit risk related to financial liabilities designated to be measured at fair value through profit or loss.

  Changes were also made to the hedge accounting model to factor in risk management.

  The Company does not expect the new standard to have a material effect on its separate financial statements. Due to the nature of the Company's business and the type of its financial assets, the classification and measurement of financial assets are not expected to change under IFRS 9.

  As at the date of these separate financial statements, IFRS 9 had not been endorsed by the European Union.

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

  Amendments to IAS 19 Defined Benefit Plans: Employee Contributions, published by the International Accounting Standards Board in November 2013, are effective in the European Union for annual periods beginning on or after February 1st 2015.

  Pursuant to the amendments, an entity may recognise employee contributions as a reduction in the service cost in the period in which the related service is rendered by an employee rather than allocate such contributions to periods of service, provided that the contribution amount is independent of the number of years of service rendered by the relevant employee.

  The Company will apply the amendments to IAS 19 as of January 1st 2016.

  It is expected that at the time of the initial application, the changes will have no material effect on the Company's separate financial statements.

- **IFRS Annual Improvements cycle 2010-2012**

  In December 2013, the International Accounting Standards Board issued 'IFRS Annual Improvements cycle 2010-2012', which contain changes to seven standards. The amendments include changes in the presentation, recognition, measurement and terminology, as well as editorial changes. The amendments are effective in the European Union for annual periods beginning on or after February 1st 2015.

  The Company will apply the amendments as of January 1st 2016.

  The amendments are not expected to have a material effect on the Company's separate financial statements.

- **IFRS 14 Regulatory Deferral Accounts**

  IFRS 14 is effective for annual periods beginning on or after January 1st 2016. The standard permits an entity which is a first-time adopter of IFRS to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRS and do not account for such activities, in accordance with the published IFRS 14, amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income.

  The Company will apply the amendments to IFRS as of January 1st 2016.

  The Company expects that the interim standard will have no material effect on its separate financial statements as it is applicable only to first-time IFRS adopters.

- **Amendments to IFRS 11 concerning acquisitions of interests in joint operations**

  Pursuant to the amended IFRS 11, the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles of accounting for business combinations in accordance with IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. The amendment is effective in the EU for annual periods beginning on January 1st 2016.

  The Company will apply the amendment as of January 1st 2016.

  The Company expects that the amendments will have no material effect on its separate financial statements as the Company is not party to any joint arrangements.

- **Amendments to IAS 16 and IAS 38 concerning depreciation and amortisation**

  The amendment clarifies that revenue-based depreciation and amortisation is inappropriate, as revenue generated from operating a business that uses particular assets also reflects factors other than consumption of economic benefits generated by the assets.

  The amendment is effective in the EU for annual periods beginning on January 1st 2016.

  The Company will apply the amendment as of January 1st 2016.

  The amendments are not expected to have a material effect on the Company's separate financial statements, as it does not apply revenue-based depreciation and amortisation.

- **IFRS 15 Revenue from Contracts with Customers**

  IFRS 15 Revenue from Contracts with Customers, published by the International Accounting Standards Board on May 28th 2014, is effective for annual periods beginning on or after January 1st 2018.

  The provisions of IFRS 15 will apply to all contracts giving rise to revenue. The fundamental rule provided for in the new standard is that revenue is to be recognised upon transfer of goods or services to a customer at a transaction price. Any goods or services sold in bundles that are distinct within the bundle are to be recognised separately, and any discounts and rebates on the transaction price should be applied to specific bundle items. If the amount of revenue is variable, in accordance with the new standard, such variable amounts are recognised under revenue, provided that it is highly probable that the revenue will not be reversed in the future as a result of revaluation. Furthermore, pursuant to IFRS 15, the cost of obtaining and securing a contract with a customer should be capitalised and settled over the period in which the contract's benefits are consumed.

  The Company will apply IFRS 15 as of January 1st 2018.

  The Company does not expect the new standard to have a material effect on its separate financial statements.

  As at the date of these separate financial statements, IFRS 15 had not been endorsed by the European Union.

- **Amendments to IAS 16 and IAS 41 concerning bearer plants**

  The amendments require that certain bearer plants, such as grape vines, rubber trees and oil palms (i.e. plants that crop for many years, are not for sale as seedlings and are not harvested), be recognised in accordance with IAS 16 Property, plant and equipment, as their cultivation is analogous to production. Therefore, pursuant to the amendments, such plants are included in the scope of IAS 16 and IAS 41, while their crop remains under IAS 41.

  The amendments are effective in the EU for annual periods beginning on January 1st 2016.

  The Company will apply the amendment as of January 1st 2016.

  Given that the Company's operations do not involve bearer plants, the Company expects that the amendments will have no material effect on its separate financial statements.

- **Amendments to IAS 27 concerning the equity method in an entity's separate financial statements**

  IAS 27 permits the use of the equity method as one of optional methods of accounting for investments in subsidiaries, associates and jointly controlled entities in separate financial statements.

  The amendments are effective in the EU for annual periods beginning on January 1st 2016.

  The Company will apply the amendment as of January 1st 2016.

  The Company does not expect the amendments to have a material effect on its separate financial statements as it plans to continue to measure investments in subsidiaries, joint ventures and associates in the separate financial statements at cost.

- **Amendments to IFRS 10 and IAS 28 concerning sales or contributions of assets between an investor and its associate or joint venture**

  The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business.

  Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests.

  The amendments were issued on September 11th 2014. The effective date of the amended regulations has not yet been set by the International Accounting Standards Board.

  The Company will apply the amended regulations from their effective date set by the International Accounting Standards Board.

  The Company does not expect the amendments to have a material effect on its separate financial statements as it does not plan to enter into any transactions covered by the amendments.

- **IFRS Annual Improvements cycle 2012-2014**

  In September 2014, the International Accounting Standards Board issued 'IFRS Annual Improvements cycle 2012-2014', which contain amendments to four standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective in the European Union for annual periods beginning on or after January 1st 2016.

  The amendments are not expected to have a material effect on the Company's separate financial statements.

- **Amendments to IAS 1**

  In December 2014, as part of its disclosure initiative, the International Accounting Standards Board issued an amendment to IAS 1. The aim of the amendment is to explain the concept of materiality and to clarify that if an entity deems certain information immaterial, such information should not be disclosed even if its disclosure is required under a different IFRS. The amended IAS 1 clarifies that items presented in the statement of financial position and the statement of profit or loss and other comprehensive income may be aggregated or disaggregated depending on materiality. Additional guidelines are also introduced regarding presentation of subtotals in these statements. The amendments are effective in the European Union for annual periods beginning on or after January 1st 2016.

  The amendments are not expected to have a material effect on the Company's separate financial statements.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 Applying the Consolidation Exception**

  In December 2014, the International Accounting Standards Board issued a limited amendment. The amendment to IFRS 10, IFRS 12 and IAS 28 entitled 'Investment Entities: Applying the Consolidation Exception' clarifies the requirements applicable to investment entities and facilitates certain other matters.

  The standard provides that an entity should measure all investment entity subsidiaries at fair value through profit or loss. The standard also clarifies that where a higher-tier parent prepares and publishes financial statements, the consolidation exception applies irrespective of whether its subsidiaries are consolidated or measured at fair value through profit or loss, in accordance with IFRS 10, as part of the financial statements of a higher-tier or ultimate parent. The amendments are effective for annual periods beginning on January 1st 2016.

  The amendments are not expected to have a material effect on the Company's separate financial statements.

The Company has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.

11.3. Basis of accounting

These financial statements have been prepared in accordance with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) endorsed by the European Union.

The International Financial Reporting Standards comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements for the year ended December 31st 2015, including the comparative data for the year ended December 31st 2014, were audited by a qualified auditor in accordance with the applicable laws. The data for Q4 2015 and the comparative data for Q4 2014 were not audited by a qualified auditor.

These separate financial statements have been prepared on the historical cost basis, except with respect to the following significant items of the statement of financial position: loans and borrowings measured at adjusted cost.

11.4. Significant accounting judgements

Certain information presented in these separate financial statements is based on the Company's estimates and professional judgement. The amounts determined in that manner may differ from actual results.

11.5. Significant estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period which carry a significant risk of a material adjustment being required in the carrying amounts of assets and liabilities in the next financial year are discussed below:

- Impairment losses on expenditure on wind farm development projects (Note 19),
- Deferred tax,
- Impairment of assets – for further information, see Note 11.10.

In the year ended December 31st 2015, the Company made no changes in its method of making estimates affecting the information presented in the separate financial statements, and the estimated amounts were presented in the notes referred to above.

11.6. Measurement currency and reporting currency of the financial statements

The Company's measurement currency and reporting currency of these separate financial statements is the Polish złoty.

11.7. Intangible assets

Intangible assets which are separately acquired or produced (if they meet the criteria for being recognised as development expenditure) are initially recognised at cost. Cost of intangible assets acquired in a business combination is equivalent to their fair value as at the date of the combination. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any. With the exception of capitalised development expenditure, expenditure on intangible assets produced by the Company is not capitalised and is charged to expenses in the period in which it was incurred.

The Company determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised over their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at the end of each financial year or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates. Amortisation charges on intangible assets with definite useful lives are recognised in profit or loss in the category that corresponds to the function of a given intangible asset.

Intangible assets with indefinite useful lives and those that are not used are tested for impairment annually at the level of the separate asset or the relevant cash generating unit.
Expected useful lives of intangible assets are as follows:

Patents, licences	1 year
Software	2-5 years
Other intangible assets	5 years

Expenditure on research activities is charged to the statement of profit or loss as incurred. Costs of development work performed with respect to a given project are carried forward if they are expected to be recovered in the future. After initial recognition of expenditure on development work, the historical cost model is applied, which requires that assets be disclosed at cost less accumulated depreciation/amortisation and impairment. Any expenditure carried forward is amortised over the period during which income is expected to be generated from the sale of a given project.

The carrying amount of development costs is reviewed for impairment annually if the asset is not yet in use, or more frequently if an indication of impairment has been identified during the reporting period, which may suggest that the carrying amount may not be recoverable.

Gains or losses from derecognition of an intangible asset are measured as the difference between net proceeds from the sale of the asset and its carrying amount, and are recognised in the statement of profit or loss upon derecognition of the asset.

11.8. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any. In the case of perpetual usufruct right to land, cost is understood as the acquisition price specified in the relevant decision issued by the municipality/commune when the right was granted.

The initial value of an item of property, plant and equipment is represented by its cost, which includes all costs directly related to its acquisition and bringing it to working condition for its intended use. Cost also includes the cost of replacing component parts of plant and equipment, which is recognised when incurred if relevant recognition criteria are fulfilled. Costs incurred after an item of property, plant and equipment has been placed in service, such as costs of maintenance or repair, are charged to profit or loss when incurred.

Upon acquisition, items of property, plant and equipment are divided into components of material value which can be assigned different economic useful lives. The cost of overhauls is also deemed a component.

Items of property, plant and equipment, other than land, are depreciated using the straight-line method over their estimated useful lives.

Buildings and structures	20 years
Plant and equipment	2.5−20 years
Vehicles	2.5−5 years
Other property, plant and equipment	5−7 years

Residual values, useful lives and methods of depreciation of assets are reviewed annually and, if necessary, adjusted with effect from the beginning of the financial year that has just ended.

Each item of property, plant and equipment is accounted for separately and depreciated over its useful life.

An item of property, plant and equipment can be derecognised on disposal or when no future economic benefits are expected from its further use. Any gains or losses on derecognition of an asset from the statement of financial position (calculated as the difference between net proceeds from its sale, if any, and the carrying amount of the asset) are disclosed in profit or loss of the period of derecognition.

