

FINANCIAL STATEMENT

For the period of: 1 January 2016 – 31 December 2016

Company's name: **ZAKŁADY URZADZEŃ KOTŁOWYCH „STĄPORKÓW” S.A.**
Registered office: **Górnicza 3 St., 26-220 Stąporków**
NIP: **658-00-01-142**
REGON: **290552938**
KRS: **0000081300**

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Indications

- The financial statement has been prepared assuming that the Company will continue its business activities in the foreseeable future. There are no circumstances that would indicate that there are serious threats to the to the continuation of business activities by the entity.
- There are also no circumstances indicating the risks for business continuity.
- The entity does not include internal organizational units preparing independent financial statements.
- The Company is neither a parent nor a significant investor for other companies and does not prepare consolidated financial statements.
- In the reporting period, the Company did not merge with another company.
- In the financial statement there were no adjustments resulting from reservations in the opinion of entities authorized to audit financial statements. Reviews for these years were unqualified.

The applied accounting principles and methods

- **Going concern principle** – the financial statement has been prepared in accordance with the provisions of the Accounting Act of 29 September 1994 applicable to entities which continue their business activities
- **Accrual principle** – in line with the accrual principle, the entity has included in the accounting books all revenues and costs associated with these revenues – regardless of their repayment date.
- **Matching principle** – in accordance with the matching principle, the Company's financial result for a given financial year includes all achieved and due revenues as well as costs associated with these revenues.
- **Prudent valuation principle** - pursuant to this principle, the individual items of assets and liabilities are valued in accordance with the actual costs of their purchase or manufacture. The following matters have been recognized in the financial result:
 - 1) decreases of utility and commercial value of assets, including depreciation,
 - 2) only undoubted other operating revenues and costs and extraordinary profits/losses.

The Company prepares profit and loss account in a comparative form, and the cash flow statement using the indirect method.

Assets and liabilities valuation

Assets and liabilities are valued in accordance with the rules determined in the Accounting Act, but the following shall be pointed out:

1) Fixed assets and intangible assets are valued according to purchase prices, manufacturing costs or reassessed value (after revaluation of fixed assets) decreased by amortization or depreciation write-offs as well as by impairment losses. Fixed assets with a value of less than PLN 3 500 are recognized in fixed assets, except that they are fully depreciated on a one-off basis in the month of putting them into use. Intangible assets (irrespective of their value) are amortized on a one-off basis and charged to the cost of the reporting period in which they are incurred, except for intangible assets related to R & D and an integrated computer program that are amortized over their period of economic life.

Fixed assets under construction are measured at the level of total costs directly related to their acquisition or production, less impairment losses. Depreciation charges on fixed assets and intangible assets being the acquired rights, are made on the basis of an amortization plan, including the rates and amounts of annual write-downs. Depreciation of fixed assets is made using the straight-line method. The Company applies the following annual depreciation rates for the core groups of fixed assets:

• buildings and structures	2,5% -4,0%
• technical devices and machines	4,0%-30,0%
• means of transport	12,5%-20,0%
• other fixed assets	17,0%-20,0%

2) Investments in real estate, classified as non-current assets, are valued at cost less impairment losses.

3) Inventories are valued at the purchase price less impairment loss.

Materials are valued at purchase prices (according to Art. 34.1 of the Accounting Act).

Work in progress and finished goods are measured at cost, which includes direct costs associated with production and a reasonable portion of indirect production costs attributable to manufacturing. General and administrative expenses and selling expenses are not included in the cost of production. The use of valuation methods discussed above does not exempt from the application of the net selling price, if it is lower. At the end of the financial year an inventory aging analysis is carried out. This analysis forms the basis for the creation of an impairment in accordance with the following principles:

- 30% for inventory stored over 5 years
- 10% for inventory stored from 4 to 5 years

Inventories allowances are charged to other operating expenses.

4) Short-term receivables and claims are recognized at net value (decreased by valuation allowances). In case the main due receivable is increased by penalty interests arising from the failure to meet the payment deadline, the amount of these interests shall be recognized in financial revenues. At the same time, this amount shall be subject to valuation allowance and shall be indicated in the financial costs. The receivables shall be subject to revaluation by decreasing them by the valuation allowance, down to the amount not covered with a guarantee or other security. The receivables expressed in foreign currencies are valued as at the balance sheet day according to the average exchange rate prevailing at that day and determined for a given currency by the National Bank of Poland. The exchange losses and gains (as regards the receivables expressed in foreign currencies) recognized as at the valuation day and as at the payment day shall be respectively classified as financial costs and financial revenues.

5) Short-term investments

Cash – according to the nominal value. The cash expressed in foreign currencies is valued as at the balance sheet day according to the average exchange rate prevailing at that day and determined for a given currency by the national Bank of Poland.

6) Own shares are valued at the purchase price.

7) The equity is measured at face value.

8) Liabilities are measured at the amount payable including the interests charged as at balance sheet day. These interests are recognized as financial costs. The liabilities expressed in foreign currencies are valued as at the balance sheet day according to the average exchange rate prevailing at that day and determined for a given currency by the National Bank of Poland. The exchange rate differences relating to liabilities denominated in foreign currencies arising on the valuation day and at the time of settlement are classified respectively: negative to financial costs and positive to financial income.

9) Cost of jubilee bonuses and retirement benefits.

The Company creates reserves for retirement and disability benefits according to actuarial valuation.

10) Deferred income tax assets

Deferred income tax assets are created in accordance with the National Accounting Standard No. 2.

11) As at balance sheet day the following are measured in foreign currencies:

- components of assets – according to the average exchange rate prevailing at that day and determined for a given currency by the National Bank of Poland,
- components of liabilities – according to the average exchange rate prevailing at that day and determined for a given currency by the National Bank of Poland.

Changes in accounting policy in the current year.

In 2016, there were no changes in the accounting policy that significantly affected the valuation of the assets and the measurement of the financial result. During the reporting year there were no other significant events related to previous years disclosed in the financial statements of the financial year. There were no material events after the balance sheet date that were not disclosed in the financial statements.

Average exchange rates of PLN against EURO in the reporting period

Reporting Period	Average exchange rate in the reporting period ⁽¹⁾	Minimum exchange rate in the reporting period ⁽²⁾	Maximum exchange rate in the reporting period ⁽³⁾	Exchange rate as at the last day of the reporting period
2016	4.3757	4.2355	4.5035	4.4240
2015	4.1848	3.9822	4.3580	4.2615

(1) average of exchange rates prevailing on the last day of each month in a given reporting period.

(2) The minimum exchange rate in the reporting period – exchange rates table No 064/A/NBP/2016, 076/A/NBP/2015

(3) The maximum exchange rate in the reporting period – exchange rates table No 235/A/NBP/2016, 234/A/NBP/2015.

Selected financial data converted into EUR

Basic balance sheet items converted into EUR

As at the last day of the balance sheet period

Item	31.12.2016		31.12.2015	
	PLN	EUR	PLN	EUR
Total assets	59 741 428,43	13 503 939,52	84 724 897,58	19 881 473,09
Fixed assets	35 351 638,02	7 990 876,59	34 907 622,76	8 191 393,35
Current assets	24 389 790,41	5513062,93	49 817 274,82	11 690 079,74
Total liabilities	59 741 428,43	13 503 939,52	84 724 897,58	19 881 473,10
Equity	16 230 523,89	3668744,1	32 007 113,99	7 510 762,41
Liabilities and provisions for liabilities	43 510 904,54	9835195,42	52 717 783,59	12 370 710,69

For the translation of the balance sheet data as at the last day of 2016 reporting period that is at 31 December 2016, the EUR exchange rate determined by the National Bank of Poland and prevailing on that day, has been applied – **4.4240 PLN/EUR**

For the translation of the balance sheet data as at the last day of 2015 reporting period that is at 31 December 2015, the EUR exchange rate determined by the National Bank of Poland and prevailing on that day, has been applied – **4.2615 PLN/EUR**

The basic items of the profit and loss account converted into EUR

As per the last day of reporting period

Item of profit and loss account	2016		2015	
	PLN	EUR	PLN	EUR
Net revenues from sales of products	41 016 812,30	9 373 771,58	76 916 313,17	18 379 925,72
Net revenues from sales goods and materials	857 257,47	195 913,22	1 052 239,41	251 443,18
Manufacturing cost of products sold	37 839 151,43	8 647 565,29	66 763 978,87	15 953 923,45
Value of goods and materials sold	788 451,39	180 188,63	899 236,25	214 881,54
Gross profit on sales	3 246 466,95	741 930,88	10 305 337,46	2 462 563,91
Profit on sales	-6 082 198,69	-1 389 994,44	-569 989,65	-136 204,75
Profit on operating activities	-15 527 517,06	-3 548 578,98	507 628,21	121 302,86
Profit (loss) on business activities	-16 511 168,10	-3 773 377,54	-74 540,65	-17 812,24
Gross (loss) profit	-16 511 168,10	-3 773 377,54	-74 540,65	-17 812,24
Net (loss) profit	-15 776 590,10	-3 605 500,86	-1 530 027,65	-365 615,48

For the translation of the profit and loss account data for the period of 1 January 2016 – 31 December 2016, the EUR exchange rate calculated as an arithmetic mean of exchange rates prevailing on the last day of each month in a given period determined by the National Bank of Poland for that day, has been applied – **4.3757 PLN/EUR**
For the translation of the profit and loss account data for the period of 1 January 2015 – 31 December 2015, the EUR exchange rate calculated as an arithmetic mean of exchange rates prevailing on the last day of each month in a given period determined by the National Bank of Poland for that day, has been applied – **4.1838 PLN/EUR**

The basic items of the cash flow statement converted into EUR

As per the last day of reporting period

Item	2016		2015	
	PLN	EUR	PLN	EUR
A. Cash flows from operating activities	2 407 595,30	550 219,46	-6 439 805,87	-1 538 856,31
B. Cash flows from investment activities	-7 858,54	-1 795,95	-1 465 969,11	-350 308,05
C. Cash flows from financial activities	-592 745,60	-135 463,03	8 650 390,58	2 067 097,73
D. Total net cash flows (A. +/- B. +/- C.)	1 806 991,16	412 960,48	744 615,60	177 933,38
F. Cash opening balance	1 261 780,64	296 088,38	525 086,74	123 193,29
G. Cash closing balance	3 054 628,34	690 467,53	1 261 780,64	296 088,38

For the translation of the cash flow statement data for the period of 1 January 2016 – 31 December 2016, the following EUR exchange rates have been applied:

- for the translation of data included in A, B, C, and D items – average exchange rate calculated as an arithmetic mean of exchange rates prevailing on the last day of each month in a given period determined by the National Bank of Poland for that day - **4.3757 PLN/EUR**

- for the translation of data included in F item – an exchange rate determined by the National Bank of Poland for 31 December 2015 - **4.2615 PLN/EUR**

- for the translation of data included in G item – an exchange rate determined by the National Bank of Poland for 31 December 2016 - **4.4240 PLN/EUR**

For the translation of the cash flow statement data for the period of 1 January 2015 – 31 December 2015, the following EUR exchange rates have been applied:

- for the translation of data included in A, B, C, and D items – average exchange rate calculated as an arithmetic mean of exchange rates prevailing on the last day of each month in a given period determined by the National Bank of Poland for that day - **4.1848 PLN/EUR**

- for the translation of data included in F item – an exchange rate determined by the National Bank of Poland for 31 December 2014 - **4.2623 PLN/EUR**

- for the translation of data included in G item – an exchange rate determined by the National Bank of Poland for 31 December 2015 - **4.26153 PLN/EUR**

Differences between the Polish and the International Accounting Standards

Zakłady Urządzeń Kotłowych ‘Staporków’ S.A. Company applies the accounting methods and principles in accordance with the provisions of the Accounting Act of 29 September 1994 (Journal of Laws 02.76.694 as amended). The Company has made a preliminary identification of differences in data disclosed as regards the equity (net assets) and financial result as well as significant differences regarding the applied accounting principles (policies) between the financial statement hereof and comparable data prepared in line with the Polish accounting principles and financial statement which would have been prepared in accordance with the International Accounting Standards. Although the Company exercises due diligence, it is not possible to disclose the reconciliation of differences in terms of value as regards the net result and equity between the financial statement and data which would have arisen from the financial statement prepared in accordance with the International Financial Reporting Standards – with regard to IAS 16 (PROPERTY, PLANT AND EQUIPMENT), IAS 21 (THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES) and IFRS 1 (FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS), because it is not possible to indicate this data reliably, despite due diligence. The Management Board of the Company has no clear data concerning the residual value of particular controlled fixed assets with regard to IAS 16. Lack of such data makes it impossible to evaluate the relevant depreciation/amortization write-off on the basis of economic useful life rates in given financial years. Mentioned evaluation shall directly influence both the Company’s net result and equity. As regards other International Accounting Standards, the non-compliance arises from the fact that these standards have negligible impact on Company’s net results in given reporting periods. In the opinion of the Management Board, the analysis of differences’ areas and their valuation without the preparation of the complete financial statement in accordance with IFRS shall be fraught with uncertainty. The areas of main differences between the financial statement hereof prepared in line with the Polish accounting standards and the financial statement which would have been prepared in accordance with IFRS:

- IAS 8 - ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The changes of accounting policy in terms of disclosing the results in accordance with IFRS shall be included in the scope of IFRS 1. The Company has not yet changed the accounting policies and estimates as regards the results disclosure in line with IFRS.

