The Stalprodukt S.A. Capital Group

Consolidated Financial Report of Stalprodukt S.A. Capital Group for the accounting year 2015

Prepared in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union

Bochnia, April 2016

Selected financial data

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	2015	2014	2015	2014
I. Net sales of products, goods and materials	3 131 693	2 858 537	748 350	682 342
II. Operating profit (loss)	291 552	143 351	69 669	34 218
III. Profit (loss) before taxation	287 009	135 311	68 584	32 299
IV. Net profit (loss)	227 234	101 392	54 300	24 203
- attributable to shareholders of the parent company	219 068	91 065	52 349	21 738
- net profit attributed to non-controlling interests	8 166	10 327	1 951	2 465
V. Net cash flow from operating activities	420 235	203 288	100 419	48 526
VI. Net cash flow from investment activities	-172 836	-161 324	-41 301	-38 509
VII. Net cash flow from financial activities	-148 747	15 293	-35 544	3 650
VIII. Total net cash flow	98 652	57 257	23 574	13 667
IX. Total assets	3 305 746	3 144 555	775 724	737 760
X. Liabilities and provisions for liabilities	1 255 843	1 297 905	294 695	304 508
XI. Long-term liabilities	397 637	415 448	93 309	97 470
XII. Short-term liabilities	534 850	623 290	125 507	146 233
XIII. Shareholders' equity	2 049 903	1 846 650	481 029	433 252
- equity attributable to shareholders of the parent company	1 964 302	1 739 906	460 941	408 208
- equity attributed to non-controlling interests	85 601	106 744	20 087	25 044
XIV. Share capital	13 450	13 450	3 156	3 156
XV. Number of shares	6 725 000	6 725 000	6 725 000	6 725 000
XVI. Profit (loss) for one ordinary share (in PLN)	36,09	15,23	8,62	3,64
XVII. Book value per share (PLN)	304,82	274,59	71,53	64,42
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	2,00	0,60	0,48	0,14

1. Average exchange rates of zloty in NBP during the periods covered by the financial report and comparable financial data in relation to the Euro amounted to:
a) rate of exchange at end of 2015 and 2014, 4.2615 and 4.2623 respectively
b) the average rate, calculated as the arithmetical average of the exchange rates valid on the last day of each month of the year 2015 and 2014, 4.1848 and 4.1893 respectively
c) the lowest rate for 2015 and 2014, 3.9822 and 4.0998 respectively
d) the highest rate in 2015 and 2014, 4.3580 and 4.3138 respectively.

2. Basic items of the balance sheet, profit and loss account and cash flow statement were converted into Euro and presented in selected financial data.

For conversion of currency in PLN into Euros, the following rates of EUR were used, according to the following rules:
- items of assets and liabilities were converted into Euros according to the average exchange rate announced by the NBP as at 31.12.2015 and amounting to 4.2615 and 4.2623 as at 31.12.2014 (section 1a)

- items of profit and loss account and cash flows statement were converted into Euros according to the average rate which is an arithmetic average of average EUR rates announced by the NBP on the last day of each month covered by the report and amounting to 4.1848 for the year 2015 and 4.1893 for the year 2014 (section 1b).

3. For profit-per-share calculation the number of 6,296,867 shares was adopted. In accordance with IAS, 33, 428,133 own shares purchased by the Issuer were excluded from the calculation.

4. In item XVIII the dividend-per-share level was presented, as disbursed by the Issuer in 2015 in respect of 2014.

Bochnia, 26 April 2016

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Józef Ryszka	Piotr Janeczek
Member of the Board –Marketing Director	President of the Board – Chief Executive Officer

CONSOLIDATED BALANCE SHEET	Note	thousand x PLN	
		2015	2014
Assets			
I. Fixed assets		**1 983 072**	**1 933 721**
1. Intangible assets, including:	1	135 652	101 409
- right of perpetual land use		82 058	66 292
2. Property, plant and equipment	2	1 736 547	1 743 162
3. Long-term receivables		319	321
4. Long-term investments	3	69 232	59 690
4.1. Real estates investments		4 613	5 196
4.2. Intangible and legal assets			
4.3 Long-term financial assets		64 619	54 494
4.4. Investments in affiliated entities			
4.5. Other long-term investments			
5. Long-term accruals		41 322	29 139
5.1. Assets on account of deferred income tax	4	30 619	22 310
5.2. Other accruals		10 703	6 829
II. Current assets		**1 322 674**	**1 210 834**
1. Stocks	5	465 337	578 748
2. Short-term receivables	6	433 077	388 758
3. Short-term investments	7	403 696	229 265
3.1 Short-term financial assets		307 969	197 768
a) loans			
b) short-term securities		40 307	28 758
- own shares at nominal value		857	
c) monetary resources and their equivalents		267 662	169 010
3.2. Other short-term investments		95 727	31 497
4. Short-term accruals	8	20 564	14 063
Assets in total		**3 305 746**	**3 144 555**
Liabilities			
I. Equity		**2 049 903**	**1 846 650**
1. Equity assigned to the shareholders of the dominating entity		1 964 302	1 739 906
1.1. Share capital	9	13 450	13 450
1.2. Treasury shares (negative value)	10		-140
1.3. Supplementary capital	11	268 443	180 606
1.4. Capital from revaluation	12	69 287	4 592
1.5. Other supplementary capitals	13	1 432 544	1 461 024
1.6. Profit (loss) from previous years		-38 490	-10 691
1.7. Profit (loss) net		219 068	91 065
2. Capital non-controlling interests	14	85 601	106 744
II. Liabilities and provisions for liabilities		**1 255 843**	**1 297 905**
1. Provisions for liabilities	15	306 146	247 392
1.1. Provision on account of deferred income tax		84 584	57 326
1.2. Other provisions		221 562	190 066
a) long-term		147 950	151 305

b) short-term		73 612	38 761
2. Long-term liabilities	16	397 637	415 448
2.1. Long-term credits and loans		84 272	92 252
2.2. Other long-term liabilities		17 250	27 081
2.3. Contingent liabilities due to the purchase of ZGH		296 115	296 115
3. Short-term liabilities	17	534 850	623 290
3.1. Short-term credits and loans		91 086	113 609
3.2. Short-term part of long-term credits and loans		20 000	20 000
3.3. Liabilities for supplies and services provided		243 879	307 225
3.4. Liabilities on account of current income tax		34 587	11 124
3.5. Other short-term liabilities		145 298	171 332
4. Accrued liabilities	18	17 210	11 775
Liabilities in total		**3 305 746**	**3 144 555**

Book value		**2 049 903**	**1 846 650**
Number of shares (in items)		**6 725 000**	**6 725 000**
Book value for one share (in PLN)	19	**304,82**	**274,59**

Bochnia, 26 April 2016

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Józef Ryszka
Member of the Board –Marketing Director