11.9. Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost or aggregate cost incurred in the course of their production or acquisition, less impairment losses. Investment materials are carried as property, plant and equipment under construction. Property, plant and equipment under construction are not depreciated until completed and placed in service.

11.10. Impairment losses on non-financial non-current assets

An assessment is made at the end of each reporting period to determine whether there is any indication that any non-financial non-current assets may be impaired. If the Company finds that there is such indication, or if the Company is required to perform annual impairment tests, it estimates the recoverable amount of a given asset or the cash-generating unit to which a given asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use. The amount is determined for individual assets, unless a given asset does not generate separate cash flows largely independent from those generated by other assets or asset groups. If the carrying amount of an asset is higher than its recoverable amount, the value of the asset is impaired and an impairment loss is recognised, reducing the asset's carrying amount to the established recoverable amount. In assessing value in use, the projected cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the expense categories consistent with the function of the impaired asset.

At the end of each reporting period, the Company assesses whether there is any indication that previously recognised impairment of an asset no longer exists or should be reduced. If such indication exists, the Company estimates the asset's recoverable amount. A recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In such a case, the carrying amount of the asset is increased up to its recoverable amount. The increased value may not exceed the carrying amount of the asset that would have been determined (after accumulated amortisation/depreciation) if no impairment losses had been recognised on that asset in the previous years. Reversal of an impairment loss is immediately recognised as income in profit or loss. Following reversal of an impairment loss, in the subsequent periods the amortisation/depreciation charge related to a given asset is adjusted so that its revised carrying amount, less residual value, can be regularly written off over the remaining useful life of the asset.

11.11. Investment property

Investment property is initially measured at cost, including the transaction costs. The carrying amount of investment property includes the cost of replacement of component parts of the property at the moment it is incurred, provided the recognition criteria are met, but does not include day-to-day maintenance costs.

Following initial recognition, the value of investment property is reduced by cumulative depreciation and impairment.

Investment property is derecognised on disposal or when the property is permanently withdrawn from use and no future economic benefits from its disposal are expected. Any gains or losses arising from derecognition of investment property are taken to profit or loss in the period of the derecognition.

Assets are reclassified to investment property only when there is a change in their use, as evidenced by the end of owner-occupancy, execution of an operating lease or completion of construction/production of the investment property. If owner-occupied property (where the Company is the owner) becomes investment property, the Company accounts for such property in accordance with the policy described in the 'Property, plant and equipment' section, up to the date of the change in use.

Upon acquisition, items of investment property are divided into components of material value which can be assigned different economic useful lives. The cost of overhauls is also deemed a component.

Items of investment property, other than land, are depreciated using the straight-line method over their estimated useful lives.

Buildings and structures	14 years
Plant and equipment	2.5−14 years

Residual values, useful lives and methods of depreciation of investment property are reviewed annually and, if necessary, adjusted with effect from the beginning of the financial year that has just ended.

Each item of investment property is accounted for separately and depreciated over its useful life.

11.12. Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates relate to interests in entities which are not listed on any active market, hence their fair value cannot be reliably determined. Such interests are disclosed in the statement of financial position at historical cost less impairment, if any.

11.13. Financial assets

Financial assets are classified into the following categories:

- Financial assets held to maturity,
- Loans and receivables,
- Financial assets available for sale,

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity, other than:

- financial assets that have been designated at fair value through profit or loss upon initial recognition,
- financial assets designated as available for sale,

- financial assets that qualify as loans and receivables.

Financial assets held to maturity are measured at amortised cost using the effective interest rate method. Financial assets held to maturity are classified as non-current assets if they mature more than 12 months after the end of the reporting period.

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

a) it is classified as held for trading. Financial assets are classified as held for trading if they:
   - have been acquired principally for the purpose of being sold in the near future,
   - are part of a portfolio of identified financial instruments that are managed together and for which there is probability of profit-taking in the near future,
   - are derivative instruments (except for those which are part of hedge accounting or financial guarantee contracts),

b) it has been assigned to this category on initial recognition, in accordance with IAS 39.

Financial assets at fair value through profit or loss are measured at fair value, based on their market value as at the end of the reporting period, without reflecting costs to sell. Any changes in the value of these financial instruments are recognised directly in the statement of profit or loss as finance income or costs. An entire contract can be designated as financial assets at fair value through profit or loss if it contains one or more embedded derivative instruments. This does not apply to situations where an embedded derivative does not materially affect the cash flows of the contract or its separation is prohibited. Financial assets may be designated as financial assets at fair value through profit or loss on initial recognition if the following criteria are met: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, (ii) the assets are part of a group of financial assets that are managed and measured based on fair value, according to a documented risk management strategy, or (iii) the financial assets contain embedded derivative instruments which should be presented separately.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets if their maturity does not exceed 12 months after the end of the reporting period. Loans and receivables with maturities exceeding 12 months from the end of the reporting period are classified as non-current assets.

Financial assets available for sale are non-derivative financial assets which have been classified as available for sale, or which do not belong to any of the previous three categories. Financial assets available for sale are recognised at fair value (without deducting the transaction costs), determined by reference to their market value as at the reporting date. If quoted market prices from an active market are not available and the fair value cannot be reliably measured using alternative methods, available-for-sale financial assets are measured at cost less impairment losses, if any. The positive or negative difference between the fair value of available-for-sale financial assets (if they have a market price derived from an active regulated market or their fair value can be otherwise established in a reliable manner) and their cost is recognised net of deferred tax in other comprehensive income. Impairment losses on available-for-sale financial assets are recognised in finance costs.

Any purchase or sale of financial assets is recognised at the transaction date. On initial recognition, financial assets are recognised at fair value plus – in the case of financial assets other than those at fair value through profit or loss – transaction costs directly attributable to the purchase.

Financial assets are derecognised if the Company loses control of the contractual rights that constitute a given financial instrument, which usually takes place upon sale of the instrument or where all cash flows attributable to the given instrument are transferred to a third party.

11.14. Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that the value of loans and receivables measured at amortised cost has been impaired, an impairment loss is recognised in the amount equal to the difference between the carrying amount of the financial asset and the present value of estimated future cash flows (excluding future losses relating to irrecoverable receivables, which have not yet been incurred), discounted using the initial effective interest rate

(i.e. the interest rate used at the time of initial recognition). The carrying amount of the asset is reduced directly or by recognising an impairment loss, which is charged to profit or loss.
The Company first determines whether there exists an objective indication of impairment with respect to each financial asset that is deemed material, and with respect to financial assets that are not deemed material individually. If the analysis shows that there is no objective evidence of impairment for an individually assessed financial asset, regardless of whether it is significant or not, the Company includes the asset in a group of financial assets with similar credit risk characteristics and collectively tests them for impairment. Assets that are individually tested for impairment and for which an impairment loss has been recognised or it has been concluded that the previously recognised impairment loss will not change, are not taken into account in collective testing of assets for impairment.
If an impairment loss decreases in a subsequent period, and the decrease may be objectively associated with an event that occurred after the impairment loss recognition, the recognised impairment loss is reversed. Reversal of an impairment loss is recognised in profit or loss, in so far as the carrying amount of the asset does not exceed its amortised cost as at the reversal date.

Financial assets carried at cost

If there exists an objective indication of impairment of a non-traded equity instrument which is not carried at fair value since such value cannot be reliably determined, or of a related derivative instrument which must be settled by delivery of such non-traded equity instrument, the amount of impairment loss is established as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted with the market rate applicable to similar financial assets prevailing at a given time.

Financial assets available for sale

If there exists an objective indication of impairment of a financial asset available for sale, the amount of the difference between the cost of that asset (less any principal payments and, for financial assets measured at amortised cost using the effective interest rate method, less amortisation) and its current fair value, reduced by any impairment losses previously recognised in profit or loss, is removed from equity and taken to profit or loss. Reversals of impairment losses on equity instruments classified as available for sale may not be recognised in the statement of profit or loss. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively attributed to an event that occurred after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the reversal amount is recognised in profit or loss.

11.15. Leases

The Company as a lessor

Leases (including rental agreements) under which the lessor retains substantially all risks and rewards resulting from the ownership of the leased asset are classified as operating leases. Lease costs are expensed as incurred, while income from a leased asset is recognised as income for the period.

The Company as a lessee

Finance leases, which transfer substantially all the risks and rewards incidental to the ownership of a leased asset to the Company, are recognised in the statement of financial position at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is taken directly to profit or loss.

Property, plant and equipment used under finance leases are depreciated over the shorter of their estimated useful life and the lease term.

Leases under which the lessor retains substantially all risks and rewards resulting from the ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss over the lease term on a straight-line basis.

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11.16. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing materials inventories to their present location and condition are included in the cost of the inventories and measured at cost determined using the weighted average cost formula.

The cost of finished goods and work-in-progress includes the cost of direct materials and labour and an appropriate portion of indirect production costs, established on the basis of normal capacity utilisation.

Net realisable value is the selling price realisable as at the reporting date, net of VAT and excise duty, less any rebates, discounts and other similar items, and less estimated costs to complete and costs to sell.

Items disclosed under inventories include materials and merchandise, prepaid deliveries and expenditure on wind farm development projects where their serviceability is assessed as probable.

11.17. Current and non-current receivables

Trade receivables are measured at amounts due less impairment losses.

Receivables are remeasured to account for the probability of their payment and impairment losses are recognised where necessary. Impairment losses on receivables are charged to other expenses or finance costs, depending on the nature of the receivables.

Receivables that have been cancelled, have become time-barred or unrecoverable reduce the amount of any impairment losses previously recognised on such receivables.

Receivables which have been cancelled, have become time-barred or unrecoverable, for which no impairment losses have been recognised (or where recognised impairment losses do not cover the full amount receivable), are posted to other expenses or finance costs, as appropriate.

Receivables from the state budget are presented as other current receivables, except for corporate income tax receivable, disclosed as a separate item of the statement of financial position.

If the effect of the time value of money is material, the receivable is measured by discounting expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money. If the discount method is applied, any increase in the amount of the receivables reflecting the passage of time is recognised as finance income.

11.18. Foreign currency transactions

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

Cash, bank borrowings and other monetary assets and liabilities denominated in foreign currencies are translated into the złoty as at the reporting date at the mid-market exchange rate quoted by the National Bank of Poland. Currency translation differences are recognised in finance income or costs, as appropriate.

Non-monetary assets and liabilities recognised at historical cost in a foreign currency are disclosed at the historical exchange rate from the transaction date. Non-monetary assets and liabilities recognised at fair value in a foreign currency are translated at the exchange rate effective on the date of determining the fair value.

The following exchange rates were used to determine the carrying amounts:

	Dec 31 2015	**Dec 31 2014**
USD	3.9011	3.5072
EUR	4.2615	4.2623
GBP	5.7862	5.4648

11.19. Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of cash flows comprise cash in hand, bank deposits, investment fund units, treasury bills and bonds not classified as investing activities.

11.20. Accruals and deferrals

The Company recognises accruals and deferrals where they relate to future reporting periods. Accrued expenses are recognised at probable amounts of current-period liabilities.

11.21. Share capital

Share capital is disclosed at its amount defined in the Company's Articles of Association and entered in the national court register. Any difference between the fair value of consideration received and the par value of shares is recognised in statutory reserve funds under share premium account. Amounts paid for share repurchases are charged to equity and disclosed in the statement of financial position as treasury shares. Declared but outstanding contributions to equity are disclosed under "Called-up share capital not paid".