- IAS 16 - PROPERTY, PLANT AND EQUIPMENT

The tangible property has been included in the balance sheet according to purchase prices or manufacturing costs. Mentioned item constitutes the significant part of the Company’s balance sheet. IAS 16 requires the separate amortization of fixed asset’s components. The Company has not recognized all components of particular fixed assets. In accordance with the Accounting Act, the Company has applied one depreciation/amortization rate for each fixed asset as a whole. The International Financial Reporting Standards require the cost of purchase of a fixed asset to be amortized to the residual value during the period such fixed asset is being used in an entity. The Company has not recognized the residual value of particular fixed assets.

- IAS 21 - THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

The differences arising from the valuation of currency items on the basis of an average exchange rate determined by the National Bank of Poland – in the financial statement and in the comparable data, the items of assets and liabilities expressed in foreign currencies have been measured according to the National Bank of Poland exchange rate prevailing on the balance sheet day. In accordance with point 23 of IAS 21 (THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES), mentioned items shall be translated on the basis of the closing rate constituting the spot exchange rate as at the balance sheet day. The rate, according to which the exchange is possible, is the Company’s leading Bank’s purchase rate (in case of assets) or selling rate (in case of liabilities). In case of a financial statement being prepared in accordance with IAS, the differences between the spot exchange rate and the National Bank of Poland average rate shall burden the results of the period during which the translation has been made.

- IFRS 1 - FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In accordance with the Accounting Act, the trade and other receivables have been measured in the financial statement at the amount remaining to repay (in line with the prudence principle) decreased by valuation allowances. IFRS 1 requires the trade and other receivables (with long maturity – over 3 months) – to be valued at adjusted purchase price IAS 39 (the initial value not at nominal amount but in accordance with IAS 18).

- IAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

The components of particular items of the financial statement prepared in line with the Polish accounting standards and the financial statement prepared in accordance with the International Financial Reporting Standards may significantly differ. Also, the scope of additional information required by the provisions of the Accounting Act, is narrower than provided for in IFRS.

Staporków, 26 April 2017

II. Balance sheet

BALANCE SHEET	Note	31 December 2016	31 December 2015
		PLN	PLN
Assets			
A. Fixed assets		35 351 638,02	34 907 622,76
I. Intangible assets, including:	1	733 622,39	1 057 814,24
1. costs of completed development work		0,00	165 607,65
2. goodwill		0,00	0,00
3. other intangible assets		733 622,39	892 206,59
4. advances for intangible assets		0,00	0,00
II. Fixed tangible assets	2	31 412 097,77	31 102 587,66
1.Fixed assets		31 359 755,18	30 998 674,06
a) Land (including perpetual usufruct of land)		515 802,00	515 802,00
b) buildings, premises and civil engineering facilities		19 541 201,06	19 741 816,91
c) technical devices and machines		9 177 463,70	9 800 675,75
d) means of transport		606 259,69	841 785,25
e) other fixed assets		1 519 028,73	98 594,15
2.Fixed assets under construction		52 342,59	103 913,60
3.Advances for fixed assets under construction		0,00	0,00
III. Long-term receivables		0,00	0,00
1. from related parties		0,00	0,00
2. from other related parties		0,00	0,00
IV. Long-term investments	3	1 711 142,86	1 711 142,86
1. Real estate		1 711 142,86	1 711 142,86
2. Intangible assets		0,00	0,00
3. Long-term financial assets		0,00	0,00
a) in related parties, including:		0,00	0,00
- stakes or shares		0,00	0,00
-other securities		0,00	0,00
-loans granted		0,00	0,00
- other long-term financial assets		0,00	0,00
b) in other related parties, including		0,00	0,00
- stakes or shares		0,00	0,00
-other securities		0,00	0,00
-loans granted		0,00	0,00
- other long-term financial assets		0,00	0,00
4. Other long-term investments		0,00	0,00
V. Long-term prepayments	4	1 494 775,00	1 036 078,00
1. Deferred income tax assets		1 494 775,00	1 036 078,00
2. Other prepayments		0,00	0,00
B. Current assets		24 389 790,41	49 817 274,82
I. Inventory	5	11 376 974,86	22 581 627,94
1. Materials		5 299 725,90	6 321 948,78
2. Semi-finished products and work in progress		4 035 621,59	14 749 191,19
3. Finished products		2 041 627,37	1 510 487,97
4. Goods		0,00	0,00
5. Advances for deliveries		0,00	0,00
II. Short-term receivables	6	4 752 817,35	18 281 045,86
1. Receivables from related parties		0,00	0,00
a) trade receivables, with repayment period:		0,00	0,00
-up to 12 months		0,00	0,00
-over 12 months		0,00	0,00
b) other		0,00	0,00
2. Receivables from other parties in which the Company holds equity interests		0,00	0,00
3. Receivables from other related parties		4 752 817,35	18 281 045,86
a) trade receivables, with repayment period:		4 175 335,96	18 027 965,99
-up to 12 months		3 932 223,04	18 027 965,99
-over 12 months		243 112,92	0,00
b) taxes, grants, customs, social and health insurance and other benefits		262 796,00	0,00
c) other		314 685,39	253 079,87
d) claimed at court		0,00	0,00
III. Short-term investments	7	3 054 628,34	1 261 780,64
1. Short-term financial assets		3 054 628,34	1 261 780,64
a) in related parties, including:		0,00	0,00
- stakes or shares		0,00	0,00
-other securities		0,00	0,00
-loans granted		0,00	0,00
- other short-term financial assets		0,00	0,00
b) in other related parties, including:		0,00	0,00
- stakes or shares		0,00	0,00
-other securities		0,00	0,00
-loans granted		0,00	0,00
- other short-term financial assets		0,00	0,00
c) cash and cash equivalents		3 054 628,34	1 261 780,64
- cash on hand and in a bank account		3 054 628,34	1 261 780,64
-other cash		0,00	0,00
-other cash equivalents		0,00	0,00
2. Other short-term investments		0,00	0,00
IV. Short-term prepayments	8	5 205 369,86	7 692 820,38
C. Unpaid share capital		0,00	0,00
D. Own shares		0,00	0,00
TOTAL ASSETS		59 741 428,43	84 724 897,58

BALANCE SHEET	Note	31 December 2016	31 December 2015
Liabilities		PLN	PLN
A. Equity		16 230 523,89	32 007 113,99
I. Share capital	9	1 531 288,60	1 531 288,60
II. Reserve capital	11	36 714 436,39	38 244 464,04
- share premium		0,00	0,00
III. Revaluation capital		0,00	0,00
- fair value revaluation		0,00	0,00
IV. Other reserve capitals		0,00	0,00
- created in accordance with the company's articles of association		0,00	0,00
- własne for own shares		0,00	0,00
V Profit (loss) for previous years	12	-6 238 611,00	-6 238 611,00
VI. Net profit (loss)	13	-15 776 590,10	-1 530 027,65
VII. Net write-offs during the financial year (negative value)		0,00	0,00
B. Liabilities and provisions for liabilities		43 510 904,54	52 717 783,59
I. Provisions for liabilities	14	1 539 287,06	1 777 765,19
1. Provision for deferred income tax		1 389 068,00	1 664 949,00
2. Provision for retirement and similar benefits		150 219,06	112 816,19
- long-term		133 404,74	108 333,09
- short-term		16 814,32	4 483,10
3. Other provisions		0,00	0,00
- long-term		0,00	0,00
- short-term		0,00	0,00
II. Long-term liabilities	15	12 733 959,88	6 630 734,12
.1. to related parties		0,00	0,00
2. to other parties		12 733 959,88	6 630 734,12
a) credits and loans		11 861 868,15	6 228 550,95
b) issue of securities		0,00	0,00
c) other financial liabilities		872 091,73	402 183,17
d) bill of exchange liabilities		0,00	0,00
e) other		0,00	0,00
III. Short-term liabilities	16	20 166 633,53	37 451 651,63
1. Liabilities to parties in which the Company holds equity interests		0,00	0,00
a) trade liabilities, with repayment period:		0,00	0,00
- up to 12 months		0,00	0,00
- over 12 months		0,00	0,00
b) other		0,00	0,00
2. Liabilities to related parties		0,00	0,00
a) trade liabilities, with repayment period:		0,00	0,00
- up to 12 months		0,00	0,00
- over 12 months		0,00	0,00
b) other		0,00	0,00
3. Liabilities to other parties		19 994 529,37	37 207 545,12
a) credits and loans		7 941 366,80	19 029 176,40
b) issue of securities		0,00	0,00
c) other financial liabilities		2 974 811,63	410 046,05
d) trade liabilities, with repayment period:		7 247 062,28	14 721 118,70
- up to 12 months		7 247 062,28	14 721 118,70
- over 12 months		0,00	0,00
e) advances for deliveries		304 494,91	263 116,26
f) bill of exchange liabilities		0,00	0,00
g) taxes, grants, customs, social and health insurance and other benefits		652 299,08	1 784 950,49
h) remunerations		353 042,40	394 353,24
i) other		521 452,27	604 783,98
4. Special purpose funds		172 104,16	244 106,51
IV. Accruals	17	9 071 024,07	6 857 632,65
.1. Negative goodwill		0,00	0,00
2. Other accruals		9 071 024,07	6 857 632,65
a) long-term		8 050 373,07	5 836 981,65
b) short-term		1 020 651,00	1 020 651,00
Total liabilities		59 741 428,43	84 724 897,58
Book value		16 230 523,89	32 007 113,99
Number of shares		4 503 790	4 503 790
Book value per share (PLN)	18	3,60	7,11
Diluted number of shares			
Diluted book value per share (PLN)			

OFF-BALANCE SHEET ITEMS	Note	31 December 2016	31 December 2015
		PLN	PLN
1. Contingent receivables	19	0,00	0,00
1.1. From related parties			
- guarantees and sureties			
1.2. From other parties			
- guarantees and sureties			
2. Contingent liabilities	19	1 810 770,58	1 665 900,32
1.1. To related parties			
- guarantees and sureties			
1.2. To other parties		1 810 770,58	1 665 900,32
- guarantees and sureties		1 810 770,58	1 665 900,32
3. Other	19	41 915 034,09	33 865 231,03
- a blank promissory note being a security for payment of supplies		40 000,00	40 000,00
- a blank promissory note being a security for payment of leasing contracts		2 838 247,09	1 925 231,03
- pledge on fixed assets (mortgage)		31 900 000,00	31 900 000,00
- Assignment on inventory		7 136 787,00	0,00
Off-balance items, total	19	43 725 804,67	35 531 131,35