Piotr Janeczek
President of the Board – Chief Executive Officer

PROFIT AND LOSS ACCOUNT01.01.2015 – 31.12.2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	thousand x PLN	
		2015	**2014**
I. Net revenue from sale of products, goods and materials, including:		**3 131 693**	**2 858 537**
1. Net revenue from sale of products	20	3 041 973	2 735 050
2. Net revenue from sale of goods and materials	21	89 720	123 487
II. Costs of sold products, goods and materials, including:		**2 582 617**	**2 498 118**
1. Cost of manufacture of sold products	22	2 497 530	2 380 291
2. Value of sold goods and materials		85 087	117 827
III. Profit (loss) gross on sales		**549 076**	**360 419**
IV. Costs of sales		79 344	76 217
V. General administrative costs		135 093	130 066
VI. Profit (loss) on sales		**334 639**	**154 136**
VII. Other operational revenue	**23**	24 251	23 351
VIII. Other operational costs	**24**	67 338	34 136
IX. Profit (loss) from operational activity		**291 552**	**143 351**
X. Financial revenue	**25**	15 813	20 435
XI. Financial costs	**26**	20 006	28 475
XII. Profit from stakes in associated entities		-350	
XIII. Profit (loss) gross		**287 009**	**135 311**
XIV. Income tax	**27**	59 775	33 919
XVI. Profit (loss) net, including:	**28**	**227 234**	**101 392**
1. Attributable to shareholders of the parent company		219 068	91 065
2. Attributed to non-controlling interests		8 166	10 327
Profit net		**227 234**	**101 392**
Weighted average number of ordinary shares		**6 725 000**	**6 725 000**
The weighted average number of ordinary shares adjusted against own shares		**6 296 867**	**6 655 267**
Profit (loss) for one ordinary share (in PLN)	29	**36,09**	**15,23**

TOTAL COMPREHENSIVE INCOME 01.01.2015 – 31.12.2015

TOTAL COMPREHENSIVE CONSOLIDATED INCOME	thousand x PLN		
	Note	**2015**	**2014**
Net result		227 234	101 392
Gain from a bargain purchase			
Total Comprehensive Income		**227 234**	**101 392**
Total Comprehensive Income attributable to the parent company shareholders		219 068	91 065
Total Comprehensive Income attributable to non-controlling interests		8 166	10 327

Bochnia, 26 April 2016

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Józef Ryszka
Member of the Board – Marketing Director

Piotr Janeczek
President of the Board – Chief Executive Officer

Statement of changes in equity for the period 01.01.2015 – 31.12.2015

Statement of changes in equity for the period from 1st January to 31st December 2015 and 2014	thousand x PLN								
	Share capital	Own shares at purchase price	Supplementary capital	Capital from revaluation	Other supplementary capitals	Retained profit from previous years	Retained profit from current year	Capital non-controlling interests	Equity in TOTAL
Balance on this 01.01.2015 (opening balance)	**13 450**	**-140**	**180 606**	**4 592**	**1 461 024**	**80 374**		**106 744**	**1 846 650**
Profit distribution			65 339		45 730	-111 069			0
Transfer to short-term investments		140							140
Securing the purchase of own shares from reserve capital					-88 883				-88 883
Intercapital and consolidation transfer			22 498		14 673	5 869		-29 309	13 731
Dividend						-13 664			-13 664
Valuation of hedging transactions				64 695					64 695
Total comprehensive income for period 1.01 - 31.12.2014							219 068	8 166	227 234
Balance on this 31.12.2014 (closing balance)	**13 450**	**0**	**268 443**	**69 287**	**1 432 544**	**-38 490**	**219 068**	**85 601**	**2 049 903**
Balance on this 01.01.2013 (opening balance)	**13 450**	**-140**	**120 035**	**4 521**	**1 434 185**	**55 779**		**128 498**	**1 756 328**
Profit distribution			43 178		7 111	-50 289			0
Intercapital and consolidation transfer			17 393	71	19 728	-12 039		-32 081	-6 928
Dividend						-4 142			-4 142
Total comprehensive income for period 1.01 - 31.12.2013							91 065	10 327	101 392
Balance on this 31.12.2013 (closing balance)	**13 450**	**-140**	**180 606**	**4 592**	**1 461 024**	**-10 691**	**91 065**	**106 744**	**1 846 650**

Bochnia, 28 April 2015

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Józef Ryszka
Member of the Board – Marketing Director

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Piotr Janeczek
President of the Board – Chief Executive Officer

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	2015	2014
A. Cash flow from operational activity - indirect method		
I. Profit (loss) net	**227 234**	**101 392**
II. Adjustments in total	**193 001**	**101 896**
1. Share in (profit) loss net of the subordinate entities valuated with equity method		
2. Depreciation	143 239	135 563
3. Profit (loss) on account of differences in rates	-404	-492
4. Interest and shares in profit (dividend)	4 004	9 792
5. Profit (loss) from investment activity	5 808	22 781
6. Change of provisions level	58 755	35 050
7. Change of stock level	113 411	-72 116
8. Change of receivables level	-44 315	21 195
9. Change of short-term liabilities level, except for loans and credits	-78 565	-39 362
10. Change of accruals level	-1 066	439
11. Other adjustments	-7 866	-10 954
12. Adjustment in respect of ZGH purchase price reconciliation		
III. Cash flow net from operational activity	**420 235**	**203 288**
B. Cash flow from investment activity		
I. Revenue	**18 788**	**11 117**
1. Sale of intangible and legal assets and property, plant and equipment	4 490	2 231
2. Sale of investments in real estates and intangible and legal assets		
3 From financial assets, including:	14 298	8 886
- sale of financial assets	11 992	5 882
- dividend and share in profit	3	4
- payment of granted long-term loans		
- interest	2 303	3 000
- other revenue from financial assets		
4. Other investment revenue		
II. Expenses	**-191 624**	**-172 441**
1. Acquisition of intangible and legal assets and property, plant and equipment	-161 054	-130 437
2. Investments in real estates and intangible and legal assets		
3 For financial assets, including:	-30 370	-41 960
- acquisition of financial assets		41 960
- granted long-term loans		
4. Other investment expenses	-200	-44
III. Cash flow net from investment activity	**-172 836**	**-161 324**
C. Cash flow from financial activity		
I. Revenue	26 703	83 601
1. Net revenue from the issuance of shares and other capital instruments and additional equity contributions		

2. Credits and loans	26 001	83 571
3. Issuance of debt securities		
4. Other financial revenue	702	30
II. Expenses	-175 450	-68 308
1. Acquisition of treasury shares	-89 600	
2. Dividend and other payments for the holders	-13 663	-4 142
3. Other, than the payments for holders, expenses on account of the allocation of profit		
4. Payment of credits and loans	-56 477	-41 737
5. Redemption of debt securities		
6. On account of other financial liabilities	-6 735	-6 769
7. Payment of liabilities on account of financial leasing contracts	-1 963	-2 856
8. Interests	-7 012	-12 798
9. Other financial expenses		-6
III. Cash flow net from financial activity	**-148 747**	**15 293**
D. Net cash flow, total	**98 652**	**57 257**
E. Balance sheet change in cash, including:	**98 652**	**57 257**
- change in cash due to exchange rates fluctuations		
F. Cash (beginning of period)	**169 010**	**111 753**
G. Cash (end of period), including:	**267 662**	**169 010**
- of limited access and disposal		