11.22. Provisions

Provisions are recognised if the Company has a legal or constructive obligation resulting from a past event and when it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where expenditure required to settle the obligation is expected to be reimbursed by another party (e.g. under an insurance agreement), the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that it will be actually received. Cost related to a given provision is recognised in profit or loss net of any recoveries. If the effect of the time value of money is material, the amount of a provision is determined by discounting the projected future cash flows to their present value, using a pre-tax discount rate reflecting the current market estimates of the time value of money, as well as any risk associated with a given obligation. If the discount method is applied, an increase in the provision as a result of the passage of time is recognised as finance costs.

11.23. Provisions for retirement gratuity and jubilee benefits

In accordance with the Company's remuneration systems, its employees are entitled to retirement gratuity benefits. Retirement gratuity benefits are one-off benefits, paid out when an employee retires. The amounts of such benefits depend on the length of service and average remuneration of the employee. The Company recognises a provision for future retirement gratuity obligations in order to allocate costs to the periods to which they relate. According to IAS 19, retirement gratuity benefits are classified as defined post-employment benefit plans. The calculated value of the obligations is equal to the amount of discounted future payments, taking into account employee turnover, and relate to the period ending on the reporting date. Information on demographics and employee turnover is based on historical data.

11.24. Interest-bearing borrowings and other debt instruments

All borrowings and other debt instruments are initially recognised at fair value net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing borrowings and other debt instruments are measured at amortised cost using the effective interest rate method.

Amortised cost includes the cost of obtaining the funding as well as any discounts or premiums obtained in connection with the liability.

Any gains or losses are taken to profit or loss when the liability is derecognised or accounted for using the effective interest rate method.

11.25. Trade and other payables

Current trade payables are reported at nominal amounts payable. Financial liabilities at fair value through profit or loss include financial liabilities held for trading, and financial liabilities initially designated as financial liabilities at fair value through profit or loss. Financial liabilities are classified as held for trading if they have been acquired for the purpose of being sold in the near future. Derivative financial instruments, including separated embedded derivatives, are also classified as held for trading, unless they are considered as effective hedges. Financial liabilities may be designated as financial liabilities at fair value through profit or loss on initial recognition if the following criteria are met: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, (ii) the liabilities are part of a group of the Company's financial liabilities that are managed and measured based on fair value, according to a documented risk management strategy, or (iii) the financial liabilities contain embedded derivative instruments which should be presented separately.

Financial liabilities other than financial instruments at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

The Company derecognises a financial liability when it is extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires. When a debt instrument between the same parties is replaced by another instrument whose terms are substantially different, the Company treats such replacement as if the former financial liability was extinguished and recognises a new liability. Similarly, material modifications to the terms of a contract concerning an existing financial liability are presented as extinguishment of the former and recognition of a new financial liability. Any differences in the respective carrying amounts arising in connection with the replacement are charged to profit or loss.

Other non-financial liabilities include in particular value added tax payable to tax authorities and liabilities under prepayments received, to be settled by supplying merchandise or property, plant and equipment or by rendering of services. Other non-financial liabilities are recognised at amounts due.

11.26. Recognition of revenue

Revenue is recognised to the extent it is probable that the Company will receive economic benefits which can be reliably measured. Revenue is recognised at fair value of the consideration received or receivable, net of value added tax (VAT), excise tax and discounts. Revenue recognition is also subject to the criteria presented below.

11.26.1. Sale of merchandise and products

Revenue is recognised when significant risks and rewards incidental to the ownership of merchandise or products have been transferred to the customer, and if the revenue amount can be reliably estimated.

11.26.2. Rendering of services

Revenue from rendering of services is based on the percentage of service completion. When the outcome of the contract cannot be estimated reliably, revenue under the contract is recognised only up to the amount of costs incurred that the Company expects to recover.

11.26.3. Interest

Interest income is recognised gradually as it accrues (using the effective interest rate method, the effective interest rate being one that discounts future cash flows over the estimated period of maintaining the financial instrument) relative to the net carrying amount of a given financial asset.

11.26.4. Dividends

Dividends are recognised when the shareholder's right to receive payment is established,

11.26.5. Income from (operating) leases

Income from lease of investment property is recognised over the lease term on a straight-line basis.

11.26.6. Grants

If there is reasonable certainty that a grant will be received and that all related conditions will be fulfilled, grants are recognised at fair value.

If a grant concerns a cost item, it is recognised as income in matching with the expenses it is to compensate for. Where the grant relates to an asset, its fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset in equal annual instalments.

11.27. Taxes

11.27.1. Current income tax

Current tax asset and income tax payable for the current period and for previous periods are measured at the amount expected to be paid to (or recovered from) tax authorities, using the tax rates and tax legislation that have been enacted or substantively enacted at the end of the reporting period.

11.27.2. Deferred tax

For the purposes of financial reporting, the Company calculates deferred tax using the balance-sheet liability method in relation to temporary differences existing as at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts as disclosed in the financial statements.

A deferred tax liability is recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in the case of taxable temporary differences associated with investments in subsidiaries or associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences, as well as unused tax credits and unused tax losses brought forward, to the extent it is probable that taxable income will be available against which the deductible temporary differences, tax credits and tax losses can be utilised:

- except to the extent that the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination, and, at the time of the transaction, affects neither accounting profit before tax nor taxable income (tax loss), and
- in the case of deductible temporary differences associated with investments in subsidiaries or associates and interests in joint ventures, deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is reduced to the extent it is no longer probable that sufficient taxable income will be generated to allow the deferred tax asset to be realised in full or in part. As at the end of each reporting period, any unrecognised deferred tax asset is reassessed and recognised to the extent that it is probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or liability, based on tax rates (and tax legislation) effective at the end of the reporting period or tax rates (and tax legislation) which at the reporting date are certain to be effective in the future.

Income tax on items posted directly to equity is recognised in equity rather than in profit or loss.

Deferred tax assets and deferred tax liabilities are offset by the Company if and only if it has a legally enforceable right to offset current tax assets and income tax payable, and the deferred tax relates to the same tax payer and the same taxation authority.

11.27.3. Value added tax

Revenue, expenses, assets and liabilities are recognised net of VAT, except in the following cases:

- where the value added tax paid on the purchase of assets or services is not recoverable from the tax authorities; in such a case it is recognised in the cost of a given asset or as part of the cost item, and
- in the case of receivables and payables which are recognised inclusive of the VAT.

The net amount of the value added tax which is recoverable from or payable to tax authorities is carried in the statement of financial position under receivables or liabilities, as appropriate.

11.28. Earnings per share

Earnings per share for a reporting period are calculated by dividing the net profit for the period by the weighted average number of shares outstanding in the period.

Diluted earnings per share for a reporting period are calculated by dividing net profit for the period, adjusted for the dilutive effect of all potential ordinary shares, by the expected weighted average number of shares.

11.29. Contingent assets and liabilities

A contingent liability is understood as an obligation to make a payment or provide a service which may arise upon the occurrence or non-occurrence of certain future events. Contingent liabilities are not recognised in the statement of financial position, however information on contingent liabilities is disclosed, unless the likelihood of the outflow of resources embodying economic benefits is negligible.

Contingent receivables are not recognised in the statement of financial position, but information on them is disclosed if the inflow of resources embodying economic benefits is likely to occur.

12. Operating segments

The Company operates in a homogeneous operating segment.

13. Earnings per share

Basic earnings per share are calculated as the quotient of net profit for the period attributable to holders of ordinary shares in the Company and the weighted average number of ordinary shares outstanding in the period.

Diluted earnings per share are calculated as the quotient of net profit for the period attributable to holders of ordinary shares (net of interest on redeemable preference shares convertible into ordinary shares) and the weighted average number of ordinary shares outstanding in the period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

(PLN '000)

Presented below is data on the net profit and shares applied to calculate basic and diluted earnings per share:

In the period from the reporting date to the date of these financial statements, there were no transactions involving ordinary shares or potential ordinary shares.

EARNINGS (LOSS) PER SHARE

	For period ended Dec 31 2015	For period ended Dec 31 2014
Net profit (loss)	**(20,696)**	**(16,091)**
Weighted average number of ordinary shares	29,357,160	29,357,160
Earnings (loss) per ordinary share (PLN)	-0.70	-0.55

	For the period ended Dec 31 2015	For period ended Dec 31 2014
Weighted average number of ordinary shares	29,357,160	29,357,160
Dilutive effect	**-**	**-**
Diluted weighted average number of ordinary shares	**29,357,160**	**29,357,160**

14. Distribution of profit

On April 15th 2015, the Company's Annual General Meeting resolved to fully cover the Company's loss for 2014 from statutory reserve funds.

(PLN '000)

15. Intangible assets

INTANGIBLE ASSETS

Dec 31 2015	acquired permits, patents, licences and similar assets, including:	software	total intangible assets
1. Gross intangible assets at beginning of period	**2,112**	**64**	**2,112**
a) increase, including:	10	-	10
- acquisition	10	-	10
2. Gross intangible assets at end of period	**2,122**	**64**	**2,122**
3. Cumulative amortisation at beginning of period	**(860)**	**(64)**	**(860)**
- Amortisation for current period	(376)	-	(376)
4. Cumulative amortisation at end of period	**(1,236)**	**(64)**	**(1,236)**
5. Impairment losses at beginning of period	-	-	-
6. Impairment losses at end of period	-	-	-
7. net value of intangible assets at beginning of period	**1,252**	-	**1,252**
8. Net intangible assets at end of period	**886**	-	**886**

INTANGIBLE ASSETS

Dec 31 2014	acquired permits, patents, licences and similar assets, including:	software	total intangible assets
1. Gross intangible assets at beginning of period	**1,522**	**64**	**1,522**
a) increase, including:	590	-	590
- acquisition	590	-	590
2. Gross intangible assets at end of period	**2,112**	**64**	**2,112**
3. Cumulative amortisation at beginning of period	**(576)**	**(64)**	**(576)**
- Amortisation for current period	(284)	-	(284)
4. Cumulative amortisation at end of period	**(860)**	**(64)**	**(860)**
5. Impairment losses at beginning of period	-	-	-
6. Impairment losses at end of period	-	-	-
7. Net intangible assets at beginning of period	**946**	-	**946**
8. Net intangible assets at end of period	**1,252**	-	**1,252**

(PLN '000)

16. Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

Dec 31 2015	buildings and structures	plant and equipment	vehicles	other property, plant and equipment	property, plant and equipment under construction	- prepayments for property, plant and equipment under construction	total property, plant and equipment
1. Gross property, plant and equipment at beginning of period	**1,093**	**689**	**2,977**	**646**	**228**	**-**	**5,633**
a) increase, including:	**-**	**28**	**776**	**16**	**-**	**64**	**884**
- acquisition	-	28	776	16	-	64	884
b) decrease, including:	**-**	**-**	**(501)**	**-**	**-**	**-**	**(501)**
- sale and liquidation	-	-	(501)	-	-		(501)
2. Gross property, plant and equipment at end of period	**1,093**	**717**	**3,252**	**662**	**228**	**64**	**6,016**
3. Cumulative depreciation at beginning of period	**(303)**	**(424)**	**(1,602)**	**(315)**	**-**	**-**	**(2,644)**
a) Depreciation for current period	(83)	(99)	(579)	(79)	-		(840)
b) decrease, including:	-	-	404	-	-	-	404
- sale and liquidation	-	-	404	-	-		404
4. Cumulative depreciation at end of period	**(386)**	**(523)**	**(1,777)**	**(394)**	**-**	**-**	**(3,080)**
5. Impairment losses at beginning of period	**-**	**-**	**-**	**-**	**(228)**	**-**	**(228)**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**	**(228)**	**-**	**(228)**
7. Net property, plant and equipment at beginning of period	**790**	**265**	**1,375**	**331**	**-**	**-**	**2,761**
8. Net property, plant and equipment at end of period	**707**	**194**	**1,475**	**268**	**-**	**64**	**2,708**

The carrying amount of vehicles used under lease agreements as at December 31st 2015 was PLN 1,373 thousand.