III. Profit and loss account

by function of expense

PROFIT AND LOSS ACCOUNT	Note	31 December 2016	31 December 2015
		PLN	PLN
A. Net revenue from the sale of products, goods and materials, including:		41 874 069,77	77 968 552,58
- from related parties			
I. Net revenue from sales of products	20	41 016 812,30	76 916 313,17
II. Net revenue from sales of goods and materials	21	857 257,47	1 052 239,41
B. Costs of products, goods and materials sold, including:	22	38 627 602,82	67 663 215,12
- from related parties			
I. Cost of manufactured products sold		37 839 151,43	66 763 978,87
II. Value of goods and materials sold		788 451,39	899 236,25
C. Gross profit (loss) on sales (A-B)		3 246 466,95	10 305 337,46
D. Sales costs	22	1 000 274,48	132 283,52
E. General and administrative expenses	22	8 328 391,16	10 743 043,59
F. Profit (loss) on sales (C-D-E)		-6 082 198,69	-569 989,65
G. Other operating income	23	2 069 073,49	3 583 066,37
I. Profit from outwards of non-financial fixed assets		122 200,00	33 308,94
II. Donations		871 756,40	716 857,92
III. Revaluation of non-financial assets		62 362,67	18 808,16
IV . Other operating income		1 012 754,42	2 814 091,35
H. Other operating costs	24	11 514 391,86	2 505 448,51
I. Loss from outwards of non-financial fixed assets		0,00	0,00
II. Revaluation of non-financial assets		9 166 781,36	665 952,71
III. Other operating costs		2 347 610,50	1 839 495,80
I. Operating profit (loss) (F + G-H)		-15 527 517,06	507 628,21
J. Financial revenues	25	269 412,77	314 921,45
I. Dividends and profit sharing, including:		0,00	0,00
a) from related parties, including:		0,00	0,00
- in which the Company holds equity interests		0,00	0,00
b) from other parties, including:		0,00	0,00
- in which the Company holds equity interests		0,00	0,00
II. Interests, including:		39 300,90	226,41
- from related parties		0,00	0,00
III. Profit from outwards of financial assets, including:		0,00	0,00
- in related parties		0,00	0,00
IV. Revaluation of investments		0,00	0,00
V. Other		230 111,87	314 695,04
K. Financial costs	26	1 253 063,81	897 090,31
I. Interests, including:		803 351,12	718 656,49
- to related parties		0,00	0,00
II. Loss from outwards of financial assets, including:		0,00	0,00
- in related parties		0,00	0,00
III. Revaluation of investments		0,00	0,00
IV . Other		449 712,69	178 433,82
L. Gross profit (loss) (I + J-K)		-16 511 168,10	-74 540,65
M. Income tax	27	-734 578,00	1 455 487,00
N. Other obligatory reductions in profit (increase in loss)	28	0,00	0,00
O. Net profit (loss) (L-M-N)		-15 776 590,10	-1 530 027,65
Net profit (loss)		-15 776 590,10	-1 530 027,65
Weighted average number of ordinary shares		4 503 790,00	4 503 790,00
Profit (loss) per ordinary share (in PLN)	30	-3,50	-0,34
Weighted average diluted number of ordinary shares			
Diluted profit (loss) per ordinary share (in PLN)			

by function of expense

PROFIT AND LOSS ACCOUNT	Note	31 December 2016	31 December 2015
		PLN	PLN
A. Net revenues from sales and equivalent revenues		41 360 387,13	62 837 465,98
- from related parties			
I. Net revenues from sales of products	20	41 016 812,30	76 916 313,17
II. Change in products (increase + decrease -)		- 2 277 560,56	-15 131 086,60
III. Costs of products manufacturing for entity's own needs		1 763 877,82	0,00
IV. Net revenues from sales of goods and materials	21	857 257,47	1 052 239,41
B. Operating costs	22	47 442 585,82	63 407 455,63
I. Depreciation		3 349 356,39	3 238 787,21
II. Consumption of materials and energy		19 077 519,84	27 989 547,99
III. External services		9 830 990,91	14 079 786,43
IV. Taxes and fees including:		834 232,79	858 231,02
- Excise tax		0,00	0,00
V. Remunerations		10 849 040,85	12 765 292,56
VI. Social security and other benefits		2 329 725,62	2 713 283,54
- retirement benefits		947 377,73	1 132 513,35
VII. Other costs by nature		383 268,03	863 290,63
VIII. Value of sold goods and materials		788 451,39	899 236,25
C. Profit (loss) on sales (A-B)		-6 082 198,69	-569 989,65
D. Other operating income	23	2 069 073,49	3 583 066,37
I. Profit from outwards of non-financial fixed assets		122 200,00	33 308,94
II. Donations		871 756,40	716 857,92
III. Revaluation of non-financial assets		62 362,67	18 808,16
IV. Other operating income		1 012 754,42	2 814 091,35
E. Other operating costs	24	11 514 391,86	2 505 448,51
I. Loss from outwards of non-financial fixed assets		0,00	0,00
II. Revaluation of non-financial assets		9 166 781,36	665 952,71
III. Other operating costs		2 347 610,50	1 839 495,80
F. Operating profit (loss) (C + D-E)		-15 527 517,06	507 628,21
G. Financial income	25	269 412,77	314 921,45
I. Dividends and profit sharing, including:		0,00	0,00
a) from related parties, including:		0,00	0,00
- in which the Company holds equity interests		0,00	0,00
b) from other parties, including:		0,00	0,00
- in which the Company holds equity interests		0,00	0,00
II. Interests, including:		39 300,90	226,41
- from related parties		0,00	0,00
III. Profit from outwards of financial assets, including:		0,00	0,00
IV. Revaluation of investments		0,00	0,00
V. Other		230 111,87	314 695,04
H. Financial costs	26	1 253 063,81	897 090,31
I. Interests, including:		803 351,12	718 656,49
- to related parties		0,00	0,00
II. Loss from outwards of financial assets, including:		0,00	0,00
- in related parties		0,00	0,00
III. Revaluation of investments		0,00	0,00
IV. Other		449 712,69	178 433,82
I. Gross profit (loss) (F + G-H)		-16 511 168,10	-74 540,65
J. Income tax	27	-734 578,00	1 455 487,00
K. Other obligatory reductions in profit (increase in loss)	28	0,00	0,00
L. Net profit (loss) (I-J-K)		-15 776 590,10	-1 530 027,65

IV. Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	31 December 2016	31 December 2015
	PLN	PLN
I. Equity at the beginning of the period (opening balance)	32 007 113,99	39 775 752,64
- changes in accounting principles (policy)	0,00	-6 238 611,00
- correction of errors	0,00	0,00
I.a. Equity at beginning of period (opening balance), after reconciliation to comparable data	32 007 113,99	33 537 141,64
1. Share capital at the beginning of the period	1 531 288,60	1 531 288,60
1.1. Changes in the share capital	0,00	0,00
a) increase (due to)	0,00	0,00
- issue of shares	0,00	0,00
b) decrease (due to)	0,00	0,00
-redemption of shares	0,00	0,00
1.2. Share capital at the end of the period	1 531 288,60	1 531 288,60
2. Reserve capital at the beginning of the period	38 244 464,04	37 268 224,79
2.1. Changes in reserve capital	-1 530 027,65	976 239,25
a) increase (due to)	-1 530 027,65	976 239,25
- share premium	0,00	0,00
- profit distribution (statutory)	-1 530 027,65	976 239,25
- profit distribution (above the statutory minimum value)	0,00	0,00
b) decrease (due to)	0,00	0,00
- previous year's loss coverage	0,00	0,00
2.2. Reserve capital at the end of the period	36 714 436,39	38 244 464,04
3. Revaluation reserve at beginning of period - changes in the accounting principles (policy)	0,00	0,00
3.1. Changes in revaluation reserve	0,00	0,00
a) increase (due to)	0,00	0,00
b) decrease (due to)	0,00	0,00
-	0,00	0,00
3.2. Revaluation reserve at the end of the period	0,00	0,00
4. Other reserve capital at the beginning of the period	0,00	0,00
4.1. Changes in other reserve capitals	0,00	0,00
a) increase (due to)	0,00	0,00
b) decrease (due to)	0,00	0,00
4.2. Other reserve capital at the end of the period	0,00	0,00
5. Profit (loss) from previous years at the beginning of the period	-7 768 638,65	976 239,25
5.1. Profit from previous years at the beginning of the period	0,00	0,00
a) changes in accounting principles (policy)	0,00	0,00
b) correction of errors	0,00	0,00
5.2. Profit from previous years, at the beginning of the period, after adjustments	0,00	976 239,25
a) increase (due to)	0,00	0,00
- distribution of previous years' profit	0,00	0,00
b) decrease (due to)	0,00	976 239,25
- supplementary capital	0,00	976 239,25
5.3. Profit from previous years at the end of the period	0,00	0,00
5.4. Loss from previous years at the beginning of the period	-7 768 638,65	-6 238 611,00
a) changes in accounting principles (policy)	0,00	-6 238 611,00
b) correction of errors	0,00	0,00
5.5. Loss from previous years, at the beginning of the period, after	-7 768 638,65	0,00
a) increase (due to)	0,00	0,00
- transfer of previous years' loss to be covered	0,00	0,00
b) decrease (due to)	-1 530 027,65	0,00
5.6. Loss from previous years at the end of the period	-6 238 611,00	-6 238 611,00
5.7. Profit (loss) from previous years at the end of the period	0,00	0,00
6. Net result	-15 776 590,10	-1 530 027,65
a) net profit	0,00	0,00
b) net loss	-15 776 590,10	-1 530 027,65
c) profit deductions	0,00	0,00
II. Equity at the end of the period (closing balance)	16 230 523,89	32 007 113,99
III. Equity with consideration of proposed profit distribution (loss coverage)	16 230 523,89	32 007 113,99

V. Cash flow statement

CASH FLOW STATEMENT	31 December 2015	31 December 2015
	PLN	PLN
A. Cash flow from operating activities - indirect method		
I. Net profit (loss)	-15 776 590,10	-1 530 027,65
II. Total corrections	18 184 185,40	-4 909 778,22
1. Depreciation	3 349 356,39	3 238 787,21
2. (Profit) loss on foreign exchange differences	14 143,46	7 921,70
3. Interests and profit sharing (dividends)	0,00	0
4. (Profit) loss on investing activities	-122 200,00	-1 473 832,49
5. Change in reserves	-238 479,13	1 300 488,42
6. Change in inventory	11 204 653,08	19 390 477,75
7. Change in receivables	13 528 228,51	-9 685 103,62
8. Change in short-term liabilities, except for loans and credits	-8 736 370,43	-4 630 777,87
9. Change in accruals and prepayments	-815 146,48	-6 819 128,32
10. Other corrections	0,00	-6 238 611,00
III. Net cash flow from operating activities (I +/- II)	2 407 595,30	-6 439 805,87
B. Cash flow from investing activities		
I. Inflows	122 200,00	246 079,18
1. Disposal of intangible and tangible fixed assets	122 200,00	246 079,18
2. Disposal of investment property and intangible assets	0,00	0,00
3. From financial assets, including:	0,00	0,00
a) in related parties	0,00	0,00
- disposal of financial assets	0,00	0,00
- dividends and profit sharing	0,00	0,00
- repayment of long-term loans granted	0,00	0,00
- interests	0,00	0,00
- other inflows from financial assets	0,00	0,00
b) in other parties	0,00	0,00
- disposal of financial assets	0,00	0,00
- dividends and profit sharing	0,00	0,00
- repayment of long-term loans granted	0,00	0,00
- interests	0,00	0,00
- other inflows from financial assets	0,00	0,00
4. Other investment inflows	0,00	0,00
II. Outflows	130 058,54	1 712 048,29
1. Purchase of intangible and tangible fixed assets	130 058,54	1 712 048,29
2. Purchase of investment property and intangible assets	0,00	0,00
3. For financial assets, including:	0,00	0,00
a) in related parties	0,00	0,00
- purchase of financial assets	0,00	0,00
- long-term loans granted	0,00	0,00
b) in other parties	0,00	0,00
- purchase of financial assets	0,00	0,00
- long-term loans granted	0,00	0,00
4. Other investment outflows	0,00	0,00
III. Net cash flow from investing activities (I-II)	-7 858,54	-1 465 969,11
C. Cash flow from financial activities		
I. Inflows	3 103 304,96	8 847 887,10
1. Net inflows from issue of shares and other equity instruments and capital contributions	0,00	0,00
2. Credits and loans	0,00	8 847 887,10
3. Issue of debt securities	0,00	0,00
4. Other financial inflows	3 103 304,96	0,00
II. Outflows	3 696 050,56	197 496,52
1. Purchase of own shares	0,00	0,00
2. Dividends and other payments to the owners	0,00	0,00
3. Other than payments to the owners, expenditures arising from distribution of profit	0,00	0,00

4. Repayment of credits and loans	2 060 438,26	0,00
5. Redemption of debt securities	0,00	0,00
6. Due to other financial liabilities	946 841,17	0,00
7. Payment of liabilities under financial lease agreements	688 771,13	197 496,52
8. Interests	0,00	0,00
9. Other financial outflows	0,00	0,00
III. Net cash flow from financial activities (I-II)	-592 745,60	8 650 390,58
D. Total net cash flow (A.III+/-B.III+/-C.III)	1 806 991,16	744 615,60
E. Balance sheet change in cash, including:	1 792 847,70	736 693,90
- change in cash due to foreign exchange differences	-14 143,46	-7 921,70
F. Cash at the beginning of the period	1 261 780,64	525 086,74
G. Cash and cash equivalents at end of period (F +/- D), including:	3 054 628,34	1 261 780,64
- of limited transferability	2 670 510,23	105 693,75

VI. Additional information and explanations

PART 1. – Explanatory notes to the balance sheet

Note 1.1 (item. I.1 of Assets)

INTANGIBLE ASSETS	31 December 2016	31 December 2015
a) costs of completed development works	0,00	165 607,65
b) goodwill	0,00	0,00
c) acquired concessions, patents, licenses and similar, including:	733 622,39	892 206,59
- computer software	733 622,39	892 206,59
d) other intangible assets	0,00	0,00
e) advances for intangible assets	0,00	0,00
INTANGIBLE ASSETS - TOTAL	733 622,39	1 057 814,24

Note 1.2 (item I.1 of Assets)

CHANGES IN INTANGIBLE ASSETS (BY TYPE)