Bochnia, 26 April 2016

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Józef Ryszka
Member of the Board – Marketing Director

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Piotr Janeczek
President of the Board – Chief Executive Officer

Cash at beginning of the reporting period represent the amount of PLN 169,010 thousand, including cash at hand PLN 309 thousand, on bank accounts PLN 168,701 thousand and at the end of the reporting period PLN 267,662 thousand, including PLN 368 thousand cash at hand and PLN 267,294 thousand on bank accounts.
Operating activities consist of the basic (main) activities of the Group, i.e. production, trade and service and other not classified as investing or financing activities. Net cash from operating activities is a revised financial result of the Group.
The Group's investment activity is related to acquisition and sale of tangible fixed assets of a financial and proprietary nature (fixed assets, intangible assets, shares and stocks).The Group’s financial activities consist of acquisition and use of equity and foreign capital, including the short and long term credits.
The inconsistency between the status changes declared in the balance sheet and status changes declared in the operating cash flow statement is related to the liabilities and arises from the exclusion of the change in the liabilities relating to the purchases of fixed assets and recognition of the same in the cash flow from investment activities as well as exclusion of the change in the credits and leasing status and recognition of the same in the cash flow from financial activities.

Additional Information on the adopted accounting principles (policy) and other explanatory information

1. General information

Company's identification data

Name:	**Stalprodukt S.A.**
Legal form:	**Joint Stock Company**
Seat:	**Bochnia, Wygoda 69**
Country of Registration:	**Poland**
Registering Agency:	**District Court for Kraków-Śródmieście, National Court Register (KRS) No 0000055209**
Basic object of activities:	**Production of flat cold rolled sheets Polish Classification of Economic Activities (PKD) No 2432Z**

Stalprodukt SA was established on 01.07.1991, in the process of restructuring of Tadeusz Sendzimir Steelworks (now the Branch of ArcelorMittal Poland S.A.), using an innovative path of privatization. The Company started its operations on 01.07.1992, with a 60-percent participation of employees and a 40-percent participation of Tadeusz Sendzimir Steelworks in Krakow. Upon the commencement of business the Company acquired against consideration of HTS materials, inventory, work in progress and finished goods, and equipment and intangible assets of the former Metallurgical Processing Plant HTS. In 1995-1996, the Company purchased all the assets leased from Tadeusz Sendzimir Steelworks, including the right of perpetual usufruct of land, buildings, structures, machinery and equipment.

The Company's shares were introduced into public trading and the stock exchange. They are listed on the Warsaw Stock Exchange since 06.08.1997.

The Company is the manufacturer of highly processed steel products such transformer sheets and strips, cold formed profiles and tubes, hot and cold rolled sheets and strips, road safety barriers and toroidal cores. The production plants are located in Bochnia, Krakow and Tarnow. Significant part of the production goes to export markets, mainly to EU countries.

The sales of products are pursued directly by the Company and by the national sales network with departments localized all over the country, managed by the subsidiary company Stalprodukt-Centrostal Kraków Sp. z o.o. based in Bochnia.

Internal organizational units (subsidiaries) which prepare independent financial reports are not included in the Company's enterprize. Stalprodukt S.A. is the Parent Company and prepares a consolidated financial report.

The Stalprodukt S.A. Capital Group is established for an unlimited time.

The consolidated financial statements are presented for the year 2015, and comparable financial data for the year 2014.

Composition of Management Board and Supervisory Board of the Parent Company

In the period from 01 January 2015 to 31 December 2015, the Stalprodukt Management Board of the Parent Company was composed of:

Piotr Janeczek - President of the Board

Józef Ryszka - Member of the Board

In the period from 1 January 2015 to 31 December 2015, the Stalprodukt Supervisory Board of the Parent Company was composed of:

Stanisław Kurnik - Chairman of the Supervisory Board

Maria Sierpińska - Vice-Chairman of the Supervisory Board

Kazimierz Szydłowski - Secretary

Janusz Bodek - Member

Sanjay Samaddar - Member

Tomasz Plaskura - Member

Tomasz Ślęzak - Member

Certified Auditor

„Accord'ab" Biegli Rewidenci Sp. z o.o.

Ul. Grabiszyńska 241

53-234 Wrocław

Banks

Bank Pekao S.A.

Bank Handlowy w Warszawie S.A.

PKO Bank Polski S.A.

BNP Paribas Bank Polska S.A.

Societe Generale S.A. Oddział w Polsce

Listing on the regulated market

The Company's shares are traded on the Warsaw Stock Exchange from 06.08.1997 r.

Significant Shareholders of the Parent Company

As of 31.12.2015 r. the shareholders entitled to above 5 % of votes at the General Meeting of Shareholders:

- ArcelorMittal Poland S.A. holding 1 914 376 shares, accounting for 28.47 % of capital share and 5 064 680 votes, accounting for 28.26 % of the total number of votes at the General Meeting of Shareholders.

- STP Investment S.A. holding 1 949 985 shares, accounting for 29.00 % of capital share and 5 891 241 votes, accounting for 32.87 % of the total number of votes at the General Meeting of Shareholders.

- Stalprodukt-Profil S.A., holding 609 217 shares, accounting for 9.06 % of capital share and 976 109 votes, accounting for 5.45 % of the total number of votes at the General Meeting of Shareholders.

According to the report's publication day's status, the Shareholders holding above 5% of votes at the General Meeting of Shareholders were:

- ArcelorMittal Poland S.A. holding 1 564 572 shares, accounting for 23.27 % of capital share and 3 315 660 votes, accounting for 18.50 % of the total number of votes at the General Meeting of Shareholders.

- STP Investment S.A. holding 1 949 985 shares, accounting for 29.00 % of capital share and 5 891 241 votes, accounting for 32.87 % of the total number of votes at the General Meeting of Shareholders.

- Stalprodukt-Profil S.A., holding 609 217 shares, accounting for 9.06 % of capital share and 976 109 votes, accounting for 5.45 % of the total number of votes at the General Meeting of Shareholders.

Subsidiary

In the reporting year, the Stalprodukt Capital Group embraced the following subsidiary companies subject to audit pursuant to IFRS 10:

No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take- over of control/ joint control/ obtaining a significant impact	percentage of capital held	share of the total number of votes at a general meeting
1.	Stalprodukt-MB sp. z o.o.	Bochnia	construction and maintenance of roads and highways	subsidiary	full consolidation	17.10.1997	100	100
2.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	100	100
3.	Stalprodukt-Centrostal sp. z o.o.	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	100	100
4.	Stalprodukt-Serwis sp. z o.o.	Bochnia	services of installation, repair and maintenance of machinery	subsidiary	full consolidation	29.12.1998	100	100
5.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	100	100
6.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100	100
7.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100	100
8.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	51	51
9.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100	100
10.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	94.45	94.45

Stalprodukt S.A., being the Group’s parent company, is involved in production activities and sets out directions for the development and activities of the subsidiary companies’ formed within the Company’s restructuring program and expansion of its production, trade and services as well as formation of its own sales network. Since 01.01.2013 ZGH “Bolesław” S.A., which acts as a parent company for seven entities, has been subject to consolidation (notes 3c’ and 3c’’).