(PLN '000)

PROPERTY, PLANT AND EQUIPMENT

Dec 31 2014	buildings and structures	plant and equipment	vehicles	other property, plant and equipment	property, plant and equipment under construction	- prepayments for property, plant and equipment under construction	total property, plant and equipment
1. Gross property, plant and equipment at beginning of period	**672**	**493**	**2,615**	**223**	**228**	**-**	**4,231**
a) increase, including:	**447**	**196**	**1,116**	**493**	**-**	**-**	**2,252**
- acquisition	447	196	1,116	493	-		2,252
b) decrease, including:	**(26)**	**-**	**(754)**	**(70)**	**-**	**-**	**(850)**
- sale and liquidation	-	-	(754)	(70)	-		(824)
- other	(26)	-	-	-	-		(26)
2. Gross property, plant and equipment at end of period	**1,093**	**689**	**2,977**	**646**	**228**	**-**	**5,633**
3. Cumulative depreciation at beginning of period	**(249)**	**(357)**	**(1,883)**	**(221)**	**-**	**-**	**(2,710)**
a) Depreciation for current period	(54)	(67)	(473)	(164)	-		(758)
b) decrease, including:	-	-	754	70	-	-	824
- sale and liquidation	-	-	754	70	-		824
4. Cumulative depreciation at end of period	**(303)**	**(424)**	**(1,602)**	**(315)**	**-**	**-**	**(2,644)**
5. Impairment losses at beginning of period	**-**	**-**	**-**	**-**	**(228)**	**-**	**(228)**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**	**(228)**	**-**	**(228)**
7. Net property, plant and equipment at beginning of period	**423**	**136**	**732**	**2**	**-**	**-**	**1,293**
8. Net property, plant and equipment at end of period	**790**	**265**	**1,375**	**331**	**-**	**-**	**2,761**

The carrying amount of vehicles used under lease agreements as at December 31st 2014 was PLN 1,375 thousand.

(PLN '000)

17. Investment property

INVESTMENT PROPERTY

Dec 31 2015	- buildings and structures	- plant and equipment	Investment property, total
1. Gross investment property at beginning of period	**7,411**	**4,448**	**11,859**
2. Gross investment property at end of period	**7,411**	**4,448**	**11,859**
3. Cumulative depreciation at beginning of period	**(4,771)**	**(2,995)**	**(7,766)**
a) Depreciation for current period	(305)	(186)	(491)
4. Cumulative depreciation at end of period	**(5,076)**	**(3,181)**	**(8,257)**
5. Impairment losses at beginning of period	**(466)**	**(824)**	**(1,290)**
6. Impairment losses at end of period	**(466)**	**(824)**	**(1,290)**
7. Net investment property at beginning of period	**2,174**	**629**	**2,803**
8. Net investment property at end of period	**1,869**	**443**	**2,312**

As at December 31st 2015, the fair value of investment property did not differ materially from its net carrying amount.

In the year ended December 31st 2015, the Company recognised rental income on investment property relating to the Zakrzów CHP plant project, in an amount of PLN 1,920 thousand.

As at December 31st 2015, no investment property was mortgaged to secure repayment of credit facilities.

(PLN '000)

INVESTMENT PROPERTY

Dec 31 2014	- buildings and structures	- plant and equipment	Investment property, total
1. Gross investment property at beginning of period	**6,843**	**4,448**	**11,291**
a) increase, including:	**568**	**-**	**568**
- other	568	-	568
2. Gross investment property at end of period	**7,411**	**4,448**	**11,859**
3. Cumulative depreciation at beginning of period	**(4,496)**	**(2,807)**	**(7,303)**
a) Depreciation for current period	(275)	(188)	(463)
4. Cumulative depreciation at end of period	**(4,771)**	**(2,995)**	**(7,766)**
5. Impairment losses at beginning of period	**(466)**	**(824)**	**(1,290)**
6. Impairment losses at end of period	**(466)**	**(824)**	**(1,290)**
7. Net investment property at beginning of period	**1,881**	**817**	**2,698**
8. Net investment property at end of period	**2,174**	**629**	**2,803**

As at December 31st 2014, the fair value of investment property did not differ materially from its net carrying amount.

In the year ended December 31st 2014, the Company recognised rental income on investment property relating to the Zakrzów CHP plant project, in an amount of PLN 1,920 thousand.

As at December 31st 2014, no investment property was mortgaged to secure repayment of loans.

(PLN '000)

As at December 31st 2015 and December 31st 2014, future lease payments under operating leases of investment property, in accordance with the relevant agreements, were as follows:

	Dec 31 2015	Dec 31 2014
1 year	1,920	1,920
1–5 years	9,600	9,600
over 5 years	*)	*)
	11,520	**11,520**

*) contract is for an indefinite term

On May 19th 2005, the Company concluded, for an indefinite term, an agreement to lease buildings and structures of the Zakrzów CHP plant with a value of PLN 2,803 thousand (VAT exclusive). The amount of monthly payments is PLN 160 thousand. The agreement provides for an 18-month notice period.

18. Non-current financial assets

	Dec 31 2015	Dec 31 2014
- in subsidiaries	1,413,785	1,236,903
- shares in non-listed companies	1,408,694	1,232,760
- loans advanced	4,678	3,730
- guarantees issued to subsidiaries	413	413
Total non-current financial assets	**1,413,785**	**1,236,903**

Non-current financial assets are described in Note 40.2.

In the period ended December 31st 2015, the Company recognised impairment losses on shares in subsidiaries, in a total amount of PLN 6,255 thousand, as described in more detail in Note 37.

19. Inventories

	Dec 31 2015	Dec 31 2014
- wind farm development projects*)	12,043	17,500
Total inventories	**12,043**	**17,500**

*) The operating cycle of a project for sale may be longer than 12 months.

No category of inventories served as loan collateral in the years ended December 31st 2015 and December 31st 2014. As at December 31st 2015 and December 31st 2014, no inventories were measured at net realisable value.

20. Current receivables

	Dec 31 2015	Dec 31 2014
- trade receivables	23,879	18,688
- to related entities	23,638	18,641
- from other entities	241	47
- other receivables	666	3,516
- finance lease	294	292
- other	372	3,224
Total current receivables, net	**24,545**	**22,204**
- impairment losses on receivables	-	1,154
Total current receivables, gross	**24,545**	**23,358**

For information on related-party transactions, see Note 42.42

Trade receivables bear no interest and are typically payable within 7–45 days.

(PLN '000)

As at December 31st 2015, no impairment losses were recognised on trade receivables (2014: PLN 1,154 thousand, including PLN 1,024 thousand on receivables from Interpep EC Zakrzów and PLN 130 thousand on receivables from FW 18). Changes in impairment losses on trade receivables were as follows:

	Dec 31 2015	Dec 31 2014
At beginning of period	**1,154**	**0**
Increase	-	1,154
Reversal	(1,154)	-
At end of period	**0**	**1,154**

Presented below is a breakdown of trade receivables which were past due as at December 31st 2015 and December 31st 2014, but were not considered unrecoverable.

	Total	Not past due	Past due but recoverable				
			< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	>120 days
Dec 31 2015	23,879	21,900	1,703	68	60	53	95
Dec 31 2014	18,688	16,354	382	180	563	351	858

As at December 31st 2015, non-current finance lease receivable was PLN 2,808 thousand (2014: PLN 3,203 thousand).

21. Accruals and deferrals

	Dec 31 2015	Dec 31 2014
- insurance	159	139
- subscriptions	17	37
- accrued income	5,315	4,176
- other	163	97
Total current prepayments and accrued income	**5,654**	**4,449**

As at December 31st 2015, accrued income of PLN 5,315 thousand (2014: PLN 4,176 thousand) was recognised in connection with services provided to subsidiaries.

22. Current financial assets

	Dec 31 2015	Dec 31 2014
- in subsidiaries	18,224	24,412
- loans advanced	18,224	24,302
- promissory notes	-	110
- in other entities	284	931
- loans advanced	284	931
Total current financial assets	**18,508**	**25,343**

23. Cash and cash equivalents

	Dec 31 2015	Dec 31 2014
Cash and cash equivalents, including:	41,417	216,447
- cash in hand and at banks	41,417	216,447
Total cash and cash equivalents	**41,417**	**216,447**

(PLN '000)

Cash at banks earns interest at floating rates linked to interest rates for overnight deposits. Current deposits are placed for various periods, from one day to one month, depending on the Company's immediate cash requirement, and earn interest at agreed interest rates.

As at December 31st 2015, restricted cash totalled PLN 27 thousand (2014: PLN 50 thousand).

24. Share capital and capital reserves

24.1. Share capital (structure)

Dec 31 2015

SHARE CAPITAL (STRUCTURE)

Series/issue	Type of shares	Number of shares	Par value of series/issue
A	bearer	2,213,904	4,428
B	bearer	2,304,960	4,610
C	bearer	515,256	1,031
D	bearer	566,064	1,132
E	bearer	1,338,960	2,678
F	bearer	544,800	1,090
G	bearer	683,376	1,367
H	bearer	288,000	576
I	bearer	856,704	1,713
J	bearer	3,835,056	7,670
K	bearer	1,640,688	3,281
L	bearer	3,144,624	6,289
M	bearer	182,359	365
N	bearer	69,922	140
O	bearer	70,908	142
P	bearer	89,500	179
R	bearer	37,560	75
S	bearer	147,026	294
U	bearer	125,300	251
W	bearer	143,200	286
T	bearer	945,800	1,891
Y	bearer	1,570,000	3,140
Z	bearer	24,129,580	48,259
Total number of shares		**45,443,547**	
Total share capital			90,887
Par value per share (PLN)			2

(PLN '000)

24.2. Significant shareholders

No.	Shareholder	Number of shares	Number of voting rights	% interest
1	Kulczyk Investment S.A.*	22,811,757	22,811,757	50.20%
2	China - Central and Eastern Europe Investment Co-operation Fund SCS SICAV-SIF**	7,266,122	7,266,122	15.99%
3	ING OFE	2,576,969	2,576,969	5.67%
4	Generali OFE	2,943,731	2,943,731	6.48%
5	Aviva OFE	3,060,872	3,060,872	6.74%
6	Other	6,784,096	6,784,096	14.93%
	Total	**45,443,547**	**45,443,547**	

* Through Mansa Investments Sp. z o.o., a subsidiary

** Through Capedia Holdings Limited of Nicosia, Cyprus, a subsidiary

24.3. Other capital reserves

Other capital reserves have been accumulated from statutory contributions from profits generated in previous financial years.

24.4. Undistributed profit and limitations on dividend payment

Under the Polish Commercial Companies Code, the Company is required to create statutory reserve funds to cover losses. After each financial year, at least 8% of net profit disclosed in the Company's financial statements should be contributed to statutory reserve funds, until the funds reach at least one-third of the Company's share capital. While it is the General Meeting that resolves how to use statutory reserve funds and capital reserves, a part of statutory reserve funds equal to one-third of the share capital may be used exclusively to cover a loss disclosed in the financial statements and may not be allocated for any other purpose. The 2014 loss was covered from the statutory reserve funds, i.e. from the share premium account.

As at December 31st 2015, there were no other limitations on dividend payment.