CHANGES IN INTANGIBLE ASSETS (BY TYPE)							
2016	a	b	c		d	e	INTANGIBLE ASSETS - TOTAL
description	costs of completed development works	goodwill	acquired concessions, patents, licenses and similar, including:	computer software	other intangible assets	advances for intangible assets	
a) Gross value of intangible assets at the beginning of the period	1 104 050,49	0,00	1 616 599,01	1 616 599,01	0,00	0,00	2 720 649,50
b) increase (due to)	0,00	0,00	13 169,00	13 169,00	0,00		13 169,00
- purchase			13 169,00	13 169,00			13 169,00
c) decrease (due to)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- liquidation							0,00
- sale			0,00				0,00
d) Gross value of intangible assets at the end of the period	1 104 050,49	0,00	1 629 768,01	1 629 768,01	0,00	0,00	2 733 818,50
e) Cumulative depreciation (amortization) at the beginning of the period	938 442,84	0,00	724 392,42	724 392,42	0,00	0,00	1 662 835,26

f) depreciation for the period (due to)	165 607,65	0,00	171 753,20	171 753,20	0,00		337 360,85
- increase	165 607,65		171 753,20	171 753,20			337 360,85
- decrease							0,00
g) Cumulative depreciation (amortization) at the end of the period	1 104 050,49	0,00	896 145,62	896 145,62	0,00	0,00	2 000 196,11
h) Impairment losses at the beginning of the period			0,00				0,00
- increase							0,00
- decrease			0,00				0,00
i) Impairment losses at the end of the period			0,00				0,00
j) Net value of intangible assets at the end of the period	0,00	0,00	733 622,39	733 622,39	0,00	0,00	733 622,39

2015	a	b	c		d	e	INTANGIBLE ASSETS - TOTAL
description	costs of completed development works	goodwill	acquired concessions, patents, licenses and similar, including:	computer software	other intangible assets	advances for intangible assets	
a) Gross value of intangible assets at the beginning of the period	1 104 050,49	0,00	1 497 055,57	1 497 055,57	0,00	0,00	2 601 106,06
b) increase (due to)	0,00	0,00	119 543,44	119 543,44	0,00		119 543,44
- purchase			119 543,44	119 543,44			119 543,44
c) decrease (due to)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- liquidation							0,00
- sale			0,00				0,00
d) Gross value of intangible assets at the end of the period	1 104 050,49	0,00	1 616 599,01	1 616 599,01	0,00	0,00	2 720 649,50
e) Cumulative depreciation (amortization) at the beginning of the period	717 632,76	0,00	597 055,57	597 055,57	0,00	0,00	1 314 688,33
f) depreciation for the period (due to)	220 810,08	0,00	127 336,85	127 336,85	0,00		348 146,93
-increase	220 810,08		127 336,85	127 336,85			348 146,93

- decrease							0,00
g) Cumulative depreciation (amortization) at the end of the period	938 442,84	0,00	724 392,42	724 392,42	0,00	0,00	1 662 835,26
h) Impairment losses at the beginning of the period			0,00				0,00
- increase							0,00
- decrease			0,00				0,00
i) Impairment losses at the end of the period			0,00				0,00
j) Net value of intangible assets at the end of the period	165 607,65		892 206,59	892 206,59	0,00	0,00	1 057 814,24

Note 1.3 (item. I.1 of Assets)

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	31 December 2016	31 December 2015
a) own	733 622,39	1 057 814,24
b) used under lease, tenancy or similar contract, including:	0,00	0,00
INTANGIBLE ASSETS - TOTAL	733 622,39	1 057 814,24

Note 2.1 (item I.2 of Assets)

FIXED TANGIBLE ASSETS	31 December 2016	31 December 2015
a) fixed assets, including:	31 359 755,18	30 998 674,06
- lands (including perpetual usufruct)	515 802,00	515 802,00
- buildings, premises and civil engineering facilities	19 541 201,06	19 741 816,91
- technical devices and machines	9 177 463,70	9 800 675,75
- means of transport	606 259,69	841 785,25
- other fixed assets	1 519 028,73	98 594,15
b) fixed assets under construction	52 342,59	103 913,60
c) advances for fixed assets under construction	0,00	0,00
FIXED TANGIBLE ASSETS - TOTAL	31 412 097,77	31 102 587,66

Note 2.2 (item I.2 of Assets)

Land under perpetual usufruct	31 December 2016	31 December 2015
Area (m2)	0,00	0,00
Value (w PLN thousand)	0,00	0,00

In 2015, the lands under perpetual usufruct were acquired with the ownership right.

Note 2.3 (item I.2 of Assets)

BALANCE SHEET ASSETS (OWNERSHIP STRUCTURE)	31 December 2016	31 December 2015
a) own	29 007 013,33	29 362 883,15
b) used under lease, tenancy or similar contract, including:	2 405 084,44	1 635 790,91
- machines and devices	2 105 838,39	1 139 004,46
- vehicles	299 246,05	496 786,45
BALANCE SHEET ASSETS - TOTAL	31 412 097,77	30 998 674,06

Note 2.4 (item I.2 of Assets)

OFF-BALANCE SHEET FIXED ASSETS	31 December 2016	31 December 2015
- used under lease, tenancy or similar contract, including:	0,00	0,00
- value of lands under perpetual usufruct		
OFF-BALANCE SHEET FIXED ASSETS - TOTAL	0,00	0,00

Note 2.2 (item I.2 of Assets)

CHANGES IN FIXED TANGIBLE ASSETS (BY TYPE)								
2016	- lands (including perpetual usufruct)	- buildings, premises and civil engineering facilities	- technical devices and machines	- means of transport	- other fixed asstes	- fixed assets under construction	- advances for fixed assets under construction	FIXED ASSETS - TOTAL
a) Gross value of fixed assets at the beginning of the period	515 802,00	26 170 327,74	28 573 394,42	1 891 715,68	380 202,38	103 913,60	0,00	57 635 355,82
b) increase (due to)	0,00	422 179,75	1 485 901,90	0,00	1 464 995,01	1 983 723,41	0,00	5 356 800,07
- Acquisition of a subsidiary								0,00
- purchase			148 119,66		1 464 995,01	1 983 723,41		3 596 838,08
- other		422 179,75	1 337 782,24					1 759 961,99
c) decrease (due to)	0,00	31 958,33	684 352,44	10 344,94	7 500,00	2 035 294,42	0,00	2 769 450,13
- sale			684 352,44					684 352,44
- liquidation		31 958,33		10 344,94	7 500,00			49 803,27
-other						2 035 294,42		2 035 294,42
d) Gross value of fixed assets at the end of the period	515 802,00	26 560 549,16	29 374 943,88	1 881 370,74	1 837 697,39	52 342,59	0,00	60 222 705,76
e) Cumulative depreciation (amortization) at the beginning of the period	0,00	6 428 510,83	18 772 718,67	1 049 930,43	281 608,23	0,00	0,00	26 532 768,16
f) depreciation for the period (due to)	0,00	590 837,27	1 424 761,51	225 180,62	37 060,43	0,00	0,00	2 277 839,83
- increase	0,00	622 795,60	2 109 113,95	362 549,25	44 560,43	0,00	0,00	3 139 019,23
- planned depreciation		622 795,60	2 109 113,95	362 549,25	44 560,43			3 139 019,23
- other								0,00
- decrease	0,00	31 958,33	684 352,44	137 368,63	7 500,00	0,00	0,00	861 179,40
- sale			684 352,44					684 352,44
- liquidation		31 958,33		10 344,94	7 500,00			49 803,27
-other				127 023,69				127 023,69
g) Cumulative depreciation (amortization) at the end of the period	0,00	7 019 348,10	20 197 480,18	1 275 111,05	318 668,66	0,00	0,00	28 810 607,99
h) Impairment losses at the beginning of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- increase	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- decrease	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
i) Impairment losses at the end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
j) Gross value of fixed assets at the end of the period	515 802,00	19 541 201,06	9 177 463,70	606 259,69	1 519 028,73	52 342,59	0,00	31 412 097,77

CHANGES IN FIXED TANGIBLE ASSETS (BY TYPE)								
2015	- lands (including perpetual usufruct)	- buildings, premises and civil engineering facilities	- technical devices and machines	- means of transport	- other fixed asstes	- fixed assets under construction	- advances for fixed assets under construction	FIXED ASSETS - TOTAL
a) Gross value of fixed assets at the beginning of the period	433 301,52	26 574 374,01	27 977 230,11	1 878 288,43	346 757,27	0,00	0,00	57 209 951,34
b) increase (due to)	82 500,48	0,00	637 390,07	305 683,07	33 445,11	774 748,78	0,00	1 833 767,51
- Acquisition of a subsidiary								0,00
- purchase			7 039,50	305 683,07	33 445,11	144 398,21		490 565,89
- other	82 500,48		630 350,57			630 350,57		1 343 201,62
c) decrease (due to)	0,00	404 046,27	41 225,76	292 255,82	0,00	670 835,18	0,00	1 408 363,03
- sale			12 375,10	292 255,82				304 630,92
- liquidation			28 850,66					28 850,66
-other		404 046,27				670 835,18		1 074 881,45
d) Gross value of fixed assets at the end of the period	515 802,00	26 170 327,74	28 573 394,42	1 891 715,68	380 202,38	103 913,60	0,00	57 635 355,82
e) Cumulative depreciation (amortization) at the beginning of the period	131 523,55	6 018 298,76	16 810 708,49	1 115 285,81	250 022,09	0,00	0,00	24 325 838,70
f) depreciation for the period (due to)	-131 523,55	410 212,07	1 962 010,18	-65 355,38	31 586,14	0,00	0,00	2 206 929,46
- increase	2 529,21	626 388,55	2 003 235,94	226 900,44	31 586,14	0,00	0,00	2 890 640,28
- planned depreciation	2 529,21	626 388,55	2 003 235,94	226 900,44	31 586,14			2 890 640,28
- other								0,00
- decrease	134 052,76	216 176,48	41 225,76	292 255,82	0,00	0,00	0,00	683 710,82
- sale			12 375,10	292 255,82				304 630,92
- liquidation			28 850,66					28 850,66
-other	134 052,76	216 176,48						350 229,24
g) Cumulative depreciation (amortization) at the end of the period	0,00	6 428 510,83	18 772 718,67	1 049 930,43	281 608,23	0,00	0,00	26 532 768,16
h) Impairment losses at the beginning of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- increase	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- decrease	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
i) Impairment losses at the end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
j) Gross value of fixed assets at the end of the period	515 802,00	19 741 816,91	9 800 675,75	841 785,25	98 594,15	103 913,60	0,00	31 102 587,66

Note 3 (item I.4. of Assets)

SECURITIES, SHARES AND OTHER LONG-TERM FINANCIAL ASSETS, TOTAL	31 December 2016	31 December 2015
A. With unlimited transferability, quoted on stock exchanges (carrying value)		
a) Shares (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
b) bonds (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
c) other – according to type (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
B. With unlimited marketability, listed on OTC markets (carrying value)		
a) Shares (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
b) bonds (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
c) other – according to type (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
C. With unlimited transferability, not listed on the regulated market (carrying value):		
a) Shares (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
b) bonds (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
c) other – according to type (carrying value):		
- revaluation adjustments (for the period)		
- value at the beginning of the period		
- value at purchase price		
D. With limited transferability (carrying value):	23 880,00	40 494,00
a) Shares (carrying value):	23 880,00	40 494,00
- revaluation adjustments (for the period)	0,00	0,00
- value at the beginning of the period	0,00	0,00
- value at purchase price	23 880,00	40 494,00
b) bonds (carrying value):	0,00	0,00
- revaluation adjustments (for the period)	0,00	0,00
- value at the beginning of the period	0,00	0,00
- value at purchase price	0,00	0,00
c) other – according to type (carrying value):	0,00	0,00
- revaluation adjustments (for the period)	0,00	0,00
- value at the beginning of the period	0,00	0,00
- value at purchase price	0,00	0,00
...	0,00	0,00
Value at purchase price, total	23 880,00	40 494,00
Value at the beginning of the period, total	0,00	0,00
revaluation adjustments (for the period), total	23 880,00	40 494,00
Carrying value, total	0,00	0,00

Note 4 (item I.5.1 of Assets)

CHANGE IN DEFERRED INCOME TAX ASSETS TAX	31 December 2016	31 December 2015
1. Balance of deferred income tax assets at the beginning of the period, including:	1 036 078,00	1 194 265,00
a) charged to financial result	1 036 078,00	1 194 265,00
b) charged to equity		
c) charged to goodwill or negative goodwill		
2. Increases *	458 697,32	-158 186,55
a) Charged to the financial result of the period in connection with negative temporary differences (due to):	458 697,32	-158 186,55
- Accrued costs of remuneration and ZUS (social insurance) contributions to be paid in the next balance sheet period	-11 415,74	-2 477,43
- accrued interest to be paid in the next balance sheet periods	-393,88	237,13
- Inventory allowances	-12 059,20	1 135,20
- Revaluation write-downs on receivables	126 977,77	-53 951,55
- Unpaid liabilities	-31 139,50	-990 135,69
- Provision for retirement benefits	7 106,55	605,80
- Other (including depreciation)	379 621,32	886 400,00
b) Charged to the financial result of the period in connection with tax loss (due to)		
c) Charged to equity in connection with negative temporary differences (due to)		
d) Charged to equity in connection with tax loss (due to)		
e) Charged to goodwill or negative goodwill due to negative temporary differences		
3. Decreases *	0,00	0,00
a) Charged to the financial result of the period in connection with negative temporary differences		
b) Charged to the financial result of the period in connection with tax loss		
c) Charged to equity in connection with negative temporary differences		
d) Charged to equity in connection with tax loss		
e) Charged to goodwill or negative goodwill due to negative temporary differences		
4. Balance of deferred income tax assets at the end of the period, including:	1 494 775,00	1 036 078,00
a) charged to financial result	1 494 775,00	1 036 078,00
b) charged to equity		
c) charged to goodwill or negative goodwill		