2. Compliance with the International Financial Reporting Standards

From January 1, 2005 Stalprodukt SA, The Issuer of securities, admitted to public trading in accordance with the Accounting Act dated 29 September 1994 (uniform text of Polish Journal of Laws Dz.U. of 2009, No. 152, item. 1223, as amended) and pursuant to the Resolution of AGM dated 30 June 2005, draws up the individual financial statements in accordance with IAS/IFRS, adopted by the European Union and related interpretations published in the form of regulations of the European Commission. The Group applied MSSF1 "the application of the international financial reporting standards for the first time" in the Annual Report for the year ended 31 December 2005. Date of transition to IFRS was 1 January 2004.

These consolidated financial statements have been drawn up in all material respects in accordance with IAS/IFRS, and in the scope not regulated by these standards, as required by the Act of 29 September 1994 on Accounting (Polish Journal of Laws Dz.U. of 2009, No. 152, item 1223, as amended) and in accordance with the requirements specified in the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent the information required by the laws of a non-member state (Polish Journal of Laws Dz.U. of 2009, No. 33, item 259).
The presented financial statements and comparable financial data include recommendations given by an entity authorized to audit.

Assumptions for the Continuation of Economic Activities

The Report was prepared with the assumption that the Group's economic activities would be continued and no circumstances indicate that such activities are threatened. As of the report signing day, the Company's Management Board does not record any facts or circumstances which would indicate a threat to the continuation of the economic activities to be pursued by the Issuer in the 12-month period following the balance-sheet day.

Functional and Presentation Currency

The currency in use, as the basic currency of the economic environment in which the Group operates is the Polish zloty. This currency is also the currency used in the consolidated financial statements.

Consolidation Method

At the Parent Company's level, all the Capital Group's companies undergo full consolidation.

3. Applicable accounting rules (policy)

Since 01.01.2005, the Group has been applying the accounting rules (policy), including methods of valuation of assets and liabilities, as well as revenues and expenses, determining the financial result and drawing up financial statements in accordance with IFRS, adopted by the European Union, and in matters not governed by IFRS, pursuant to the Polish Accounting Act.

To ensure a clear and full understanding of these consolidated financial statements, there are presented below the basic principles of valuation of assets and liabilities, determination of financial result and other accounting policies adopted in the Group.

Fixed assets

a) as of the date of transition to international standards, in accordance with MSSF1 "the application of International Financial Reporting Standards for the first time", the Company adopted a valuation of previously used tangible fixed assets at fair value and decided to use this value as expected (implied) cost as of this day. Revaluations were made in-house with technical staff, based on their technical and market knowledge, taking into account the previous lifetime of the assets, the degree of wear and tear, made improvements, modernization and repairs. The following lifetimes and depreciation rates were adopted for the tangible fixed assets used in the Company prior to the date of transition to IFRS: buildings 20 years (5%), structures 10 years (10%), boilers 5 years (20%), machinery and equipment for general use 5 years (20%), metallurgical machinery and equipment 10 years (10%) and other technical equipment 5 years (20%).

b) Difference (surplus) due to the initial revaluation was applied to equity as retained earnings.

c) items of tangible fixed assets, qualified as assets, initially (at time of adoption for use) are measured at cost or production cost.

The initial value of tangible fixed assets comprises their purchase price or production cost plus any costs directly related to the purchase and adaptation of the asset to a state suitable for production use.

The initial value of fixed assets is increased by the value of the expenditures on their improvement (reconstruction, development, reconstruction, modernization).

d) after the initial recognition of items of tangible fixed assets as assets, they are disclosed on the balance sheet by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation and any accumulated impairment losses. Decrease in amortization does not apply to own land, for which there is no amortization write-offs.

e) each of the components of tangible fixed assets, purchase price or production cost of which is significant when compared to the purchase price or production cost of the whole item, and the expected lifetime of which differs significantly from the expected lifetime of the whole item, is depreciated separately.

f) assets of the unit initial value up to PLN 3,500 are depreciated once, writing their value off as costs when transferring such assets to use.

g) other fixed assets or their separate and significant components are depreciated with a straight-line method based on rates estimated based on the expected period of use, taking into account the residual value, if the amount is significant. The residual value is the estimated amount that an entity has obtained from the sale of an asset, after deducting the estimated costs of disposal if the asset was as old and in such condition as expected at the end of its lifetime. There were no significant residual values identified for previously used fixed assets.

The Groups adopts the lifetime of new investments in the form of machinery and equipment 10 - 20 years.

Depreciation rates are reviewed annually for compliance with the economic lifetime of fixed assets. The residual value of fixed assets is also subject to verification.

h) fixed assets under construction are valued in the amount of total costs directly arising in connection with their acquisition or construction, less any impairment losses. Assets under construction are not depreciated until the completion of their construction and putting into use.

I) overhaul costs of fixed assets are capitalized and amortized in equal periods of repair cycles. Maintenance costs of fixed assets and their maintenance affect the result of the financial period in which they are incurred.

j) intangible assets are recognized if it is probable that they will ensure the Group the benefit in the future, which can be directly related to those assets.

They are shown at acquisition or production cost less accumulated amortization and the total amount of any impairment losses. They are amortized with a straight-line method over a period of use, which should be determined reliably. Intangible assets with an indefinite lifetime are not amortized but tested for impairment. The lifetime of intangible assets is subject to verification on the balance sheet date.

The expenses incurred for the acquisition of perpetual usufruct of land are classified by the Company as intangible assets because the title concerned, alike land, does not lose in value and is valid for an indefinite period of time. It is not subject to depreciation or redemption either.

k) if there are any indications of possible loss in value of tangible fixed assets and intangible assets, an impairment test shall be carried out and the determined revaluation write-offs shall reduce the balance sheet value of an asset, to which they refer, and they shall be included in the profit and loss account. The amount of revaluation write-offs is determined as the excess of the balance sheet value of these items over their recoverable value. The recoverable value is the higher of the following values: net selling price or value in use measured by generated cash flows of a given asset or cash-generating unit, discounted to the present value using a discount rate, which reflects current market prices of the money value over time and the risks of a given asset.

The amounts recognized as revaluation write-offs are reversed if the reasons for their creation cease to appear. The effects of such reversal are recognized in the profit or loss account as other operating income.

l) long-term loans and receivables are measured by the adjusted purchase price (amortized cost) with the use of the effective interest method, observing the principle of materiality.

The realized gains and losses arising from changes in value are recognized in the profit or loss account in the period in which they arose.

m) investment real properties (leased fixed assets) are valued in the same manner as fixed assets by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation (amortization) and accumulated impairment losses.

n) long-term financial assets (shares) are valued at purchase prices less their impairment losses.

Current assets

a) inventories - are valued according to the actual purchase prices or production costs, not higher than their net realization values (net selling prices). Net realization value is the estimated selling price in the ordinary course of business, less estimated costs to complete the inventory item and the costs necessary to make the sale.

Total disbursements are measured by the prices of these items, which were acquired as first (FIFO principle "first in - first out").