In view of the increasingly stronger financial performance of the Polenergia Group and the declarations of intent to share the Group's profits with shareholders, the Management Board of Polenergia S.A. decided the recommend to the Supervisory Board payment of dividend for 2015 in the amount of PLN 22,721 thousand, i.e. PLN 0.5 per share.

25. Income tax

25.1. Tax expense

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
Deferred income tax	(4,554)	(6,273)	(1,562)	(844)
Related to temporary differences and their reversal	(4,554)	(6,273)	(1,562)	(844)
Tax expense recognised in profit or loss	**(4,554)**	**(6,273)**	**(1,562)**	**(844)**

(PLN '000)

25.2. Deferred income tax

DEFERRED INCOME TAX

Deferred income tax	Opening balance Dec 31 2015	Opening balance Dec 31 2014	Statement of profit or loss Dec 31 2015	Statement of profit or loss Dec 31 2014
Deferred tax liability				
Property, plant and equipment	556	572	(16)	190
Loans	681	660	21	(2,182)
Lease receivables	615	664	(49)	(48)
Liabilities	252	-	252	-
Revenue	1,064	793	271	793
Gross deferred tax liability	**3,168**	**2,689**	**479**	**(1,247)**
Deferred tax asset				
Property, plant and equipment	1,347	1,459	(112)	(128)
Loans	6,485	2,791	3,694	2,791
Liabilities	449	375	74	249
Provisions	2,798	2,796	2	1,596
Retained deficit 2013	743	743	-	(150)
Retained deficit 2014	616	668	(52)	668
Deficit 2015	1,427	-	1,427	-
Gross deferred tax asset	**13,865**	**8,832**	**5,033**	**5,026**
Deferred tax expense			(4,554)	(6,273)
Net deferred tax (asset)/liability	(10,697)	(6,143)		

25.3. Effective tax rate

Reconciliation of income tax on profit (loss) before tax at statutory tax rate to income tax at effective tax rate:	Dec 31 2015	Dec 31 2014
Tax expense recognised in profit or loss, including:	(4,554)	(6,273)
Deferred tax	(4,554)	(6,273)
Loss before tax	**(25,250)**	**(22,364)**
Tax at the rate of 19% (2014: 19%)	(4,798)	(4,249)
Current tax of limited partnerships (spółka komandytowa)	583	(11)
Deferred tax (change) of limited partnerships (spółka komandytowa)	(207)	443
Non-tax-deductible costs:	**1,352**	**1,478**
- other permanent differences	1,301	1,478
– deferred tax adjustment	51	-
Non-taxable income:	**732**	**3,070**
- dividends	513	3,041
- other	219	29
Tax at the effective tax rate	**(4,554)**	**(6,273)**

26. Provisions

	Dec 31 2015	Dec 31 2014
Non-current provisions		
Provision for retirement and similar benefits	21	21
Provision for site restoration	1,166	1,166
Total non-current provisions	**1,187**	**1,187**

	Dec 31 2015	Dec 31 2014
Current provisions		
Provision for retirement and similar benefits	12	12
Provision for accrued holiday entitlements	1,926	2,030
Total current provisions	**1,938**	**2,042**

Change in non-current and current provisions

	Dec 31 2015	Dec 31 2014
Provisions at beginning of period	3,229	1,814
Provisions recognised	-	1,415
Provisions reversed	(104)	-
Provisions at end of period	**3,125**	**3,229**

27. Non-current liabilities under bank and other borrowings

Dec 31 2015

Company name, form of incorporation	Registered office	Facility/loan amount as per agreement		Outstanding amount		Interest rate	Maturity date
		'000	currency	'000	currency		
Grupa PEP – Uprawy Energetyczne Sp. z o.o.	Warsaw	1,000	PLN	1,000	PLN	7 %	December 2017
Total				**1,000**	**PLN**		

Dec 31 2014

Company name, form of incorporation	Registered office	Facility/loan amount as per agreement		Outstanding amount		Interest rate	Maturity date
		'000	currency	'000	currency		

Grupa PEP – Uprawy Energetyczne Sp. z o.o.	Warsaw	1,000	PLN	1,000	PLN	7 %	December 2017
Total				**1,000**	**PLN**		

28. Current liabilities

	Dec 31 2015	Dec 31 2014
- bank and other borrowings	274,366	259,264
- trade payables	768	1,033
- to related entities	426	3
- to other entities	342	1,030
- other liabilities	4,496	1,702
- to the state budget	3,565	893
- other financial liabilities	483	475
- salaries and wages	135	11
- special accounts	17	27
- other	296	296
Current liabilities, total	**279,630**	**261,999**

For information on related-party transactions, see Note 42.42

Trade payables do not bear interest and are typically payable within 14 days.

Other liabilities do not bear interest.

29. Current liabilities under bank and other borrowings

December 31st 2015

Company name, form of incorporation	Registered office	Facility/loan amount as per agreement		Outstanding amount		Interest rate	Maturity date
		'000	currency	'000	currency		
Grupa PEP Development Projektów Sp. z o.o., formerly: Polish Energy Partners S.A. Development Projektów SKA	Warsaw	15,855	PLN	17,390	PLN	3M WIBOR + 6.09% margin	September 2016
Grupa PEP Finansowanie Projektów 1 Sp. z o.o., formerly: Polish Energy Partners S.A. Finansowanie Projektów SKA	Warsaw	197,999	PLN	217,269	PLN	3M WIBOR + 6.09% margin	September 2016
Grupa PEP Finansowanie Projektów 1 Sp. z o.o., formerly: Polish Energy Partners S.A. Finansowanie Projektów SKA	Warsaw	80,000	PLN	39,707	PLN	3M WIBOR + 6.09% margin	September 2016
Total				**274,366**	PLN		

December 31st 2014

Company name, form of incorporation	Registered office	Facility/loan amount as per agreement '000	Facility/loan amount as per agreement currency	Outstanding amount '000	Outstanding amount currency	Interest rate	Maturity date
Grupa PEP Development Projektów Sp. z o.o., formerly: Polish Energy Partners S.A. Development Projektów SKA	Warsaw	15,855	PLN	16,149	PLN	3M WIBOR + 6.09% margin	December 2015
Grupa PEP Finansowanie Projektów 1 Sp. z o.o., formerly: Polish Energy Partners S.A. Finansowanie Projektów SKA	Warsaw	197,999	PLN	201,669	PLN	3M WIBOR + 6.09% margin	December 2015
Grupa PEP Finansowanie Projektów 1 Sp. z o.o., formerly: Polish Energy Partners S.A. Finansowanie Projektów SKA	Warsaw	80,000	PLN	41,446	PLN	3M WIBOR + 6.09% margin	December 2015
Total				**259,264**	**PLN**		

30. Accruals and deferrals

	Dec 31 2015	Dec 31 2014
- future bonuses, salaries and wages	7,481	5,933
- services	1,031	2,268
- other	809	809
Total current accruals and deferred income	**9,321**	**9,010**

31. Contingent liabilities

31.1. Guarantees and sureties issued

Grupa PEP – Farma Wiatrowa 1 Sp. z o.o.

On November 28th 2013, the Company issued a conditional surety for FW1's liabilities under a credit facility agreement. The surety takes effect upon the occurrence of events specified in the agreement.

As at December 31st 2015, the conditions concerning the debt service reserve surety were fulfilled; thus the surety amounted to PLN 3,352 thousand.

The surety expires on the date of final repayment of all liabilities under the credit facility agreement.

Grupa PEP – Farma Wiatrowa 6 Sp. z o.o.

On December 20th 2012, at the request of the Company, mBank issued a guarantee, valid until December 31st 2012, for payment by Grupa PEP – Farma Wiatrowa 6 Sp. z o.o. ('FW6') of its liabilities under the grid connection agreement, due to PGE Dystrybucja S.A.

The guarantee expires on December 31st 2019.

The guarantee amount is reduced gradually as the agreement is settled; as at December 31st 2015, it stood at PLN 3,069 thousand.

On November 28th 2013, the Company issued a conditional surety for FW6's liabilities under a credit facility agreement. The surety takes effect upon the occurrence of events specified in the agreement.

As at December 31st 2015, the conditions concerning the debt service reserve surety were fulfilled; thus the surety amounted to PLN 2,132 thousand.

The surety expires on the date of final repayment of all liabilities under the credit facility agreement.

Grupa PEP – Farma Wiatrowa 4 Sp. z o.o.

On November 28th 2013, the Company issued a conditional surety for FW1's liabilities under a credit facility agreement. The surety takes effect upon the occurrence of events specified in the agreement, which, as at December 31st 2015, had not occurred.

The surety expires on the date of final repayment of all liabilities under the credit facility agreement.

On July 29th 2014, the Company issued a conditional surety for FW4's liabilities under a VAT credit facility agreement, in an amount of up to PLN 50,000 thousand. The surety takes effect upon the occurrence of events specified in the agreement, which, as at December 31st 2015, had not occurred.

The surety expires on the date of final repayment of all liabilities under the credit facility agreement, but not later than December 31st 2019.

Grupa PEP – Biomasa Energetyczna Południe Sp. z o. o.

On December 21st 2015, the Company signed annex No. 6 to the Surety Agreement concluded on December 23rd 2009 with mBank SA ('mBank') with respect to the credit facilities advanced by mBank to Grupa PEP – Biomasa Energetyczna Południe Sp. z o.o. ('GPBEPD'). Under the annex, the maximum surety amount was reduced to PLN 7,800 thousand.

The surety expires on the date of final repayment of all liabilities under the credit facilities, but not later than December 23rd 2021.

As at December 31st 2015, GPBEPD's debt under the credit facilities amounted to PLN 2,805 thousand.

Grupa PEP – Biomasa Energetyczna Wschód Sp. z o. o.

On November 9th 2011, the Company issued a surety for liabilities of Grupa PEP – Biomasa Energetyczna Wschód Sp. z o. o. ('GPBEWSCH') under the contractual penalty provided for in Biomass Supply Agreement No. 1/PP/B/2009. The surety was issued for the benefit of GDF SUEZ Bioenergia Spółka z ograniczoną odpowiedzialnością (GDF). The surety amount is reduced in each consecutive year of the agreement's term; in 2014, it stood at PLN 12,500 thousand.

The surety expires on February 28th 2018.

As at December 31st 2015, GDF had not charged any penalty under that agreement.

Amon Sp. z o.o. and Talia Sp. z o.o.

On December 27th 2012, the Company provided a surety for a blank promissory note issued by Talia Sp. z o.o. ('Talia') to Agro-Tak Zagrodno Bronisław Tabisz Leszek Kachniarz sj. in connection with an existing lease agreement. The maximum amount of the promissory note is PLN 500 thousand.

As at December 31st 2014, liabilities under the lease agreement stood at PLN 0.

On April 25th 2014, the Company issued a surety for repayment of a credit facility advanced to Amon Sp. z o.o. ('Amon') and Talia by a bank syndicate composed of Raiffeisen Bank Polska S.A., Bank Zachodni WBK S.A., DNB BANK POLSKA S.A. and Powszechna Kasa Oszczędności Bank Polski S.A., for an aggregate amount of PLN 6,757.7 thousand, covering the liabilities of both companies.

The surety will remain in effect until December 31st 2029 at the latest.

On April 21st 2015, the Company provided a surety for a blank promissory note issued by Amon to Przedsiębiorstwo Rolne Łukaszów in connection with an existing lease agreement. The maximum amount of the promissory note is PLN 900 thousand.

As at December 31st 2015, liabilities under the lease agreement stood at PLN 0.

Polenergia Farma Wiatrowa Mycielin Sp. z o.o.