Note 5.1 (item II.1 of Assets)

ZAPASY	31 December 2016	31 December 2015
a) materials	5 299 725,90	6 321 948,78
b) Semi-finished products and work in progress	4 035 621,59	14 749 191,19
c) finished products	2 041 627,37	1 510 487,97
d) goods	0,00	0,00
e) advances for deliveries	0,00	0,00
Net inventory, total	11 376 974,86	22 581 627,94
Inventory allowances	7 642 213,14	216 492,53
Gross inventory, total	19 019 188,00	22 798 120,47

Note 5.2 (item II.1 of Assets)

INVENTORY ALLOWANCE	31 December 2016	31 December 2015
a) materials	348 198,76	146 682,61
b) Semi-finished products and work in progress	7 287 673,94	0,00
c) finished products	6 340,44	69 809,92
INVENTORY ALLOWANCE - TOTAL	7 642 213,14	216 492,53

Note 6.1(item II.2 of Assets)

SHORT-TERM RECEIVABLES	31 December 2016	31 December 2015
a) from related parties	0,00	0,00
- trade receivables, with repayment period:	0,00	0,00
- up to 12 months	0,00	0,00
- over 12 months	0,00	0,00
- other	0,00	0,00
- claimed at court	0,00	0,00
b) from other parties	4 752 817,35	18 281 045,86
- trade receivables, with repayment period:	4 175 335,96	18 027 965,99
- up to 12 months	3 932 223,04	17 649 157,69
- over 12 months	243 112,92	378 808,30
- taxes, subsidies, customs, social and health insurance and other benefits	262 796,00	0,00
- other	314 685,39	253 079,87
- claimed at court	0,00	0,00
Net short-term receivables, total	4 752 817,35	18 281 045,86
c) revaluation write-downs on receivables	3 503 985,27	2 101 427,04
Gross short-term receivables, total	8 256 802,62	20 382 472,90

Note 6.2 (item II.2 of Assets)

CHANGE IN REVALUATION WRITE-DOWNS ON SHORT-TERM RECEIVABLES	31 December 2016	31 December 2015
At the beginning of the period	2 101 427,04	1 650 433,93
a) increase (due to)	1 402 558,23	450 993,11
-creation of revaluation write-down on doubtful receivables	0,00	0,00
- creation of revaluation write-down on litigation, arrangement, bankruptcy proceedings	1 402 558,23	450 993,11
- other	0,00	0,00
b) decrease (due to)	0,00	0,00
-release of revaluation write-down	0,00	0,00
- use of revaluation write-down	0,00	0,00
Revaluation write-downs on short-term receivables at the end of the period	3 503 985,27	2 101 427,04
- revaluation write-downs on short-term receivables – advances at the end of the period	0,00	0,00
- revaluation write-downs on short-term receivables – trade receivables at the end of the period	3 503 985,27	2 101 427,04

Note 6.3 (item II.2 of Assets)

SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)	31 December 2016	31 December 2015
a) in Polish currency	6 048 492,68	17 300 973,22
b) In foreign currencies (by currency and after conversion into PLN)	2 208 309,94	3 081 499,68
EUR currency unit	398 217,29	404 149,33
Converted into PLN	1 761 713,29	1 722 282,37
NOK currency unit	917 413,00	3 067 518,20
Converted into PLN	446 596,65	1 359 217,31
GBP currency unit	0,00	0,00
Converted into PLN	0,00	0,00
SHORT-TERM RECEIVABLES, TOTAL	8 256 802,62	20 382 472,90

Note 6.4 (item II.2 of Assets)

TRADE RECEIVABLES (GROSS) - with the repayment period calculated from the balance-sheet day	31 December 2016	31 December 2015
a) up to 1 month (associated with the normal course of business)	3 448 703,23	14 393 928,57
b) over 1 month to 3 months	425 368,02	2 369 917,70
c) over 3 months to 6 months	0,00	0,00
d) over 6 months to 1 year	0,00	0,00
e) over 1 year	243 112,92	378 808,30
f) overdue receivables	3 805 249,98	2 986 738,46
Trade receivables (gross), total	7 679 321,23	20 129 393,03
g) revaluation write-downs on trade receivables	3 503 985,27	2 101 427,04
Trade receivables (net) - total	4 175 335,96	18 027 965,99

Note 6.5 (item II.2 of Assets)

OVERDUE TRADE RECEIVABLES (GROSS) - DIVIDED INTO RECEIVABLES NOT repaid over:	31 December 2016	31 December 2015
a) up to 1 month (associated with the normal course of business)	51 785,53	362 559,94
b) over 1 month to 3 months	4 142,58	73 702,79
c) over 3 months to 6 months	34 232,79	0,00
d) over 6 months to 1 year	38 617,09	579 495,46
e) over 1 year	3 676 471,99	1 970 980,27
Overdue trade receivables, total (gross)	3 805 249,98	2 986 738,46
f) revaluation write-downs on trade receivables - overdue	3 503 985,27	2 101 427,04
Overdue trade receivables, total (net)	301 264,71	885 311,42

Note 6.6 (item II.2 of Assets)

2016	Gross	Short-term	Long-term	Revaluati on write-down	Net	Overdue, not covered by the revaluation write-down
1. Trade receivables	7 679 321,23	7 679 321,23	0,00	3 503 985,27	4 175 335,96	301 264,71
2. Tax receivables	262 796,00	262 796,00	0,00	0,00	262 796,00	0,00
3. Other receivables	314 685,39	314 685,39	0,00	0,00	314 685,39	0,00
4. Doubtful receivables	0,00	0,00	0,00	0,00	0,00	0,00
5. Court fees	0,00	0,00	0,00	0,00	0,00	0,00
	8 256 802,62	8 256 802,62	0,00	3 503 985,27	4 752 817,35	301 264,71

2015	Gross	Short-term	Long-term	Revaluati on write-down	Net	Overdue, not covered by the revaluation write-down
1. Trade receivables	20 129 393,03	27 618 320,89	0,00	2 101 427,04	18 027 965,99	885 311,42
2. Tax receivables	0,00	0,00	0,00	0,00	0,00	0,00
3. Other receivables	253 079,87	253 079,87	0,00	0,00	253 079,87	0,00
4. Doubtful receivables	0,00	0,00	0,00	0,00	0,00	0,00
5. Court fees	0,00	0,00	0,00	0,00	0,00	0,00
	20 382 472,90	27 871 400,76	0,00	2 101 427,04	18 281 045,86	885 311,42

Note 7.1 (item II.3 of Assets)

SHORT-TERM FINANCIAL ASSETS	31 December 2016	31 December 2015
a) in subsidiaries		
- stakes or shares		
- receivables from dividends and other profit sharing		
- debt securities		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
b) in jointly controlled entities		
- stakes or shares		
- receivables from dividends and other profit sharing		
- debt securities		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
c) in associated entities		
- stakes or shares		
- receivables from dividends and other profit sharing		
- debt securities		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
d) in significant investor		
- stakes or shares		
- receivables from dividends and other profit sharing		
- debt securities		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
e) in dominant entity		
- stakes or shares		
- receivables from dividends and other profit sharing		
- debt securities		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
f) in other entities		
- stakes or shares		
- receivables from dividends and other profit sharing		
- debt securities		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
g) cash and cash equivalents	3 054 628,34	1 261 780,64
- cash in hand and at bank	3 054 628,34	1 261 780,64
- other cash		
- other cash equivalents		
Short-term financial assets, total	3 054 628,34	1 261 780,64

Note 7.2 (item II.3 of Assets)

CASH AND OTHER CASH EQUIVALENTS (CURRENCY STRUCTURE)	31 December 2016	31 December 2015
a) in Polish currency	2 781 719,72	959 358,21
b) In foreign currencies (by currency and after conversion into PLN)	272 908,62	302 422,43
EUR currency unit	61 633,76	70 906,89
Converted into PLN	272 667,75	302 169,71
NOK currency unit	9,45	9,45
Converted into PLN	4,60	4,19
GBP currency unit	0,00	0,00
Converted into PLN	0,00	0,00
UAH currency unit	1 532,25	1 532,25
Converted into PLN	236,27	248,53
Cash and cash equivalents, total	3 054 628,34	1 261 780,64

Note 8 (item II.4 of Assets)

SHORT-TERM PREPAYMENTS	31 December 2016	31 December 2015
a) prepaid expense, including:	4 685 413,98	6 767 778,81
- property insurance	40 421,58	28 221,11
- subscriptions and other	1 675,29	196 708,56
- long-term contracts	3 688 300,00	6 532 200,00
- Biostrateg Operational Program Dz.1 / 4.1.4	955 017,11	10 649,14
b) other prepaid expense	519 955,88	925 044,57
- Vat to be settled in future periods	255 120,89	660 209,58
- other pre-payments	264 834,99	264 834,99
Short-term prepayments, total	5 205 369,86	7 692 823,38
Revaluation write-down on short-term prepayments	379 689,88	190 093,44
Short-term prepayments (gross), total	5 585 059,74	7 882 916,82

Note 9 (item I.1 pasywów)

31 December 2016		SHARE CAPITAL (STRUCTURE)						
Series/issue	Type of shares	Type of preference	Type of limitation of rights to shares	Number of shares	Value of series/issue at nominal value in PLN thousand	Capital contribution	Registration date	Right to dividend
A	bearer ordinary shares	-	-	4 103 790	1 395 288,60	cash	26.01.1995	26.01.1995
B	bearer ordinary shares	-	-	400 000	136 000,00	cash	31.08.2007	31.08.2007
Number of shares, total				4 503 790				
Share capital, total					1 531 288,60			
Nominal value per share = PLN 0,34								

As at 31.12.2016, the share capital amounted to PLN 1 531 288.60. The shareholders of ZUK 'Stąporków' S.A. who held at least 5% of votes at the GM were:

Shareholder	Number of shares	Share in capital (%)	Number of votes	Share in votes (%)
Lech Jan Pasturczak	676 896	15,03	676 896	15,03
Andrzej Piotr Pargieła	676 896	15,03	676 896	15,03
Stanisław Juliusz Pargieła	814 874	18,09	814 874	18,09
Artur Mączyński	636 896	14,14	636 896	14,14

31 December 2015								
Series/issue	Type of shares	Type of preference	Type of limitation of rights to shares	Number of shares	Value of series/issue at nominal value in PLN thousand	Capital contribution	Registration date	Right to dividend
A	bearer ordinary shares	-	-	4 103 790	1 395 288,60	cash	26.01.1995	26.01.1995
B	bearer ordinary shares	-	-	400 000	136 000,00	cash	31.08.2007	31.08.2007
Number of shares, total				4 503 790				
Share capital, total					1 531 288,60			
Nominal value per share = PLN 0,34								

Note 10 (item I.3 of Liabilities)

OWN SHARES	31 December 2016	31 December 2015
Own shares purchased for redemption	0,00	0,00
Own shares, total	0,00	0,00

Note 11 (item I.4 of Liabilities)

RESERVE CAPITAL	31 December 2016	31 December 2015
a) sales of shares at premium		
b) created under applicable laws		
c) created in accordance with the Articles of Association / Agreement, above the required statutory (minimum) value	36 714 436,39	38 244 464,04
d) from additional payments made by the shareholders / partners		
e) other (according to type)		
Reserve capital, total	36 714 436,39	38 244 464,04

Note 12 (item I.6 of Liabilities)

OTHER RESERVES	31 December 2016	31 December 2015
Other reserves	0,00	0,00
Reserves, total	0,00	0,00

Note 13 (item I.9 of Liabilities)

PROFIT DEDUCTIONS DURING THE FINANCIAL YEAR	31 December 2016	31 December 2015
Advanced for dividends - paid	0,00	0,00
Profit deductions during the financial year, total	0,00	0,00

Note 14.1 (item II.1 of Liabilities)