Cost of producing finished goods and work in progress includes the cost of direct materials, labour and other costs, as well as the appropriate mark-up of indirect production costs determined on the assumption of normal capacity utilization, excluding borrowing costs.

The production costs do not include costs:

- arising from the unused production capacity and production losses,

- of general management, not associated with developing the product to a form and place in which it is found at the valuation date.

Any write-offs of inventories to net realizable value and all losses of inventories are recognized as operating costs of the period in which the write-off or loss occurred. If the circumstances, which led to the reduction of inventories, cease to prevail or if there is clear evidence of increase in net realization value, the amount of previously made write-off shall be restored (reversal of write-off). The amount corresponding to the restored value of inventories due to higher net realization value, is recognized as a reduction in inventory costs recognized in the profit and loss account in the period in which the value was restored.

The Group keeps a record of material values and quantities. It is allowed to recognize the purchase of materials as costs without keeping the record of values and quantities provided that such materials will be transmitted to use immediately after purchase.

Spare parts for machinery and equipment of long-term lifetime are disclosed in the balance sheet under tangible fixed assets.

b) short-term debts and claims for supplies and services - are recognized according to the amounts originally invoiced including write-offs for bad debt charged to other operating costs.

Denominated in foreign currency receivables are valued on the balance sheet date according to the average rate for that day, for the valuation are assumed the rates of the bank in which the Parent Company has the largest turnover of foreign exchange. While transactions in foreign currencies are valued at the rate of immediate execution at the transaction date. The foreign exchange differences resulting from the valuation are recognized in the profit and loss account, in the period in which they arise (revenues/expenses).

According to the accepted principles (policy), the Parent Company creates revaluation write-offs to:

- national debts not paid within 6 months, and the export receivables of more than 9 months,
- disputed receivables and receivables related to the liquidation and bankruptcy proceedings, as well as arrangements and compositions,
- interest on receivables, accrued but not paid.

c) cash and cash equivalents include cash at bank and in hand, short-term deposits and other instruments with a high degree of liquidity. They are valued at their nominal value. Denominated in foreign currency cash is valued on the balance sheet date at the closing rate, which is the immediate exchange rate. Resulting foreign exchange differences are classified as financial income or expense.

Equity

Equity of the Group includes: share capital, capital reserve, supplementary capital, revaluation reserve, retained earnings from previous years and the result of the current period. All capital is valued at nominal value. The value of own shares is deducted from equity.

a) Share capital is included in the amount specified in the contract or statute, and entered in the court register. Declared but not paid capital is recognized as a called-up capital. Share capital represents ordinary bearer shares and privileged registered shares.

b) Capital is created in the Parent Company obligatorily (by the operation of law) and is intended to cover any lack of share capital. Pursuant to the Commercial Companies Code, the Parent Company must allocate at least 8% of annual net profits to the capital reserve until it reaches one third of the share capital.

c) The capital reserve is increased by surpluses while the shares are issued above their nominal value and the difference from the revaluation of fixed assets that were liquidated or sold. In addition, the capital reserve was increased in 2005 due to the revaluation of fixed assets to fair value at the date of transition to IFRS, as retained earnings.

d) The revaluation reserve includes the differences from the revaluation of fixed assets, land and perpetual usufruct of land, except the value resulting from the revaluation as of the date of transition to IFRS, which was disclosed in the capital reserve as retained earnings. In the case of disposition or liquidation of an asset, the relevant part of revaluation reserve is transferred to the capital reserve. A write-off due to the impairment of fixed assets that had previously been subject to the revaluation reduces the revaluation reserve to the amount of the reserve, which refers to such fixed assets.

e) Other supplementary capital is created from profit, the distribution of which is determined by the General Meeting of Shareholders. These serve to finance investments and current assets, and cover potential losses. Their use is determined by the General Meeting of Shareholders.

The minority capital, accounting for the equity shares of the subsidiaries other than the ones subject to consolidation, is shown as a separate item within the Liabilities sheet of the Financial Report.

Liabilities

a) Bank credits, loans and other financial liabilities (leasing) are disclosed at amortized cost (corrected purchase price) with an effective interest rate method, observing the principle of materiality. Interest cost is allocated to the respective periods and disclosed in the profit and loss account.

b) Short-term trade liabilities are recognized according to the amounts originally invoiced. Liabilities denominated in foreign currencies are valued at the rate of the immediate implementation (exchange), which is the closing price on the balance sheet date. The resulting exchange differences are disclosed in the financial income or expense in the profit and loss account.

Provisions

Provisions are created when there is:

- an obligation (legal or constructive) on the balance sheet date resulting from past events,

- a probability that funds shall have to be spent,

- a possibility of making a reliable estimate calculation.

According to the accepted principles (policy), the Group creates provisions for:

- temporary income tax differences resulting from the fact that the moment when income was recognised as gained or cost as incurred was different, pursuant to the accounting law and tax regulations,

- employee benefits (retirement),

- other provisions for the expected or probable losses from business operations having a significant influence on earnings, observing the principle of materiality.

a) Provision for income taxes is created using the liability method for all temporary differences existing on the balance sheet date between the tax bases of assets and liabilities and their balance sheet amounts shown in the financial statements. Provision for deferred tax is created in relation to temporary gains, and deferred tax assets are recognized in relation to temporary losses.

In terms of depreciation, the provision (assets) for the differences between the tax and balance sheet depreciation is created for the last reporting period.

The balance sheet value of assets due to the deferred tax is reviewed on the balance sheet date and reduced as appropriate, if gaining the taxable income sufficient to realize the asset due to the deferred income tax is no longer probable. The difference between the balance of provisions and deferred tax assets at the end and the beginning of financial year affects the financial result or equity if the provisions and assets relate to operations settled directly with equity.

b) Provision for retirement benefits is determined with the actuarial method, and its amount depends on the previous period of employment specifying the degree of benefit development and the rotation rate of employment, the likelihood of payment and the discount rate. Provisions for employee benefits are accounted for on the balance sheet date, ending the financial year.

c) Pre-payments and accruals. The Group makes prepayments, if they relate to future reporting periods. Accrued expenses payable are made in the amount of probable liabilities attributable to the current reporting period.

Profit and loss account

a) revenues from sales includes the fair value of revenues from sales of products, goods and services, net of tax on goods and services.

Revenues are recognized in two major categories:

- sale of products (including services),

- sale of goods and materials.

Revenues are recognized in the amount in which it is probable that the Group shall gain the economic benefits associated with the transaction and the amount of revenue can be measured reliably.

b) cost of products and services sold, goods and materials include costs directly related to their production or purchase.

Own cost is presented as broken down into two basic categories:

- cost of products sold (including services),

- value of goods and materials sold.

Cost of sales includes the costs of trade and the costs of representation and advertising. General and administrative costs include costs associated with managing the unit and the costs of administration and representation.

c) moreover, the financial result is also influenced by:

- other operating income and operating expenses indirectly related to the activities in such areas as gains and losses on disposal of non-financial fixed assets, revaluation of non-financial assets, the creation and termination of provisions for future risks, penalties, fines and compensation, receipt or transfer of donations,

- financial income from dividends (profit sharing), interest, gains on disposal of investments, revaluation of investments, surplus from foreign exchange benefits over foreign exchange losses,

- the financial costs of interest, loss on disposal of investments, revaluation of investments, the surplus of foreign exchange losses on the positive

- mandatory financial burden as a result of income tax.