On May 14th 2014, at the request of the Company, MBANK S.A. issued a bank guarantee for the benefit of ENEA Operator Sp. z o.o. The guarantee covers repayment by Polenergia Farma Wiatrowa Mycielin Sp. z o.o. ('FW Mycielin') of its liabilities under the grid connection agreement concluded with ENEA Operator Sp. z o.o.

The guarantee expires on February 28th 2018.

The guarantee amount is reduced gradually as the agreement is settled; as at December 31st 2015, it stood at PLN 4,901 thousand.

On February 9th 2015, the Company issued a surety for FW Mycielin's liabilities under the contract for the supply of wind turbines concluded with Vestas Poland Sp. z o.o. ('Vestas'). The contract value (VAT inclusive) is EUR 64,068 thousand.

The surety expires upon full repayment of all FW Mycielin's liabilities under the contract, but not later than December 31st 2016.

As at December 31st 2015, FW Mycielin's liabilities towards Vestas for the supplies made under the contract amounted to PLN 13,223 thousand.

On April 2nd 2015, the Company issued a conditional surety for FW Mycielin's liabilities under a credit facility agreement. The surety takes effect upon the occurrence of events specified in the agreement, which, as at December 31st 2015, had not occurred. The surety expires on the date of final repayment of all liabilities under the credit facility agreement.

Polenegia Farma Wiatrowa Grabowo Sp. z o.o.

On June 8th 2015, at the request of the Company, MBANK S.A. issued a bank guarantee for the benefit of PGE Dystrybucja SA. The guarantee covers repayment by Polenergia Farma Wiatrowa Grabowo Sp. z o.o. ('FW Grabowo') of its liabilities under the grid connection agreement concluded with PGE Dystrybucja SA.

The guarantee expires on December 31st 2016.

The guarantee amount is reduced gradually as the agreement is settled; as at December 31st 2015, it stood at PLN 7,481 thousand.

31.2. Litigation

As at December 31st 2015, the Company was not party to any court proceedings.

31.3. Tax settlements

Tax settlements and other regulated areas of activity (e.g. customs or foreign exchange control) are subject to inspection by administrative bodies, which are authorised to impose high penalties and sanctions. As the legal regulations regarding these issues in Poland are relatively new, they are often ambiguous and inconsistent. Differences in the interpretation of tax legislation are frequent, both within public administration bodies and between those bodies and businesses, leading to uncertainty and conflicts. Consequently, tax risk in Poland is substantially higher than in countries with more mature tax systems.

(PLN '000)

Tax settlements may be subject to inspection for a period of five years from the end of the calendar year in which the tax payment was made. Such inspections may result in additional tax liabilities for the Company. In the Company's opinion, as at December 31st 2015, sufficient provisions were recognised for identified and calculable tax risk.

31.4. Capital expenditure

As at December 31st 2015, the Company planned to spend ca. PLN 38.7m on property, plant and equipment and equity investments in 2016. Funds received by the subsidiaries will comprise mainly PESA's equity contributions to new projects, in particular capital expenditure on the development and construction of new wind farms.

32. Revenue

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
net revenue from consulting and advisory services *)	30,093	18,619	11,133	14,888
net rental income	1,946	1,951	484	488
other revenue	76	19	22	1
Net total revenue	**32,115**	**20,589**	**11,639**	**15,377**

*) In the year ended December 31st 2015, revenue from sale of wind farm development projects was PLN 10 thousand (2014: PLN 1,790 thousand).

33. Expenses, by nature of expense

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
depreciation and amortisation expense	1,707	1,505	440	472
raw materials and consumables used	662	425	205	159
services *)	15,379	13,373	8,499	10,742
taxes and charges	131	61	28	17
salaries and wages	20,333	11,958	5,127	4,813
social security and other benefits	2,432	1,320	436	491
other expenses, by nature of expense	539	246	137	74
Total expenses by nature	**41,183**	**28,888**	**14,872**	**16,768**
administrative expenses (-)	(13,348)	(11,916)	(3,463)	(145)
Cost of products sold	**27,835**	**16,972**	**11,409**	**16,623**
Total cost of sales	**27,835**	**16,972**	**11,409**	**16,623**

*) Including cost of sales of wind farm development projects to special purpose vehicles.

(PLN '000)

34. Other income

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
- reversal of impairment losses and write-downs, including:	1,154	-	-	-
- impairment losses on receivables	1,154	-	-	-
- other, including:	100	197	17	24
- gain on disposal of non-financial non-current assets	52	154	15	9
- other	48	43	2	15
Total other income	**1,254**	**197**	**17**	**24**

35. Other expenses

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
- impairment losses and write-downs, including:	-	1,154	-	1,154
- impairment losses on receivables	-	1,154	-	1,154
- other:	332	159	62	64
- donations	35	10	15	-
- other	297	149	47	64
Total other expenses:	**332**	**1,313**	**62**	**1,218**

36. Finance income

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
- finance income from dividends and other profit distributions	2,699	16,006	2,699	2,911
- income from interest on deposits and loans	4,515	5,235	698	2,505
- interest on finance leases	163	174	40	42
- foreign exchange losses, including:	-	7	-	1
- unrealised	-	2	-	1
- realised	-	5	-	-
- other charges under sureties	1,811	960	551	368
- other	3	-	-	-
Total finance income	**9,191**	**22,382**	**3,988**	**5,827**

(PLN ‘000)

37. Finance costs

	For period ended Dec 31 2015	For period ended Dec 31 2014	Q4 2015	Q4 2014
- interest expense *	19,768	22,186	4,883	5,309
- foreign exchange losses, including:	46	31	16	1
- unrealised	1	1	1	-
- realised	45	30	15	1
- fees and commissions	86	43	7	13
- impairment losses on shares **	6,255	13,001	5,031	12,842
- other	140	70	25	19
Total finance costs	**26,295**	**35,331**	**9,962**	**18,184**

*) including PLN 19,702 thousand in 2015 (2014: PLN 22,068 thousand) related to interest on borrowings, discussed in more detail in Notes 27 and 29.

**) in 2015, PLN 4,575 thousand was related to impairment losses on FW 18 (PLN 200 thousand), Interpep EC Zakrzów Sp.k. (PLN 2,704 thousand), FW 23 (PLN 1,821 thousand), FW 9 (PLN 455 thousand), FW 11 (PLN 1,075 thousand). In 2014, PLN 12,842 thousand was related to impairment losses at Interpep EC Zakrzów Sp. z o.o. i Wspólnicy SK (PLN 7,976 thousand), Grupa PEP Farma Wiatrowa 18 Sp. z o.o. (PLN 866 thousand) and Grupa PEP Biomasa Energetyczna Wschód Sp. z o.o. (PLN 4,000 thousand).

38. Cash flows

Cash flows from investing activities - Other cash receipts from investing activities

	Dec 31 2015	Dec 31 2014
Sale of bonds/notes	1,847	4,798
Total	**1,847**	**4,798**

Cash flows from investing activities - Other cash used in investing activities

	Dec 31 2015	Dec 31 2014
Purchase of bonds/notes	-	1,850
Total	**-**	**1,850**

Cash flows from investing activities - Other cash receipts from financing activities

	Dec 31 2015	Dec 31 2014
Refund of additional equity contributions	2,548	13,168
Total	**2,548**	**13,168**

Restricted cash

	Dec 31 2015	Dec 31 2014
Cash of the Social Benefits Funds	27	50
Total	**27**	**50**

Receivables:	**Dec 31 2015**	**Dec 31 2014**
Change in current and non-current receivables, net in the statement of financial position	(2,079)	8,775
Change in investment receivables	(1,847)	(2,948)
Change in receivables due to their conversion to financial assets	-	(665)
Change in receivables in the statement of cash flows	**(3,926)**	**5,162**

Liabilities:	**Dec 31 2015**	**Dec 31 2014**
Change in current liabilities (net of borrowings)	2,573	(525)
Change in finance lease payables	653	471
Change in liabilities under purchases of capital goods	-	423
Change in liabilities in the statement of cash flows	**3,226**	**369**

Prepayments, accruals and deferrals:	**Dec 31 2015**	**Dec 31 2014**
Change in accruals and deferrals in the statement of financial position	(908)	3,875
Cost of the prospectus	(684)	(11,563)
Change in accruals and deferrals in the statement of cash flows	**(1,592)**	**(7,688)**

39. Objectives and policies of financial risk management

Financial instruments held or issued by the Company may give rise to one or more types of significant risk.

The main financial instruments used by the Company include finance leases and lease contracts with a purchase option, cash and short-term deposits. Their primary purpose is to secure financial resources to finance the Company's operations. The Company also holds other financial instruments, such as trade payables and receivables arising in the course of its activities.

Key risks connected with the Company's financial instruments include the interest rate risk, currency risk, credit risk and liquidity risk. The Management Board establishes and reviews rules for managing each of these types of risk; the rules are briefly discussed below. The Company also monitors the risk of market prices with respect to the financial instruments it holds.

39.1. Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to its non-current financial liabilities and loans advanced.

period ended Dec 31 2015	***Increase/decrease (percentage points)***	***Effect on pre-tax profit/loss over 12 consecutive months (PLN '000)***
1M WIBOR	1%	(2,304)
1M WIBOR	-1%	2,304

The Company does not use derivative financial instruments to hedge the interest rate risk.

39.2. Currency risk

Due to the fact that only immaterial transactions are executed in foreign currencies, the currency risk is very low. The Company has no significant open foreign currency position, and the majority of the Company's revenue and expenses are denominated in the Polish złoty.

39.3. Credit risk

The Company executes transactions only with reputable companies with a sound credit standing. Every customer who wishes to trade on credit is subject to detailed procedures to assess their creditworthiness. Moreover, thanks to ongoing monitoring of receivables, the Company's exposure to the risk of unrecoverable receivables is insignificant.

(PLN '000)

With respect to the Company's other financial assets, such as cash and cash equivalents and financial assets available for sale, the credit risk is related to the counterparty's inability to pay, and the maximum exposure to this risk is equal to the carrying amount of such instruments. The Company enters into transactions in financial instruments only with reputable financial institutions.

The Company records no material concentration of credit risk.

39.4. Liquidity risk

The Company monitors the risk of its funds being insufficient to pay liabilities as they fall due using periodic liquidity planning. This planning takes into consideration the maturities of both investments and financial assets (e.g. receivables, other financial assets) and forecast cash flows from operating activities.

The Company aims to balance the continuity and flexibility of financing by using different financing sources, including account overdrafts, credit facilities, bonds, preference shares, finance leases and lease contracts with a purchase option.

The table below presents the Company's financial liabilities by maturity as at December 31st 2015 and December 31st 2014, based on undiscounted contractual payments.