CHANGE IN DEFERRED INCOME TAX PRVISION	31 December 2016	31 December 2015
1. Provision for deferred income tax at the beginning of the period, including:	1 664 949,00	367 649,00
a) charged to financial result	1 664 949,00	367 649,00
b) charged to equity	0,00	0,00
c) charged to goodwill or negative goodwill	0,00	0,00
2. Increases	-275 881,72	1 297 299,96
a) Charged to the financial result of the period due to positive temporary differences	-275 881,72	1 297 299,96
- difference between balance sheet and tax depreciation of fixed assets	20 133,32	32 902,64
- other differences between balance sheet and tax depreciation of fixed assets under lease	33 407,96	23 297,32
- other temporary differences	-329 423,00	1 241 100,00
b) Charged to equity of the period due to positive temporary differences	0,00	0,00
- conversion of operating leases to finance leases		
- other temporary differences		
c) Charged to goodwill or negative goodwill of the period due to positive temporary differences	0,00	0,00
3. Decrease	0,00	0,00
a) charged to the financial result of the period	0,00	0,00
- Release of provisions due to conversion of lease agreements		
- Release of provisions due to other temporary differences		
b) charged to equity	0,00	0,00
c) charged to goodwill or negative goodwill	0,00	0,00
4. Provision for deferred income tax at the end of the period, total:	1 389 068,00	1 664 949,00
a) charged to financial result (due to)	-285 992,36	1 297 300,00
- difference between balance sheet and tax depreciation of fixed assets	20 133,32	32 902,68
- other differences between balance sheet and tax depreciation of fixed assets under lease	23 297,32	23 297,32
- other temporary differences	-329 423,00	1 241 100,00
b) charged to equity	0,00	0,00
- conversion of operating leases to finance leases		
- other temporary differences		
c) charged to goodwill or negative goodwill	0,00	0,00

Note 14.2 (item II.1 of Liabilities)

CHANGE IN SHORT-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (BY TITLE)	31 December 2016	31 December 2015
a) at the beginning of the period	4 483,10	4 628,57
b) increases	12 331,22	0,00
c) use (due to)	0,00	0,00
d) release (due to)	0,00	145,47
e) at the end of the period	16 814,32	4 483,10

Note 14.2 (item II.1 of Liabilities)

CHANGE IN LONG-TERM PROVISION FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (BY TITLE)	31 December 2016	31 December 2015
a) at the beginning of the period	108 333,09	104 999,20
b) increases (due to)	25071,65	3333,89
- provision for jubilee awards for the current year		
c) use (due to)	0,00	0,00
d) release (due to)	0,00	0,00
e) at the end of the period	133 404,74	108 333,09

Note 15.1 (item II.2 of Liabilities)

LONG-TERM LIABILITIES	31 December 2016	31 December 2015
a) against subsidiaries		
- credits and loans		
- issue of debt securities		
- other financial liabilities, including:		
- financial lease agreements		
- other (by type)		
b) against jointly controlled entities		
- credits and loans		
- issue of debt securities		
- other financial liabilities, including:		
- financial lease agreements		
- other (by type)		
c) against associated entities		
- credits and loans		
- issue of debt securities		
- other financial liabilities, including:		
- financial lease agreements		
- other (by type)		
d) against significant investor		
- credits and loans		
- issue of debt securities		
- other financial liabilities, including:		
- financial lease agreements		
- other (by type)		
e) against dominant entity		
- credits and loans		
- issue of debt securities		
- other financial liabilities, including:		
- financial lease agreements		
- other (by type)		
f) against other entities	12 733 959,88	6 630 734,12
- credits and loans	11 861 868,15	6 228 550,95
- issue of debt securities		
- other financial liabilities, including:		
- financial lease agreements	872 091,73	402 183,17
- other (by type)		
Long-term liabilities, total	12 733 959,88	6 630 734,12

Note 15.2 (item II.2 of Liabilities)

LONG-TERM LIABILITIES, with the repayment period calculated from the balance-sheet day	31 December 2016	31 December 2015
a) over 1 year to 3 years	11 294 908,17	3 983 526,86
b) over 3 to 5 years	1 439 051,71	2 137 988,63
c) over 5 years	0,00	509 218,63
Long-term liabilities, total	12 733 959,88	6 630 734,12

Note 15.3 (item II.2 of Liabilities)

LONG-TERM LIABILITIES (CURRENCY STRUCTURE)	31 December 2016	31 December 2015
a) in Polish currency	12 733 959,88	6 630 734,12
b) in foreign currencies (by currency and after conversion into PLN)	0,00	0,00
EUR currency unit		
Converted into PLN		
Long-term liabilities, total	12 733 959,88	6 630 734,12

Note 15.4 (item II.2 of liabilities)

2016														LONG-TERM LIABILITIES DUE TO CREDITS AND LOANS													
Business name	Reg. office	Amount of credit/loan according to agreement				The outstanding balance of the credit/loan				Terms of interest	Repayment date	Security	Other														
		EUR	currency	PLN	currency	EUR	currency	PLN	currency																		
Deutsche Bank PBC S.A.	Kraków			7000000,00 4000000,00	PLN					4898717,87		30.06.2021 29.03.2019	mortgage to the amount of 10500000,00 PLN														
PKO BP	Kielce			7 000 000,00	PLN					6963150,28		07.06.2018	mortgage to the amount of 10500000,00 PLN														

2015														LONG-TERM LIABILITIES DUE TO CREDITS AND LOANS													
Business name	Reg. office	Amount of credit/loan according to agreement				The outstanding balance of the credit/loan				Terms of interest	Repayment date	Security	Other														
		EUR	currency	PLN	currency	EUR	currency	PLN	currency																		
Deutsche Bank PBC S.A.	Kraków			7 000 000,00	PLN					4228550,95		30.06.2021	mortgage to the amount of 10500000,00 PLN														
Deutsche Bank PBC S.A.	Kraków			7 000 000,00	PLN					2000000,00		29.09.2017	mortgage to the amount of 10500000,00 PLN														

Note 16.1(item II.3 of Liabilities)

2016		SHORT-TERM LIABILITIES DUE TO CREDITS AND LOANS											
Business name	Reg. office	Amount of credit/loan according to agreement				The outstanding balance of the credit/loan				Terms of interests	Repayment date	Security	Other
		EUR	currency	PLN	currency	EUR	currency	PLN	currency				
Deutsche Bank PBC S.A.	Kraków	0,00		7 000 000,00 4 000 000,00 6 500 000,00	PLN			7 247 062,28	PLN		30.06.2021 08.04.2017 * 29.09.2017	mortgage 20000000,00PLN	

*annexed agreement till 30-06-2017

2015		SHORT-TERM LIABILITIES DUE TO CREDITS AND LOANS											
Business name	Reg. office	Amount of credit/loan according to agreement				The outstanding balance of the credit/loan				Terms of interests	Repayment date	Security	Other
		EUR	currency	PLN	currency	EUR	currency	PLN	currency				
Deutsche Bank PBC S.A.	Kraków	0,00		7 000 000,00 4 000 000,00 3 500 000,00	PLN			12 013 893,18	PLN		30.06.2021 08.04.2016 25.05.2016	mortgage 20000000,00PLN	
Bank Millennium Spółka Akcyjna	Kielce	0,00		7000 000,00	PLN			7 015 283,22	PLN		11.03.2016	mortgage 11900000,00PLN	

Note 16.2 (item II.3 of Liabilities)

SHORT-TERM LIABILITIES	31 December 2016	31 December 2015
a) against subsidiaries		
- credits and loans, including		
- long-term		
- issue of debt securities		
- dividends		
- other financial liabilities, including:		
- trade liabilities with repayment period:		
- up to 12 months		
- over 12 months		
- advances for deliveries		
- bill of exchange liabilities		
- other (by type)		
- capital contributions		
b) against jointly controlled entities		
- credits and loans, including		
- long-term		
- issue of debt securities		
- dividends		
- other financial liabilities, including:		
- trade liabilities with repayment period:		
- up to 12 months		
- over 12 months		
- advances for deliveries		
- bill of exchange liabilities		
- other (by type)		
c) against associated entities		
- credits and loans, including		
- long-term		
- issue of debt securities		
- dividends		
- other financial liabilities, including:		
- trade liabilities with repayment period:		
- up to 12 months		
- over 12 months		
- advances for deliveries		
- bill of exchange liabilities		
- other (by type)		
d) against significant investor		
- credits and loans, including		
- long-term		
- issue of debt securities		
- dividends		
- other financial liabilities, including:		
- trade liabilities with repayment period:		
- up to 12 months		
- over 12 months		
- advances for deliveries		
- bill of exchange liabilities		
- other (by type)		
e) against dominant entity		
- credits and loans, including		
- long-term		
- issue of debt securities		
- dividends		
- other financial liabilities, including:		
- trade liabilities with repayment period:		
- up to 12 months		
- over 12 months		
- advances for deliveries		
- bill of exchange liabilities		
- other (by type)		
f) against other entities	19 994 529,37	37 207 545,12
- credits and loans, including	7 941 366,80	19 029 176,40
- long-term		
- issue of debt securities		
- dividends		

- other financial liabilities, including:	2 974 811,63	410 046,05
- trade liabilities with repayment period:	7 247 062,28	14 721 118,70
- up to 12 months	7 247 062,28	14 721 118,70
- over 12 months	0,00	0,00
- advances for deliveries	304 494,91	263 116,26
- bill of exchange liabilities	0,00	0,00
- due to taxes, duties, insurance and other benefits	652 299,08	1 784 950,49
- due to remunerations	353 042,40	394 353,24
- other due to:	521 452,27	604 783,98
- lease agreements	0,00	0,00
- other	521 452,27	604 783,98
g) special purpose funds (according to titles)	172 104,16	244 106,51
- social fund	172 104,16	244 106,51
Short-term liabilities, total	20 166 633,53	37 451 651,63

Note 16.3 (item II.3 of Liabilities)

SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)	31 December 2016	31 December 2015
a) in Polish currency	16 704 561,85	31 584 260,63
b) in foreign currencies (by currency and after conversion into PLN)	3 462 071,68	5 867 391,00
EUR currency unit	782 565,93	1 374 931,34
Converted into PLN	3 462 071,68	5 866 327,56
NOK currency unit	0,00	2 400,00
Converted into PLN	0,00	1 063,44
Short-term liabilities, total	20 166 633,53	37 451 651,63

Note 17 (item II.4 of Liabilities)

OTHER ACCRUALS	31 December 2016	31 December 2015
a) accrued expenses	0,00	0,00
- long-term (by title)	0,00	0,00
- short-term (by title)	0,00	0,00
b) deferred income	9 071 024,07	6 857 632,65
- long-term (by title)	8 050 373,07	5 836 981,65
- value of fixed assets received free of charge	8 050 373,07	5 836 981,65
- court fees	0,00	0,00
- other	0,00	0,00
- short-term (by title)	1 020 651,00	1 020 651,00
- value of fixed assets received free of charge	1 020 651,00	1 020 651,00
Other accruals, total	9 071 024,07	6 857 632,65

Note 18

2016

Method of calculation of the book value per share in PLN and EUR

- book value per share in PLN = equity (PLN THOUSAND) / number of shares
- **book value per share in PLN = PLN 3,60**
- book value per share in EUR = equity (EUR THOUSAND) / number of shares
- **book value per share in EUR = EUR 0,82**

2015

Method of calculation of the book value per share in PLN and EUR

- book value per share in PLN = equity (PLN THOUSAND) / number of shares
- **book value per share in PLN = PLN 7,11**
- book value per share in EUR = equity (EUR THOUSAND) / number of shares
- **book value per share in EUR = EUR 1,67**

Note 19

OFF-BALANCE SHEET ITEMS	31 December 2016	31 December 2015
1. Contingent receivables	0,00	0,00
1.1. from related parties (due to)		
- guarantees and sureties received		
1.2. from other parties (due to)		
- guarantees and sureties received		
2. Contingent liabilities	1 810 770,58	1 665 900,32
1.1. to related parties (due to)		
- guarantees and sureties granted		
1.2. to other parties (due to)	1 810 770,58	1 665 900,32
- investment agreement		
- guarantees and sureties granted	1 810 770,58	1 665 900,32
3. Other (due to)	41 915 034,09	33 865 231,03
- blank promissory notes as collateral for payments for deliveries	40 000,00	40 000,00
- blank promissory notes as collateral for lease agreements	2 838 247,09	1 925 231,03
- pledge on fixed assets (mortgage)	31 900 000,00	31 900 000,00
- pledge on fixed assets	7 136 787,00	0,00
Off-balance sheet items, total	43 725 804,67	35 531 131,35

PART 2. – Explanatory notes to profit and loss account.