The balances of: realized exchange differences arising from positive and negative settlements, revaluation of receivables and provisions, provisions for employee benefits are reconciled against the costs of the products sold or value of goods and materials sold as presented in the profit and loss account.

d) a write-off (provision) in a full amount is created according to the accruals principle, observing the precautionary principle, for interest income. Interest received according to the cash principle is disclosed in the profit and loss account.

e) operating expenses are recorded in the period to which they relate.

Borrowing costs directly related to the acquisition or construction of assets that require a longer period of time in order to be fit for use or resale, are added to the manufacturing costs of such assets until the hand-over of these assets to use.

All other borrowing costs are disclosed directly in the profit and loss account in the period in which they are incurred. (IAS 23).

f) income tax disclosed in the profit and loss account includes some current and deferred tax. Current tax is the tax liability in respect of taxable income for the given financial year, determined using tax rates applicable on the balance sheet date and tax adjustments for previous years. Deferred tax is described under par. 1.6.

g) there was adopted the principle of cost grouping by type in the accounts under group 4 and settling them by type of activity under group 5. The Group uses and reports the calculation variant of the profit and loss account.

Leasing

Fixed assets used under financial leasing agreements, which transfer to the Group substantially all benefits and risks associated with the possession of assets, are disclosed in the balance sheet by the cost model, as all the components of tangible assets. Lease payments are allocated between finance charges and reduction of the outstanding liability. Financial expenses are accounted for directly in the profit and loss account. Fixed assets used under financial leasing are depreciated over their lifetime. Leasing agreements, under which all the risks and benefits are borne by the lessor, are classified as operating leasing agreements. Cost of leasing payments are related linearly in the profit and loss account during the contract period.

Negative goodwill

According to IFRS No. 3, negative goodwill at the time of its creation is once written off in revenues. Negative goodwill which arose before the date of transition to IFRS, was removed from the balance sheet and written off in full in the undistributed profit from previous years, thus increasing equity. Negative goodwill arising after the date of 01.01.2004 is referred directly to the profit and loss account (increased financial results).

Principles Governing the Preparation of the Financial Report

a/ The Consolidated Financial Report and consolidated comparable data were prepared by means of the full consolidation method as follows:

- the consolidated balance sheet was drawn up by adding all the items belonging to the Assets and Liabilities of the companies subject to consolidation and by eliminating the items related to mutual settlements, earnings retained in inventories and value of the shares held in subsidiary companies in conjunction with their share capitals,
- the Consolidated Profit and Loss Account and Comprehensive Income Statement were drawn up by adding all the income and cost items relating to the consolidated companies in the reporting period and by excluding the revenues from the intercompany transactions and earnings retained in inventories,

- the Report on Changes in Equity was drawn up by adding all the changes in equity in respect of the consolidated companies, related to the transactions with equity owners, and by excluding the intercompany transactions,
- the Consolidated Cash Flow Statement was drawn up adding all the accounting items in respect of the reporting period and excluding consolidation procedures of the Balance Sheet and Profit and Loss Account.

b/ the consolidated net profit consists of the Parent Company's net profit, subsidiary companies' net profit in the part in which the Parent Company owns these companies and the profit share in the associated companies in the part in which the Parent Company owns these companies.

The consolidated net profit embraces:

- operating result, including other operating income and operating costs,
- financial operations result,
- write off of the subsidiaries' goodwill,
- statutory encumbrances on the financial result in respect of the income tax,
- share of profit (loss) in subsidiary companies accounted for with the equity method,
- minority profit (loss).

Professional opinion, estimates and assumptions.

While drawing up the consolidated financial statements in conformity with IFRS, the Management Board has the obligation to express its professional opinion, prepare estimates and assumptions that affect the adopted rules and presented values of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and other factors, which are considered reasonable in the circumstances, and their results provide the basis to express professional opinion as to the balance sheet amounts of assets and liabilities, which do not result directly from other sources. Actual results may differ from the estimate. The estimates and associated assumptions are subject to ongoing review. Changes in accounting estimates are recognized in the period in which they were made.

Key assumptions and estimates in the process of applying the rules (policies) concerning the balance sheet amounts are:

a) revaluation write-offs of receivables,

b) revaluation write-offs of inventories,

c) provisions for retirement,

d) assets and deferred tax liabilities,

e) periods of depreciation of fixed assets,

f) settlement of the ZGH "Bolesław" S.A. purchase price and valuation of the take-over-related liabilities.

According to our knowledge, there is no significant risk of adjustments to the balance sheet amounts of assets and liabilities within the next financial year in connection with the estimates made.

4. Changes of the applicable accounting rules (policies)

The accounting principles applied in the preparation of the present Report are coherent with the ones applied for the preparation of the Financial Report for the year ended on 31 December 2014, except for the application of the following changes in the standards and new interpretations published by the International Accounting Standards Board and approved by the European Union, applicable for the annual periods starting on or after 1 January 2015:

- Amendments to various standards "IFRS – Annual Improvements (2011-2013 cycle)" – introduced procedural changes concerning the introduction of annual amendments to IFRS (IFRS 3, IFRS 13 and IAS 40) mainly focused on solving inconsistencies and disambiguating terminology – approved by the EU on 18 December 2014 (applicable for the annual periods starting on or after 1 January 2015),
- Interpretation IFRIC 21 "Levies" – approved by the EU on 13 June 2014 (applicable for the annual periods starting on or after 17 June 2014).

The above standards, interpretations and amendments to standards have not significantly affected the company's accounting policy pursued so far or the presentation of its financial reports.

Standards and interpretations which have already been published, but which have not become effective yet.

Preparing the present financial report, the Company did not apply the following standards, revisions and interpretations, which had been published by IASB, approved for use by the EU, but had not taken effect yet:

- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations – approved by the EU on 24 November 2015 (applicable for the annual periods starting on or after 1 January 2016)
- Amendments to IAS 1 "Presentation of Financial Statements" – Initiative Concerning Disclosures – approved by the EU on 18 December 2015 (applicable for the annual periods starting on or after 1 January 2016)
- Amendments to IAS 16 " Tangible Fixed Assets" and IAS 38 "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization – approved by the EU on 2 December 2015 (applicable for the annual periods starting on or after 1 January 2016)

- Amendments to IAS 16 ”Tangible Fixed Assets” and IAS 41 Intangible Assets ”Agriculture” – Plants – approved by the EU on 23 November 2015 (applicable for het annual periods starting on or after 1 January 2016)

• Amendments to IAS 19 “Employee Benefits” – Defined Benefit Plans: Employee Contributions – approved in the EU on 17 December 2014 (applicable for the annual periods starting on or after 1 February 2015),

- Amendments to IAS 27 ”Presentation of Financial Statements” – Equity Method for Individual Financial Statements – approved by the EU on 18 December 2015 (applicable for the annual periods starting on or after 1 January 2016)
- Amendments to various standards „Improvements of IFRS (cycle 2010-2012)” – amendments made under the annual improvements introduced into IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) mainly focused on solving inconsistencies and clarification of terminology – approved by the EU on 17 December 2014 (applicable for the annual periods starting on or after 1 February 2015)
- Amendments to various standards „Improvements of IFRS (cycle 2012-2014)” – amendments made under the annual improvements introduced into IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) mainly focused on solving inconsistencies and clarification of terminology – approved by the EU on 15 December 2015 (applicable for the annual periods starting on or after 1 January 2016)

The entity decided not to take the opportunity of early application of the standards, revisions of the standards and their interpretations. In accordance with the estimates made by the Company, the standards, interpretations and revised standards above would have no significant influence on the Financial Statements, had they been applied by the Company as of the balance-sheet date.