Dec 31 2015	**up to 3 months**	**from 3 to 12 months**	**from 1 year to 5 years**	**Total**
Interest-bearing borrowings	-	274,366	1,000	**275,366**
Other liabilities	4,496	-	703	**5,199**
Trade and other payables	768	-	-	**768**

Dec 31 2014	**up to 3 months**	**from 3 to 12 months**	**from 1 year to 5 years**	**Total**
Interest-bearing borrowings	-	259,264	1,000	**260,264**
Other liabilities	1,702	-	659	**2,361**
Trade and other payables	1,033	-	-	**1,033**

(PLN '000)

40. Financial instruments

40.1. Loans advanced

The Company advanced the following loans:

As at December 31st 2015

Borrower	Date	Outstanding receivables	Interest rate	Start of repayments
Polenergia Farma Wiatrowa Szymankowo Spółka z ograniczoną odpowiedzialnością (formerly: PEPINO Spółka z ograniczoną odpowiedzialnością)	Jan 22 2008 Jan 27 2009 Mar 12 2009 Mar 30 2009 Oct 29 2009 Mar 2 2010 Mar 2 2010 May 25 2010 Jul 28 2010 Nov 26 2010 Mar 23 2011 May 6 2011 Feb 17 2012 Apr 24 2012 Aug 10 2012	3,628	fixed, 8.4%	On commencement of the Borrower's operations
Grupa PEP Development Projektów Sp. z o.o., formerly: Polish Energy Partners S.A. Development Projektów SKA	Dec 17 2013	18,224	3M WIBOR + 6.09% margin	Dec 31 2016
Inwestycje Rolne Spółka z ograniczoną odpowiedzialnością	Apr 22 2013 Dec 11 2014 Mar 10 2015	706	1M WIBOR + 2%	On the Lender's first demand
Polenergia Dystrybucja Spółka z ograniczoną odpowiedzialnością	Nov 20 2014	580	fixed 8.12%	Dec 31 2026
Other	Mar 26 2013 Feb 3 2015	48	1M WIBOR + 2%	On the Lender's first demand
		23,186		

(PLN '000)

As at December 31st 2014

Borrower	Date	Outstanding receivables	Interest rate	Start of repayments
Polenergia Farma Wiatrowa Szymankowo Spółka z ograniczoną odpowiedzialnością (formerly: PEPINO Spółka z ograniczoną odpowiedzialnością)	Jan 22 2008 Jan 27 2009 Mar 12 2009 Mar 30 2009 Oct 29 2009 Mar 2 2010 Mar 2 2010 May 25 2010 Jul 28 2010 Nov 26 2010 Mar 23 2011 May 6 2011 Feb 17 2012 Apr 24 2012 Aug 10 2012	3,411	fixed, 8.4%	On commencement of the Borrower's operations
Grupa PEP Development Projektów Sp. z o.o., formerly: Polish Energy Partners S.A. Development Projektów SKA	Dec 17 2013	17,002	3M WIBOR + 6.09% margin	Dec 31 2015
Inwestycje Rolne Spółka z ograniczoną odpowiedzialnością	Apr 22 2013	224	1M WIBOR + 2%	On the Lender's first demand
EPA WIND Spółka z ograniczoną odpowiedzialnością	Dec 20 2013	688	fixed 4.00%	Dec 30 2014
Polenergia Dystrybucja Spółka z ograniczoną odpowiedzialnością	Nov 20 2014	7,619	fixed 8.12%	Dec 31 2026
Other	Mar 26 2013	19	1M WIBOR + 2%	On the Lender's first demand
		28,963		

The loans are not secured.

40.2. Financial assets

In 2015, the Company acquired/purchased shares or made contributions to equity in an aggregate amount of PLN 184,731 thousand, in the following companies:

- Energopep Sp. z o.o., Sp.k. – PLN 8,000 thousand
- Interpep EC Zakrzów Sp. z o.o. Sp.k. – PLN 3,500 thousand
- Grupa PEP Farma Wiatrowa 23 Sp. z o.o. – PLN 150 thousand
- Grupa PEP Farma Wiatrowa 18 Sp. z o.o. – PLN 200 thousand
- Polenergia Farma Wiatrowa Piekło Sp. z o.o. – PLN 1,710 thousand

- Grupa PEP Farma Wiatrowa 17 Sp. z o.o. – PLN 7 thousand
- Polenergia Farma Wiatrowa Rudniki Sp. z o.o. – PLN 170 thousand
- Polenergia Farma Wiatrowa Wierzbniki/Jankowice Sp. z o.o. – PLN 490 thousand
- Polenergia Farma Wiatrowa Krzywa Sp. z o.o. – PLN 180 thousand
- Polenergia Farma Wiatrowa Szymankowo Sp. z o.o. – PLN 1,055 thousand
- Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o. – PLN 600 thousand
- Polenergia Farma Wiatrowa Mycielin Sp. z o.o. – PLN 108,212 thousand
- Polenergia Farma Wiatrowa Bądecz Sp. z o.o. – PLN 770 thousand
- Grupa PEP Farma Wiatrowa 1 Sp. z o.o . – PLN 13,149 thousand
- Grupa PEP Farma Wiatrowa 3 Sp. z o.o. – PLN 3,850 thousand
- Grupa PEP Farma Wiatrowa 4 Sp. z o.o. – PLN 11,595 thousand
- Polenergia Farma Wiatrowa Grabowo Sp. z o.o. – PLN 11,221 thousand
- Grupa PEP Farma Wiatrowa 9 Sp. z o.o. – PLN 50 thousand
- Polenergia Farma Wiatrowa Namysłów Sp. z o.o. – PLN 340 thousand
- Grupa PEP Farma Wiatrowa 11 Sp. z o.o. – PLN 170 thousand
- Polenergia Farma Wiatrowa Klukowo Sp. z o.o – PLN 195 thousand
- Grupa PEP Finansowanie Projektów Sp. z o.o. – PLN 67 thousand
- Neutron Sp. z o.o. – PLN 19,010 thousand
- Energopep Sp. z o.o. – PLN 20 thousand
- Mercury Energia Sp. z o.o. – PLN 10 thousand
- Grupa PEP Projekty Energetyczne 1 Sp. z o.o. – PLN 10 thousand

In 2015, the Company received PLN 2,538 thousand as a refund of equity contributions from the following companies:

- Polenergia Biomasa Energetyczna Północ Sp. z o.o. – PLN 2,000 thousand
- Dipol Sp. z o.o. – PLN 538 thousand.

In 2014, the Company acquired/purchased shares or made contributions to equity in an aggregate amount of PLN 631,545 thousand, in the following companies:

- Grupa PEP Farma Wiatrowa 1 Sp. z o.o. – PLN 26,102 thousand
- Grupa PEP Farma Wiatrowa 3 Sp. z o.o. – PLN 5,550 thousand
- Grupa PEP Farma Wiatrowa 4 Sp. z o.o. – PLN 1,795 thousand
- Grupa PEP Farma Wiatrowa 6 Sp. z o.o. – PLN 18,071 thousand
- Grupa PEP Farma Wiatrowa 8 Sp. z o.o. – PLN 740 thousand
- Grupa PEP Farma Wiatrowa 9 Sp. z o.o. – PLN 100 thousand
- Grupa PEP Farma Wiatrowa 10 Sp. z o.o. – PLN 215 thousand
- Grupa PEP Farma Wiatrowa 11 Sp. z o.o. – PLN 175 thousand
- Grupa PEP Farma Wiatrowa 12 Sp. z o.o. – PLN 180 thousand
- Grupa PEP Farma Wiatrowa 13 Sp. z o.o. – PLN 440 thousand
- Grupa PEP Farma Wiatrowa 16 Sp. z o.o. – PLN 25 thousand
- Grupa PEP Farma Wiatrowa 17 Sp. z o.o. – PLN 565 thousand
- Grupa PEP Farma Wiatrowa 18 Sp. z o.o. – PLN 240 thousand
- Grupa PEP Farma Wiatrowa 19 Sp. z o.o. – PLN 196 thousand
- Grupa PEP Farma Wiatrowa 20 Sp. z o.o. – PLN 100 thousand
- Grupa PEP Farma Wiatrowa 21 Sp. z o.o. – PLN 720 thousand
- Grupa PEP Farma Wiatrowa 22 Sp. z o.o. – PLN 20 thousand
- Grupa PEP Farma Wiatrowa 23 Sp. z o.o. – PLN 630 thousand
- Grupa PEP Farma Wiatrowa Piekło Sp. z o.o. – PLN 415 thousand
- Grupa PEP Farma Wiatrowa Wierzbnik /Jakowice Sp. z o.o. – PLN 500 thousand
- Grupa PEP Farma Wiatrowa Dębice / Kosomłoty Sp. z o.o. – PLN 730 thousand
- Grupa PEP Farma Wiatrowa Mycielin Sp. z o.o. – PLN 600 thousand

(PLN '000)

- Grupa PEP Biomasa Energetyczna Południe Sp. z o.o. – PLN 1,000 thousand
- Grupa PEP Biomasa Energetyczna Wschód Sp. z o.o. – PLN 5,100 thousand
- Grupa PEP Bioelektrownia 2 Sp. z o.o. – PLN 15 thousand
- Grupa PEP Projekty Energetyczne 1 Sp. z o.o. – PLN 27 thousand
- Grupa PEP Obrót 1 Sp. z o.o. – PLN 25 thousand
- Grupa PEP Obrót 2 Sp. z o.o. – PLN 25 thousand
- Pepino Sp. z o.o. – PLN 545 thousand
- Neutron Sp. z o.o. – PLN 566,500 thousand
- Energopep Sp. z o.o. – PLN 15 thousand
- Interpep EC Zakrzów Sp. z o.o. – PLN 10 thousand
- Mercury Energia Sp. z o.o. – PLN 15 thousand
- Arta Sp. z o.o. – PLN 159 thousand.

In 2014, the Company received PLN 13,352 thousand as a refund of equity contributions from the following companies:

- Dipol Sp. z o.o. – PLN 1,300 thousand
- Amon Sp. z o.o. – PLN 6,063 thousand
- Talia Sp. z o.o. – PLN 5,805 thousand
- Arta Sp. z o.o. – PLN 184 thousand.

In 2014, the Company recognised impairment losses on shares in an aggregate amount of PLN 12,842 thousand, in the following companies:

- Interpep EC Zakrzów Sp. z o.o. Spółka Komandytowa – PLN 7,976 thousand
- Grupa PEP Biomasa Energetyczna Wschód Sp. z o.o. – PLN 4,000 thousand
- Grupa PEP Farma Wiatrowa 18 Sp. z o.o. – PLN 866 thousand.

40.3. Interest rate risk

The table below presents the carrying amounts of the Company's financial instruments exposed to the interest rate risk, by maturity.

Dec 31 2015

INTEREST RATE RISK

Floating-rate interest	*<1 year*	*1–2 years*	*2–3 years*	*3–4 years*	*4–5 years*	*Over 5 years*	*Total*
Interest-bearing borrowings	274,366	-	1,000	-	-	-	275,366
Fixed-rate interest	*<1 year*	*1–2 years*	*2–3 years*	*3–4 years*	*4–5 years*	*Over 5 years*	*Total*
Cash assets	41,417	-	-	-	-	-	41,417
Finance leases	294	288	303	318	333	1,699	3,235

Dec 31 2014

INTEREST RATE RISK

Floating-rate interest	*<1 year*	*1–2 years*	*2–3 years*	*3–4 years*	*4–5 years*	*Over 5 years*	*Total*
Interest-bearing borrowings	259,264	-	1,000	-	-	-	260,264
Fixed-rate interest	*<1 year*	*1–2 years*	*2–3 years*	*3–4 years*	*4–5 years*	*Over 5 years*	*Total*
Cash assets	216,447	-	-	-	-	-	216,447
Finance leases	294	276	288	303	318	2,018	3,497

(PLN '000)

Interest rates for financial instruments earning interest at floating rates are updated in periods of less than one year. The other financial instruments held by the Company, not disclosed in the tables above, do not bear interest and, consequently, are not exposed to the interest rate risk.

41. Capital management

The primary objective behind the Company's capital management is to maintain good credit rating and safe capital ratios, in order to support the Company's operations and build shareholder value.

The Company manages its capital structure and modifies it in response to changes in the economic environment. To maintain or adjust its capital structure, the Company may introduce changes regarding dividend distribution, return capital to the shareholders, or issue new shares. In the year ended December 31st 2015 and the year ended December 31st 2014, there were no changes in the capital structure management objectives, policies and processes.

The Company monitors its capital position using the leverage ratio, calculated as the ratio of net debt to the sum of total equity and net debt. The Company's net debt includes interest-bearing borrowings less cash and cash equivalents.