Note 20.1 (item I.1 of Profit and Loss Account)

NET REVENUES FROM SALES OF PRODUCTS (STRUCTURE BY TYPE OF BUSINESS OPERATIONS)	31 December 2016	31 December 2015
Sale of products	40 524 624,41	76 156 526,17
- including: from related parties		
- Power engineering	15 289 791,40	13 953 653,23
- Environmental Protection	9 844 750,41	39 366 417,27
- Infrastructure	13 194 814,47	13 447 831,97
- Pellet	0,00	252 620,70
- Other	2 195 268,13	9 136 003,00
Sale of services	492 187,89	759 787,00
- including: from related parties	0,00	0,00
- Mining industry	0,00	0,00
- Other services	492 187,89	759 787,00
Net revenue from sales of products, total	41 016 812,30	76 916 313,17
- including: from related parties	0,00	0,00

Note 20.2 (item I.1 of Profit and Loss Account)

NET REVENUES FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	31 December 2016	31 December 2015
a) country	27 575 287,47	56 590 320,28
b) export	13 441 524,83	20 325 992,89
- including: from related parties	0,00	0,00
Net revenues from sales of products, total	41 016 812,30	76 916 313,17
- including: from related parties	0,00	0,00

Note 21.1 (item I.2 of Profit and Loss Account)

NET REVENUES FROM SALES OF GOODS AND MATERIALS (STRUCTURE BY TYPE OF BUSINESS OPERATIONS)	31 December 2016	31 December 2015
Sales of materials	857 257,47	1 052 239,41
Net revenues from sales of goods and materials, total	857 257,47	1 052 239,41
- including: from related parties	0,00	0,00

Note 21.2 (item I.2 of Profit and Loss Account)

NET REVENUES FROM SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	31 December 2016	31 December 2015
a) country	857 257,47	1 052 239,41
- including: from related parties	0,00	0,00
b) eksport	0,00	0,00
- including: from related parties	0,00	0,00
NET REVENUES FROM SALES OF GOODS AND MATERIALS, total	857 257,47	1 052 239,41
- including: from related parties	0,00	0,00

Note 22 (item II.1 , item IV, item V of Profit and Loss Account)

COSTS BY TYPE	31 December 2016	31 December 2015
a) Depreciation	3 349 356,39	3 238 787,21
b) Consumption of materials and energy	19 077 519,84	27 989 547,99
c) Outsourced services	9 830 990,91	14 079 786,43
d) Taxes and fees	834 232,79	858 231,02
e) Remuneration	10 849 040,85	12 765 292,56
f) Social security and other benefits	2 329 725,62	2 713 283,54
g) other costs by type	383 268,03	863 290,63
- Representation and advertising	57 917,56	102 046,53
- Business trips	198 834,56	546 620,36
- Property insurance	113 042,26	121 153,60
-Other	13 473,65	93 470,14
Costs by type, total	46 654 134,43	62 508 219,38
Change in inventories, products and accruals	-2 277 560,46	-15 131 086,60
Cost of manufacturing products for the Company's own needs (negative value)	1 763 877,82	0,00
Selling costs (negative value)	1 000 274,48	132 283,52
General and administrative expenses (negative value)	8 328 391,16	10 743 043,59
Cost of manufactured products sold	37 839 151,43	66 763 978,87

Note 23 (item VII. of Profit and Loss Account)

OTHER OPERATING REVENUES	31 December 2016	31 December 2015
a) Profit from the sale of non-financial fixed assets	122 200,00	33 308,94
- revenues from the sale of non-financial fixed assets	122 200,00	33 308,94
- Net value of non-financial fixed assets	0,00	0,00
b) subsidies	871 756,40	716 857,92
c) Other operating revenues	1 075 117,09	2 832 899,51
- Release of write-downs on receivables	0,00	0,00
- Release of write-downs on inventory	62 362,67	18 808,16
- Other	1 012 754,42	2 814 091,35
OTHER OPERATING REVENUES, total	2 069 073,49	3 583 066,37

Note 24 (item VIII. of Profit and Loss Account)

OTHER OPERATING COSTS	31 December 2016	31 December 2015
a) Loss on disposal of non-financial fixed assets	0,00	0,00
b) Revaluation of non-financial assets	9 166 781,36	665 952,71
- for claims and receivables	1 677 591,27	641 086,55
- for inventory	7 489 190,09	24 866,16
c) other operating costs	2 347 610,50	1 839 495,80
- donations	0,00	1 800,00
- other	2 347 610,50	1 837 695,80
Other operating costs, total	11 514 391,86	2 505 448,51

Note 25.1 (item X. of Profit and Loss Account)

INTEREST FINANCIAL REVENUES	31 December 2016	31 December 2015
a) due to loans granted		
- from related parties, including:		
- from subsidiaries		
- from jointly controlled entities		
- from associated entities		
- from significant investor		
- from dominant entity		
- from other entities		
b) other interests	39 300,90	226,41
- from related parties, including:		
- from subsidiaries		
- from jointly controlled entities		
- from associated entities		
- from significant investor		
- from dominant entity		
- from other entities	39 300,90	226,41
INTEREST FINANCIAL REVENUES, total	39 300,90	226,41

Note 25.2 (item X. of Profit and Loss Account)

OTHER FINANCIAL REVENUES	31 December 2016	31 December 2015
a) foreign exchange gains	209 162,24	314 693,76
- realized	169 732,49	434 499,30
- unrealized	39 429,75	-119 805,54
b) release of provision	0,00	0,00
-	0,00	0,00
c) other, including:	20 949,63	1,28
-other	20 949,63	1,28
OTHER FINANCIAL REVENUES, total	230 111,87	314 695,04

Note 26.1 (item XI. of Profit and Loss Account)

INTEREST FINANCIAL COSTS	31 December 2016	31 December 2015
a) credits and loans	697 219,76	656 039,80
- for related parties, including:		
- for subsidiaries		
- for jointly controlled entities		
- for associated entities		
- for significant investor		
- for dominant entity		
- for other entities	697 219,76	656 039,80
b) other interests	106 131,36	62 616,69
- for related parties, including:		
- for subsidiaries		
- for jointly controlled entities		
- for associated entities		
- for significant investor		
- for dominant entity		
- for other entities	106 131,36	62 616,69
INTEREST FINANCIAL COSTS, total	803 351,12	718 656,49

Note 26.2 (item XI. of Profit and Loss Account)

OTHER FINANCIAL COSTS	31 December 2016	31 December 2015
a) foreign exchange losses	281 077,90	129 740,00
- realized	317 233,67	164 270,99
- unrealized	-36 155,77	-34 530,99
b) created provisions (due to)		
- interests on receivables		
c) other, including:	168 634,79	48 693,82
-		
- other	168 634,79	48 693,82
OTHER FINANCIAL COSTS, TOTAL	449 712,69	178 433,82

Note 27 (item XV of Profit and Loss Account)

CURRENT INCOME TAX	31 December 2016	31 December 2015
1. Gross profit (loss)	-16 511 168,10	-74 540,65
2. Difference between gross profit (loss) and taxable income (by title)	15 167 987,63	-4 392 327,18
- realized exchange differences	0,00	0,00
- exclusions from tax revenues, including:	590 473,42	11 643 205,63
- settlement of subsidies	871 756,40	716 857,92
- received subsidies	-3 051 088,23	0,00
- tax-exempt revenue - contracts	2 552 236,13	9 136 003,00
- amortization of perpetual usufruct of land	0,00	270 619,31
- product return	9 750,00	0,00
- compensation received	60 019,85	2 544,62
- released provision not included upon creation in the tax deductible costs	147 799,27	18 808,16
- reclassification of fixed assets for investments	0,00	1 498 372,62
- adjustment of costs representing tax deductible costs, including:	15 758 461,05	7 250 878,45
- created provisions not being a tax deductible cost	10 390 684,23	665 952,71
- court costs, written off receivables, other		15 115,70
- PFRON and other fees	193 696,00	253 895,00
- balance sheet depreciation of fixed assets	2 039 037,45	1 150 495,80
- budget interests	64 052,33	8 182,60
- settlement of lease installments	-712 457,88	-522 203,00
- accrued interest on liabilities	263,95	2 336,99
- unpaid liabilities	0,00	163 892,08
- unpaid liabilities from last year	-2 580 930,37	-899 858,46
- remaining titles - long-term contracts	5 343 839,49	4 665 387,59
- remaining titles, donations	0,00	1 800,00
- inventory differences	525 773,43	944 337,84
- unpaid remuneration, ZUS contributions in the next year	203 454,73	263 537,55
- paid remuneration from the previous year	-263 537,55	-276 576,61
- other titles increasing tax deductible costs	554 585,24	814 582,66
3. Taxable Income	-1 343 180,47	-4 466 867,83
4. Deductions from income (subsidies)	3 051 088,23	0,00
3. Income tax base	-4 394 269	-4 466 868
4. Income tax at the rate of 19%	0,00	0,00
5. Increases, omissions, exemptions, deductions and tax reductions	0,00	0,00
6. Current income tax recognized (disclosed) in the tax statement for the period, including:	0,00	0,00
- relating to items that decreased or increased equity	0,00	0,00
- relating to items that decreased or increased goodwill or negative goodwill	0,00	0,00

DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT:	31 December 2016	31 December 2015
- increase due to creation and reversal of temporary differences	-743 578,00	1 455 487,00
- Decrease due to write-off of deferred tax assets	0,00	0,00
- Decrease due to correction / release of provisions for deferred income tax	0,00	0,00
- an increase in the assets due to temporary differences	0,00	0,00
Deferred income tax, total	-743 578,00	1 455 487,00

INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT RELATING TO:	31 December 2016	31 December 2015
- discontinued activity	0,00	0,00
- the result on extraordinary operations	0,00	0,00

Note 28 (item XVI. of Profit and Loss Account)

OTHER MANDATORY DEDUCTIONS ON PROFIT (INCREASES OF LOSS), DUE TO:	31 December 2016	31 December 2015
OTHER MANDATORY DEDUCTIONS ON PROFIT (INCREASES OF LOSS) - total	0,00	0,00

Note 29 (item XVII. of Profit and Loss Account)

SHARING IN NET PROFIT (LOSS) OF SUBSIDIARIES ACCOUNTED FOR WITH THE USE OF EQUITY METHOD, INCLUDING:	31 December 2016	31 December 2015
- write-offs on goodwill of subsidiaries	0,00	0,00
- write-off on negative goodwill of subsidiaries	0,00	0,00
- write-offs on difference in valuation of net assets	0,00	0,00

Note 30

NET PROFIT PER ORDINARY SHARE	31 December 2016	31 December 2015
Net profit (loss) in PLN	-15 776 590,10	-1 530 027,65
Number of ordinary shares	4 503 790	4 503 790
Net profit (loss) per ordinary share in PLN	-3,50	-0,34
Weighted average number of shares		
Diluted profit (loss) per ordinary share in PLN		

Profit per ordinary share was determined by dividing the net profit by the number of ordinary shares as at the last day of the year. The net loss for 2016 of PLN 15,776,590.10 is proposed to be covered with the company's reserve capital.

PART 3. - Explanatory notes to the cash flow statement.**Note 31**

STRUCTURE OF CASH AT THE BEGINNING AND END OF THE PERIOD	31 December 2016	31 December 2015
a) Total cash (at the beginning of the period)	1 261 780,64	525 086,74
- cash in hand	12 252,27	2 922,71
- cash at bank	1 249 528,37	522 164,03
- other cash		
a) Total cash (at the end of the period)	3 054 628,34	1 261 780,64
- cash in hand	2 534,10	12 252,27
- cash at bank	3 052 094,24	1 249 528,37
- other cash		
Change in cash	1 792 847,70	736 693,90
Cash from operating activities	2 407 595,30	-6 439 805,87
Cash from investing activities	-7 858,54	-1 465 969,11
Cash from financial activities	-592 745,60	8 650 390,58

PART 4. – Additional explanatory notes.

4.1. Information on financial instruments.

Change in financial instruments:

2016	01.01.2016	increases	decreases	31.12.2016
Financial assets held for trading	-23 995 946,71	106 218 769,54	98 971 429,44	-16 748 606,61
Loans granted and own receivables	0,00			0,00
Financial assets held to maturity	0,00			0,00
Financial assets available for sale	0,00			0,00
Financial liabilities held for trading	0,00			0,00
Other financial liabilities	812 229,22	3 668 104,67	633 430,53	3 846 903,36

2015	01.01.2015	increases	decreases	31.12.2015
Financial assets held for trading	-15 884 753,51	102 993 658,60	111 104 851,80	-23 995 946,71
Loans granted and own receivables	0,00			0,00
Financial assets held to maturity	0,00			0,00
Financial assets available for sale	0,00			0,00
Financial liabilities held for trading	0,00			0,00
Other financial liabilities	1 002 832,92	284 225,75	474 829,45	812 229,22

Financial assets and liabilities according to the division applied in the balance sheet at 31 December 2016.

Description	Financial assets held for trading	Loans granted and own receivable	Financial assets held to maturity	Financial assets available for sale	Financial liabilities held for trading	Other financial liabilities
Long-term financial assets in related parties:	0,00					
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Long-term financial assets in other parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Short-term financial assets in related parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Short-term financial assets in other parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						

Cash	3 054 628,34					
Long-term liabilities to related parties						
Long-term liabilities to other parties:	0,00	0,00	0,00	0,00	0,00	12 733 959,88
– credits and loans						11 861 868,15
– issue of debt securities						
– other financial liabilities (lease)						872 091,73
Short-term liabilities to related parties						
Short-term liabilities to other parties:	0,00	0,00	0,00	0,00	0,00	10 916 178,43
– credits and loans						7 941 366,80
– issue of debt securities						
– other financial liabilities (lease)						2 974 811,63

Financial assets and liabilities according to the division applied in the balance sheet at 31 December 2015.