Standards and Interpretations approved by the International Accounting Standards Board, but not approved for the application in the EU.

The IFRS in the form approved by the EU do not significantly differ from the provisions adopted by the International Accounting Standards Board (IASB), except for the undermentioned standards, amendments to standards and interpretations, which have not been approved for application in the EU as of the Financial Report publication day:

• IFRS 9 “Financial Instruments” (applicable for the annual periods starting on or after 1 January 2018),

- IFRS 14 “Regulatory Deferral Accounts” (applicable for the annual periods starting on or after 1 January 2016) – the European Commission decided not to start the approval process for this temporary standard for the EU area until the issuance of the final version of IFRS 14;
- IFRS 15 “Revenue from Contracts with Customers” and further amendments (applicable for the annual periods starting on or after 1 January 2018);
- IFRS 16 ”Leasing”– applicable for het annual periods starting on or after 1 January 2019:

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures ” – investment units: application of the consolidation exemption (applicable for the annual periods starting on or after 1 January 2016);
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sales or Contributions of Assets between an Investor and its Associate/Joint Venture and further amendments (effective date postponed until the completion of research works concerning the equity rights method);
- Amendments to IAS 7 “Presentation of Financial Statements” – Disclosure Initiative (applicable for the annual periods starting on or after 1 January 2017);
- Amendments to IAS 12 “Income Tax” – Recognition of Deferred Income Tax Assets on Unrealized Losses (applicable for the annual periods starting on or after 1 January 2017).

At the same time, in addition to the provisions adopted by the EU, there still remains hedge accounting for the portfolio of financial assets and liabilities, whose underlying principles have not yet been approved for use in the EU.

5. Notes

NOTE 1a - INTANGIBLE ASSETS	thousand x PLN	
	2015	2014
a) costs of completed developmental works	3 422	2 552
b) goodwill	18 378	18 670
c) concessions, patents, licenses and similar	13 243	12 860
- computer software	*5 249*	*5 027*
d) other intangible assets	18 551	1 035
e) advance payments for intangible assets	82 058	66 292
Intangible assets, total	**135 652**	**101 409**

All intangible assets are owned by the Company Stalprodukt. The Company does not rent or lease intangible assets.

The goodwill of the subsidiary companies of ZGH “Bolesław” S.A.: Gradir Montenegro d o.o. – PLN 17 973 thousand and the Olkusz based road works company: Przedsiębiorstwo Robót Drogowych w Olkuszu Sp. z o.o. – PLN 405 thousand.

1b NOTE - Changes of intangible assets (by group type)	thousand x PLN						
	a	b	c		d	e	
	cost of completed developmental works	goodwill	concessions, patents, licenses and similar values, including:		other intangible assets	advance payments for intangible assets	Intangible assets, total
				- computer software			
I. gross value of intangible assets at the beginning of the period	**2 737**	**18 670**	**24 659**	**6 404**	**8 150**	**66 292**	**120 508**
1. increase (due to)	**887**		**1 721**	**937**	**21 398**	**16 484**	**40 490**
- consolidation							
- purchase	*887*		*1 721*	*937*	*7 248*	*16 484*	*26 340*
- value from valuation survey							
- obtaining free-of-charge right to CO^2 emission					*14 150*		*14 150*
2. decrease (due to)		**292**	**957**	**369**	**7 838**		**9 087**
- liquidation		*292*	*957*	*369*	*3*		*1 252*
- sales							
- obtaining free-of-charge right to CO^2 emission					*7 835*		*7 835*
II. gross value of intangible assets at the end of the period	**3 624**	**18 378**	**25 423**	**6 972**	**21 710**	**82 776**	**151 911**
1. accumulated depreciation (amortization), at the beginning of the period	**185**		**11 799**	**1 377**	**7 115**	**718**	**19 817**
2. depreciation for the period (due to)	**17**		**381**	**346**	**-3 956**		**-3 558**
- depreciation allocated to the costs	*17*		*381*	*346*	*3 956*		*4 354*
- decrease due to liquidation					*-7 912*		*-7 912*
III. accumulated depreciation (amortization) at the end of the period	**202**		**12 180**	**1 723**	**3 159**	**718**	**16 259**
1. charges for permanent loss of value at the beginning of the period							
- increase							
- decrease							
2. write-offs for permanent loss of value at the end of the period							
IV. net value of intangible assets at the end of the period	**3 422**	**18 378**	**13 243**	**5 249**	**18 551**	**82 058**	**135 652**

NOTE 2a - TANGIBLE FIXED ASSETS	thousand x PLN	
	2015	2014
1. fixed assets, including:	**1 636 196**	**1 588 072**
a) land	25 552	22 663
b) buildings, premises, civil engineering objects	566 126	580 210
c) Plants and machinery	1 010 247	949 710
d) means of transport	25 475	27 198
e) other fixed assets	8 796	8 291
2. fixed assets under construction	**100 351**	**155 090**
3. advance payments on fixed assets under construction		
Tangible fixed assets, total	**1 736 547**	**1 743 162**

As of the balance sheet day, the undermentioned real properties are encumbered by mortgage:
- the real estate located at Wadowicka Street in Cracow is encumbered with a joint mortgage of up to PLN 150 000 thousand, supposed to secure the repayment of a long-term investment credit incurred at the PKO BP Bank based in Warsaw amounting to PLN 100 000 thousand appropriated for the majority stake of ZGH “Bolesław” S.A. in Bukowno.

- the properties of the Cynk-Mal S.A. company in Legnica were encumbered by mortgage in favor of Bank Śląski in respect of credit agreements. The mortgage amounted to PLN 3,000 thousand. Additionally, in connection with the fact that the right of perpetual usufruct was transformed into an ownership title, a mortgage, amounting to PLN 373 thousand, was established in favor of the State Treasury, as a security for the transformation fee.

Moreover, some of the Cynk-Mal S.A. production equipment and production lines are subject to registered pledges, amounting to PLN 4,275 thousand in various banks.

As of the balance sheet day, the undermentioned real properties owned by the ZGH “Bolesław” S.A. Capital Group, are encumbered by the following mortgages acting as property collaterals:
- contractual mortgage established on the right of perpetual usufruct in respect of a plot of land No . 435/8 and on ownership right to the industrial building covered by a separate ownership title, recorded in the Land and Mortgage Register No GL1T/00094659/8, kept by the District Court of Tarnowskie Góry, amounting to PLN 36 956 thousand, increased by the interest due in respect of the Loan Agreement dated 11.12.2013, No 818/2013/Wn-12/OZ-UI-go/2014, concluded by HCM S.A with the National Fund for Environmental Protection and Water Management in Warsaw.