	Dec 31 2015	Dec 31 2014
Interest-bearing borrowings	275,366	260,264
Less cash and cash equivalents	(41,417)	(216,447)
Net debt	**233,949**	**43,817**
Equity	1,241,731	1,263,111
Total equity	**1,241,731**	**1,263,111**
Equity and net debt	**1,475,680**	**1,306,928**
Leverage ratio	16%	3%

The decrease in cash was related to investments in subsidiaries.

(PLN '000)

42. Significant related-party transactions

The tables below present the Company's material related-party transactions:

RELATED-PARTY TRANSACTIONS

Dec 31 2015	Sale to related parties	Finance costs	Receivables from related parties	Finance income
Interpep EC Zakrzów Sp. z o.o., Spółka komandytowa	3,007	-	1,009	-
Mercury Energia Sp. z o.o. i Wspólnicy, Spółka komandytowa	217	-	18	-
Polenergia Biomasa Energetyczna Północ Sp. z o.o.(GRUPA PEP-Biomasa Energetyczna Północ Spółka z o.o.)	373	-	62	-
GRUPA PEP-Biomasa Energetyczna Południe Spółka z o.o.	450	-	115	-
GRUPA PEP-Biomasa Energetyczna Wschód Spółka z o.o.	491	-	172	-
GRUPA PEP-Farma Wiatrowa 1 Sp. z o.o.	637	-	356	-
GRUPA PEP-Farma Wiatrowa 3 Sp. z o.o.	1,350	-	1,622	-
GRUPA PEP-Farma Wiatrowa 4 Sp. z o.o.	1,901	-	684	-
Polenergia Farma Wiatrowa Piekło Sp. z o.o. (GRUPA PEP-Farma Wiatrowa 5 Sp. z o.o.)	136	-	154	-
GRUPA PEP-Farma Wiatrowa 6 Sp. z o.o.	478	-	241	-
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o.(GRUPA PEP-Farma Wiatrowa 7 Sp. z o.o.)	264	-	290	-
Polenergia Farma Wiatrowa Grabowo Sp. z o.o. (Grupa PEP Farma Wiatrowa 8 Sp. z o.o.)	777	-	830	-
Polenergia Farma Wiatrowa Namysłów Sp. z o.o. (GRUPA PEP-Farma Wiatrowa 10 Sp. z o.o.)	104	-	115	-
Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o. (GRUPA PEP-Farma Wiatrowa 13 Sp. z o.o.)	294	-	323	-
GRUPA PEP-Development Projektów Sp. z o.o.	38	1,241	14	1,222
GRUPA PEP-Finansowanie Projektów 1 Sp. z o.o.	38	18,461	6	-
Amon Sp. z o.o.	867	-	49	-
Polenergia Farma Wiatrowa Piekło Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Piekło Sp. z o.o.)	632	-	739	-
Dipol Spółka z o.o.	473	-	130	-
Polenergia Farma Wiatrowa Wierzbnik/ Jankowice Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Wierzbnik/Jankowiec Sp. z o.o.)	338	-	380	-
Polenergia Farma Wiatrowa Rudniki Sp. z o.o. (Grupa PEP – Farma Wiatrowa 21 Sp. z o.o)	207	-	237	-
GRUPA PEP-Farma Wiatrowa 17 Sp. z o.o. (Juron Sp. z o.o.)	233	-	247	-
Polenergia Farma Wiatrowa Krzywa Sp. z o.o (GRUPA PEP-Farma Wiatrowa 19 Sp. z o.o.)	174	-	187	-
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o (Pepino Sp. z o.o.)	269	-	308	218
Talia Sp. z o.o.	679	-	52	-
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o (GRUPA PEP-Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o.)	414	-	438	-
Polenergia Farma Wiatrowa Mycielin Sp. z o.o. (GRUPA PEP-Farma Wiatrowa Mycielin Sp. z o.o.)	2,045	-	2,169	-
Polenergia Farma Wiatrowa Bądecz Sp. z o.o. (GRUPA PEP-Farma Bądecz Sp. z o.o.)	319	-	365	-
Polenergia Kogeneracja Sp. z o.o.	798	-	265	-
Polenergia Bałtyk I S.A.	115	-	139	-
Polenergia Bałtyk II Sp. z o.o.	1,315	-	1,466	-
Polenergia Bałtyk III Sp. z o.o.	1,358	-	1,508	-
Natural Power Association Sp. z o.o.	-	-	-	-
Polenergia Dystrybucja Sp. z o.o.	1,913	-	344	260
Polenergia Elekrociepłownia Nowa Sarzyna Sp. z o.o.	1,292	-	213	-
Polenergia Obrót S.A.	1,021	-	154	-
Polenergia Elektrownia Północ Sp. z o.o.	2,435	-	3,023	-
Neutron Sp. z o.o.	138	-	23	-
Polenergia Biogaz Sp. z o.o.	153	-	40	-
ENS Investment B.V.	-	-	-	-
Polenergia Holding S. a r. l.	696	-	92	-
Polenergia International S. a r. l.	575	-	557	-
PPG Pipeline Projektgesellschaft mbH	2,710	-	2,537	101
Ciech S.A.	1,194	-	1,230	-
Other	914	-	728	7
Total	**33,832**	**19,702**	**23,631**	**1,808**

(PLN '000)

RELATED-PARTY TRANSACTIONS

Dec 31 2014	Sale to related parties	Finance costs	Receivables from related parties	Finance income
Interpep EC Zakrzów Sp. z o.o., Spółka komandytowa	3,000	-	3,470	-
Mercury Energia Sp. z o.o. i Wspólnicy, Spółka komandytowa	178	-	166	-
Interpep Sp. z o.o.	527	-	779	-
GRUPA PEP-Biomasa Energetyczna Północ Spółka z o.o.	343	-	359	-
GRUPA PEP-Biomasa Energetyczna Południe Spółka z o.o.	488	-	505	-
GRUPA PEP-Biomasa Energetyczna Wschód Spółka z o.o.	703	-	735	-
GRUPA PEP-Bioelektrownia 2 Sp. z o.o., Spółka komandytowa	301	-	309	-
GRUPA PEP-Farma Wiatrowa 1 Sp. z o.o.	795	-	845	-
GRUPA PEP-Farma Wiatrowa 3 Sp. z o.o.	769	-	827	-
GRUPA PEP-Farma Wiatrowa 4 Sp. z o.o.	430	-	430	-
GRUPA PEP-Farma Wiatrowa 5 Sp. z o.o.	141	-	143	-
GRUPA PEP-Farma Wiatrowa 6 Sp. z o.o.	768	-	775	-
GRUPA PEP-Farma Wiatrowa 7 Sp. z o.o.	179	-	180	-
GRUPA PEP-Farma Wiatrowa 8 Sp. z o.o.	153	-	156	-
GRUPA PEP-Farma Wiatrowa 10 Sp. z o.o.	104	-	105	-
GRUPA PEP-Farma Wiatrowa 11 Sp. z o.o.	103	-	106	-
GRUPA PEP-Farma Wiatrowa 13 Sp. z o.o.	192	-	195	-
GRUPA PEP-Development Projektów Sp. z o.o.	33	1,397	34	1,339
GRUPA PEP-Finansowanie Projektów 1 Sp. z o.o.	33	20,671	34	-
Amon Sp. z o.o.	471	-	481	-
GRUPA PEP-Farma Wiatrowa Piekło Sp. z o.o. (Bise Sp. z o.o.)	250	-	202	-
Dipol Spółka z o.o.	341	-	352	-
GRUPA PEP-Farma Wiatrowa Wierzbnik/Jankowiec Sp. z o.o. (Euros Sp. z o.o.)	207	-	255	-
GRUPA PEP-Farma Wiatrowa 21 Sp. z o.o. (Jugo Sp. z o.o.)	138	-	136	-
GRUPA PEP-Farma Wiatrowa 17 Sp. z o.o. (Juron Sp. z o.o.)	136	-	134	-
Pepino Sp. z o.o.	211	-	209	220
GRUPA PEP-Farma Wiatrowa 23 Sp. z o.o. (Solano Sp. z o.o.)	131	-	129	-
Talia Sp. z o.o.	390	-	399	-
GRUPA PEP-Farma Wiatrowa 18 Sp. z o.o. (Zonda Sp. z o.o.)	172	-	167	-
GRUPA PEP-Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o. (Mistral Sp z o.o.)	234	-	228	-
GRUPA PEP-Farma Wiatrowa Mycielin Sp. z o.o. (Monsun Sp z o.o.)	2,056	-	2,421	-
GRUPA PEP-Farma Bądecz Sp. z o.o. (Karif Sp z o.o.)	222	-	216	-
Polenergia Kogeneracja Sp. z o.o.	422	-	86	-
Polenergia Bałtyk II Sp. z o.o.	622	-	489	-
Polenergia Bałtyk III Sp. z o.o.	642	-	508	-
Polenergia Dystrybucja Sp. z o.o.	589	-	134	317
Elekrociepłownia Nowa Sarzyna Sp. z o.o.	519	-	98	-
Polenergia Obrót S.A.	403	-	87	-
Polenergia Elektrownia Północ Sp. z o.o.	1,743	-	1,517	-
Polenergia Holding S. a r. l.	431	-	51	-
Polenergia International S. a r. l.	238	-	79	-
PPG Pipeline Projektgesellschaft mbH	884	-	549	-
Other	769	0	587	0
Total	**21,461**	**22,068**	**19,667**	**1,876**

Shares and loans advanced to related parties are presented in Note 18.

Loans received from related parties are presented in Note 27.

43. Workforce

Set out below is the Company's workforce by type of position as at December 31st 2015 and December 31st 2014:

	Dec 31 2015	Dec 31 2014
Management Board	4	4
Administrative division	74	81
Total headcount	**78**	**85**

(PLN '000)

44. Information on the total amount of remuneration and awards (in cash or in kind) paid to members of the Company's Management and Supervisory Boards

In 2015 and 2014, remuneration of members of the Company's Management Board was as follows:

	Dec 31 2015	Dec 31 2014
Zbigniew Prokopowicz	1,989	1,495
Jacek Głowacki	781	140
Anna Kwarcińska	949	801
Michał Kozłowski	949	801
Total	**4,668**	**3,237**

Certain Management Board members are party to a mutual agreement on termination of employment within the next 6-12 months. If a Management Board member being a party to such agreement resigns, the Company is required to pay severance pay equal to 50% of remuneration received by such Management Board member over the last 12 months.

In 2015 and 2014, remuneration of members of the Company's Supervisory Board was as follows:

	Dec 31 2015	Dec 31 2014
Jacek Głowacki	0	24
Arkadiusz Jastrzębski	36	36
Tomasz Mikołajczak	54	54
Mariusz Nowak	36	36
Marek Gabryjelski	31	36
Łukasz Rędziniak	36	36
Dawid Jakubowicz	2	0
Orest Nazaruk	2	0

45. Transactions with members of the Company's Management and Supervisory Boards, their spouses, siblings, ascendants, descendants, or other closely related persons

In the period ended December 31st 2015, no transactions were entered into with members of the Management and Supervisory Boards.

46. Fees paid or payable to the auditor or auditing firm

The table below presents fees paid or payable to qualified auditors of financial statements for the year ended December 31st 2015 and December 31st 2014, by type of service:

Type of service	Dec 31 2015	Dec 31 2014
Review and audit of financial statements	128	380

47. Events after the end of the reporting period

As at the date of preparation of these financial statements, i.e. February 17th 2016, no events had occurred which should have been but were not disclosed in the accounting records for the reporting period.