Description	Financial assets held for trading	Loans granted and own receivable	Financial assets held to maturity	Financial assets available for sale	Financial liabilities held for trading	Other financial liabilities
Long-term financial assets in related parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Long-term financial assets in other parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Short-term financial assets in related parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Short-term financial assets in other parties:						
– stakes or shares						
– other securities						
– loans granted						
– other long-term financial assets						
Cash	1 261 780,64					
Long-term liabilities to related parties						
Long-term liabilities to other parties:	0,00	0,00	0,00	0,00	0,00	6 630 734,12
– credits and loans						6 228 550,95

<i>- issue of debt securities</i>						
-----------------------------------	--	--	--	--	--	--

<i>- other financial liabilities (lease)</i>						402 183,17
Short-term liabilities to related parties						
Short-term liabilities to other parties:	0,00	0,00	0,00	0,00	0,00	19 439 222,45
<i>- credits and loans</i>						19 029 176,40
<i>- issue of debt securities</i>						
<i>- other financial liabilities (lease)</i>						410 046,05

Characteristics of financial instruments for 2016

Portfolio	Characteristics	Value	Amount
Financial assets held for trading	Cash	3 054 628,34	
Loans granted and own receivables			
Financial assets held to maturity			
Financial assets available for sale			
Financial liabilities held for trading			
Other financial liabilities	Leasing	1 399 690,39	15

Characteristics of financial instruments for 2015

Portfolio	Characteristics	Value	Amount
Financial assets held for trading	Cash	1 261 780,64	
Loans granted and own receivables			
Financial assets held to maturity			
Financial assets available for sale			
Financial liabilities held for trading			
Other financial liabilities	Leasing	812 229,22	15

4.1.a Other financial instruments – off-balance sheet data

In 2016, the Company completed the last two Participatory Forward transactions of value EUR 50 thousand EUR, which resulted in a loss of PLN 24 615.00.

4.2. Description of the methods and significant assumptions used to determine the fair value of financial assets and liabilities measured at this value

No fair value was determined for the measurement of financial assets and liabilities.

4.3. Information on interest rate risk

There is a negligible risk associated with interest rates on loans of WIBOR + 1% and is increased by bank margin.

4.4. Interest costs arising from financial liabilities

2016

Liability	Realized interests	Unrealized interests		
		Up to 3 months	From 3 to 12 months	Over 12 months
Other financial liability				
- long-term	0,00	0,00	0,00	0,00
- short-term	803 351,12	0,00	0,00	0,00

2015

Liability	Realized interests	Unrealized interests		
		Up to 3 months	From 3 to 12 months	Over 12 months
Other financial liability				
- long-term	0,00	0,00	0,00	0,00
- short-term	718 656,49	0,00	0,00	0,00
Total	718 656,49	0,00	0,00	0,00

4.5. Information on off-balance sheet items, particularly contingent liabilities, including the guarantees and sureties (also promissory notes) granted by the Company

OFF-BALANCE SHEET ITEMS	31 December 2016	31 December 2015
1. Contingent receivables	0,00	0,00
1.1. from related parties (due to)		
- guarantees and sureties received		
1.2. from other parties (due to)		
- guarantees and sureties received		
2. Contingent liabilities	1 810 770,58	1 665 900,32
1.1. to related parties (due to)		
- guarantees and sureties granted		
1.2. to other parties (due to)	1 810 770,58	1 665 900,32
- investment agreement		
- guarantees and sureties granted	1 810 770,58	1 665 900,32
3. Other (due to)	41 915 034,09	33 865 231,03
- blank promissory notes as collateral for payments for deliveries	40 000,00	40 000,00
- blank promissory notes as collateral for lease agreements	2 838 247,09	1 925 231,03
- pledge on fixed assets (mortgage)	31 900 000,00	31 900 000,00
- pledge on fixed assets	7 136 787,00	0,00
Off-balance sheet items, total	43 725 804,67	35 531 131,35

4.6. Information concerning liabilities against the State Budget or local government resulting from obtaining the property rights to buildings and structures

As at 31.12.2016, the Company had no liabilities against the State Budget or local government resulting from obtaining the property rights to buildings and structures.

4.7. Revenues, costs and results of discontinued operations in the reporting period or planned for discontinuation in the next period

The Company has not discontinued, during the reporting period, any of the activities carried out so far, nor does it plan to discontinue such operations in the next period.

4.8. Cost of manufacturing fixed assets under construction for the Company's own needs

ITEM	31 December 2016	31 December 2015
1. Assembly and installation costs (investments)	1 763 877,82	630 350,67
2. Cost of manufacturing of tools and instruments	0,00	0,00
3. Foreclosure of costs	0,00	0,00
TOTAL	1 763 877,82	630 350,67

4.9. Incurred and planned capital expenditures

FOR:	2016	2015
1. Intangible assets	13 169,00	119 543,44
2. Fixed assets including those relating to environmental protection	2 035 294,42	670 835,18
3. Fixed assets under construction including those relating to environmental protection	52 342,59	103 913,60
4. Investments in real estate and rights		
TOTAL	2 100 806,01	894 292,22

The Company has not incurred or planned investments in the field of environmental protection. In 2017, the Company plans to invest in software and machinery in order to optimize production costs and their settlement.

PART 5. – Explanations to the contracts concluded by the entity, significant transactions and some personal issues.

5.1. Information on transactions with related entities concluded by the entity on other than market conditions.

During 2016 there were no transactions of purchase / sale of materials and services to/from related entities and persons managing and supervising the Company, whose total value exceeded since the beginning of the year EUR 500,000. The Company intends to continue concluding contracts and transactions with related parties, as at present, i.e. on market conditions. The Company and its related entities provide services complementary to their businesses. There are no agreements on cooperation between the Company and those entities, but the intention of the Company to continue cooperation is, among others the result of high quality of services provided by all these entities and professionalism in the scope of their business activity, which fully harmonizes with the expectations of the Company towards its partners.

5.2. Information on joint ventures, which are not subject to consolidation

In the period presented, the Company did not participate in joint ventures that are subject to consolidation. The Company is a contracting party to the implementation and financing project Bistrateg project within the framework of "Environment, Agriculture and Forestry" program executed by the Consortium and the National Center for Research and Development. The subject of the contract is execution of the project entitled "Study and preparation for the implementation of the technology of energy and heat production in a biomass-fed boiler plant". The deadline for completion of the project has been set for the end of May 2018. The value of the project amounts to PLN 50.6 million, the company realizes in the project the scope of about PLN 25 million. As at 31.12.2016 the company reported costs of PLN 0.95 million.

5.3. Information on average employment, by professional groups

ITEM	Average number of employees in 2016	Average number of employees in 2015
TOTAL	223	249
including		
. white-collar employees	74	74
. blue-collar employees	149	175
. students		
. outworkers		
. persons on parental or unpaid leaves	0	0

5.4. The total value of remuneration and bonuses (cash and in kind) paid or due, separately for managing and supervising persons of the Company for performing functions in subsidiaries, jointly controlled entities and associates (for each group separately)

REMUNERATION	31 December 2016	31 December 2015
Remuneration paid by the Company under the contracts of employment and the exercise of supervisory functions	PLN	PLN
- Management Board		
Grzegorz Pasturczak	276 317,73	256 292,00
Dariusz Cieřlik	136 215,00	92 520,00
Robert Jankowski	0,00	60 000,00
Maciej Walkiewicz	0,00	40 363,64
Total	412 532,73	449 175,64
- Supervisory Board		
Lech Pasturczak	240 000,00	240 000,00
Stanisław Pargieła	240 000,00	240 000,00
Andrzej Pargieła	240 000,00	240 000,00
Artur Mączyński	240 000,00	240 000,00
Jacek Wilk	60 000,00	60 000,00
Total	1 020 000,00	1 020 000,00

Remunerations of managing and supervising persons are consistent with the agreements and the relevant resolutions of the governing bodies of the Company.

5.5. Information about the value of unpaid advances, loans, guarantees, sureties or other agreements obliging to render services to the Company, granted by the Company to managers and supervisors

Not applicable.

PART 6. – Explanations regarding the entities in the capital group

6.1. The Company is not part of the capital group.

PART 7. – Explanations of some specific events

7.1. Information about significant events concerning previous years included in the financial statements for the current period

The financial statement for the current financial year does not include any significant events related to previous years.

7.2. Information about the remuneration of the statutory auditor or the entity authorized to audit financial statements, paid or due for the financial year:

ITEM	REMUNERATION - TOTAL 2016	REMUNERATION - TOTAL 2015
1. Audit of the annual financial statements	17 800,00	17 000,00
2. Other certifying services - review of interim financial statements	11 200,00	9 000,00
3. Tax advisory services	0,00	0,00
4. Other services	0,00	15 000,00
TOTAL	29 000,00	41 000,00

7.3. Information on significant events that occurred after the balance sheet date and were not included in the financial statements

After the balance sheet date, that is on 28 March 2017, the Extraordinary General Meeting of the Company adopted the resolution concerning the increase of the share capital by the amount not lower than PLN 306,000 (three hundred six thousand zlotys) and not higher than PLN 680,000.00 (six hundred eighty thousand zlotys), i.e. from PLN 1,531,288.60 (one million five hundred thirty one thousand two hundred eighty eight zloty and sixty grosz) up to an amount not lower than PLN 1,837,288.60 (one million eight hundred thirty seven thousand two hundred eighty eight zloty and sixty grosz) and not higher than PLN 2,211,288.94 (two million two hundred and eleven thousand two hundred eighty eight zloty and ninety four grosz), through the issue of not less than 900,000 (nine hundred thousand) and not more than 2,000,000 (two million) C-series bearer shares of nominal value amounting to PLN 0.34 (thirty four grosz) each. The issue price per C-series share shall be not less than PLN 3,00 (three zloty) and not more than PLN 4,00 (four zloty). Agreements for the acquisition of C-series shares will be concluded by the Company by 25 September 2017. Until the date of this financial statement, the shares were not issued.

7.4. Information on relations between the legal predecessor and the Company and on the manner and scope of acquisition of assets and liabilities.

Zakłady Urządów Kotłowych "STĄPORKÓW" S.A. was incorporated on 26.01.1995 from the transformation of state-owned company Zakłady Urządzeń Kotłowych "STĄPORKÓW" into a one-member state-owned company. All assets and liabilities were taken over by Zakłady Urządzeń Kotłowych "STĄPORKÓW" S.A.

7.5. Inflation-adjusted financial statements

There was no need to adjust the Company's financial statement with inflation rate.

7.6. Summary and explanation of the differences between the data disclosed in the financial statements and comparable financial data and previously prepared and published reports.

There was no need to adjust the Company's reports between the between data disclosed in the financial statements and the previously prepared and published reports.

7.7. Changes in the accounting principles (policy) and the method of preparation of the financial statements, in relation to the previous year (years), their reasons, titles and impact of financial consequences on the financial position, liquidity, financial result and profitability.

In 2016 there were no changes to the accounting principles (policy) of the Company.

7.8 Corrections of fundamental errors, their reasons, titles and impact of financial consequences on the financial position, liquidity and financial performance and profitability

No adjustments were made in the presented financial statement.

7.8. In the case of uncertainty as to the possibility of continuing activities, a description of these uncertainties and the statement that such uncertainty exists, and indication of whether the financial statements contain corrections therefrom. The information should also include a description of activities undertaken or planned by the Company to eliminate this uncertainty.

In light of the results achieved in 2016, the Management Board of the Company draws attention to actions taken since the last year aimed at improving the profitability of the Company's operations:

1. Advanced negotiations with a new shareholder - FIZ FRAM. The funds obtained from the new investor will be allocated for:
 - a. Planned loss in 2017
 - b. Purchases of materials, which will allow to shorten payment terms in exchange for lower purchase prices
 - c. Restructuring costs
2. The planned sale of non-productive assets. Cash obtained from sales will finance the working capital and will reduce credit debt. The Management expects to close first transactions in Q3 2017
3. The restructuring of the Company leading to lower wage costs, improving work efficiency and reducing material consumption.
4. The search for new markets in order to increase sales volume. Contracts obtained up to the date of this report allow us to state that 2017 revenues will significantly exceed 2016 revenues.
5. Advanced and positive negotiations with banks regarding the structure of financing of the Company. The Management Board is convinced that the actions undertaken will allow for a significant improvement of the financial standing of the Company. At the same time, the Board emphasizes that the success of most of the actions is independent of the results of negotiations with a potential investor, although the positive conclusion of the talks will speed up and facilitate currently performed corrective actions.

7.9. Business combination

In the presented period there was no merger of the Company with another entity.

7.10. In the case of non-application of the equity method in the financial statements for purposes of valuation of shares in subsidiaries – effects of its application as well the impact on the financial result, should be presented

The Company does not hold any shares in subsidiaries.

Stąporków, 26 April 2017