Also the PRD Olkusz company's tangible fixed assets transfer agreement is in force as of the balance sheet day:
- vibration roller AV 20-2 No ser. 10891 year of production 2008 valued at PLN 66 thousand,
- vibration roller AV 85-2 No ser. 106698/0339 year of production 2008 valued at PLN 199 thousand.

Also the fixed assets of the Bolesław Recycling Sp. z o.o. Company, purchased with the loan funds, loan agreement No 426/2004, concluded with the National Fund for Environmental Protection and Water Management in Warsaw. The loan amounts to PLN 45 140 thousand. As of the balance sheet day the amount of PLN 2 380 thousand was still left to repay.

Other tangible assets are not encumbered with mortgages, registered pledges and ownership transfers. Tangible fixed assets are valued according to cost, i.e. the purchase price (production cost) less accumulated depreciation (amortization). As of the balance sheet date no write-offs were made due to impairment of the value of fixed assets, as there was no indication proving it. In the reporting year it has been noted full use of the fixed assets, and volume of sales of all products was by 3,3 per cent lower than in the previous year.

2b NOTE - CHANGE OF FIXED ASSETS (BY GROUPS)	thousand x PLN					
	- land (including perpetual usufruct)	- buildings, premises, civil engineering objects	- plants and machinery	- means of transport	- other fixed assets	Fixed assets, total
a) gross value of fixed assets at the beginning of the period	22 663	950 508	1 424 431	52 336	18 020	2 467 958
b) increase (due to)	3 638	28 540	150 568	3 958	2 216	188 920
- investment	3 638	41 996	136 279	3 878	2 216	188 007
- leasing		-13 471	13 471			0
- change of spare parts included in fixed assets			244			244
- appraisal value		15	574	80		669
c) decrease (due to)	749	10 629	12 389	1 659	863	26 289
- sale	74		2 133	1 139	270	3 616
- liquidation		10 629	10 256	520	593	21 998
- donation	675					675
- transfer to investment properties						
- changes resulting from IAS application						
d) gross value of fixed assets at the end of the period	25 552	968 419	1 562 610	54 635	19 373	2 630 589
e) accumulated depreciation (amortization), at the beginning of the period		370 298	474 621	25 138	9 729	879 786
f) depreciation for the period (due to)		31 995	77 742	4 022	848	114 607
- depreciation included in costs		44 837	86 815	5 440	1 483	138 575
- reduction due to sale			2 116	964	86	3 166
- reduction due to liquidation		9 610	10 189	454	549	20 802
- reduction due to inventory shortages						
- transfer between the groups		-3 232	3 232			0
g) accumulated depreciation (amortization) at the end of the period		402 293	552 363	29 160	10 577	994 393
h) write-offs for permanent loss of value, at the beginning of the period						
- increase						
- decrease						
i) write-offs for permanent loss of value, at the end of the period						
j) net value of fixed assets at the end of the period	25 552	566 126	1 010 247	25 475	8 796	1 636 196

NOTE 2c – BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	thousand x PLN	
	2015	**2014**
1. own assets	1 630 778	1 582 947
2. assets used under rental, lease, tenancy or other types of agreements, including leasing agreement, including:	5 418	5 125
- leasing agreement	*5 418*	*5 125*
Total balance sheet fixed assets	**1 636 196**	**1 588 072**

The position 'tangible fixed assets', includes technical equipment and machinery and means of transport which are subject to financial leasing. The Company, as the benefiting leaseholder, defined the basic accounting principles referring to leasing in section 3 of this Additional and Explanatory Information. The initial value of the objects of leasing amounts to PLN 8,920 thousand, subject to the depreciation of PLN 3,502 thousand, and the net value as of the balance sheet day is PLN 5,418 thousand. The liabilities in respect of the leasing amount to PLN 3,758 thousand, including: long-term ones PLN 1,994 thousand, and short-term ones PLN 1,764 thousand.

NOTE 3a – LONG-TERM INVESTMENT	thousand x PLN	
	2015	**2014**
1) investment properties	**4 613**	**5 196**
2) long-term financial assets	**64 619**	**54 494**
a) stocks and shares	*10 833*	*11 899*
b) long-term loans	*40 000*	*40 000*
c) other long-term financial assets	*13 786*	*2 595*
Long-term investment, total	**69 232**	**59 690**

Long-term loans refer to the loans granted to Stalnet Sp. z o.o., Stalprodukt Profil S.A.

NOTE 3b - CHANGE IN THE BALANCE OF LONG- TERM FINANCIAL ASSETS (BY GROUP TYPES)	thousand x PLN	
	2015	**2014**
1. balance at the beginning of the period	**54 494**	**48 206**
a) shares	*11 899*	*8 206*
b) loans granted	*40 000*	*40 000*
c) other short-term financial assets	*2 595*	
2. increase (due to)	**11 191**	**7 510**
a) contribution in kind		
b) purchase of shares		*4 900*
c) other short-term financial assets	*11 191*	*2 600*
d) consolidation		*10*
3. decrease (due to)	**1 066**	**1 222**
a) reclassification of securities to short-term securities	*1 066*	*1 222*
b) consolidation		
4. balance at the end of the period	**64 619**	**54 494**

NOTE 3c – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION												
	thousand x PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Stalprodukt-MB sp. z o.o.	Bochnia	Construction and maintenance of roads and highways	subsidiary	full consolidation	17.10.1997	2 604	0	2 604	100	100	
2.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	1200	0	1 200	100	100	
3.	Stalprodukt-Centrostal sp. z o.o.	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	10 797	10797	10 797	100	100	
4.	Stalprodukt-Serwis sp. z o.o.	Bochnia	services of installation, repair and maintenance of machinery	subsidiary	full consolidation	29.12.1998	900	0	900	100	100	
5.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	2 450	0	2 450	100	100	
6.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	600	0	600	100	100	
7.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	20 864	0	20 864	100	100	
8.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	32 960	0	32 960	51	51	
9.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	12 745	695	12 050	100	100	
10.	ZGH "Bolesław" S.A.	Bukowno	mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	273 797	0	273 797	94,45	94,45	

NOTE 3c' – STOCKS OR SHARES OF ZGH "Bolesław" S.A. IN SUBSIDIARY COMPANYS SUBJECT TO CONSOLIDATION

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Lp.	a Name (company) of the unit, indicating its legal form	b Seat	c Object of the enterprise	d nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	e the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	f date of take-over of control/ joint control/ obtaining a significant impact	g the value of shares according to the cost of purchase	h value adjustments (total)	i book value of shares	j percentage of capital held	k share of the total number of votes at a general meeting	l indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Bolesław Recycyling Sp. z o.o.	Bukowno	management of scrap andmetal waste	subsidiary	full consolidation	01.03.2004	12 259	-5 522	6 737	100	100	
2.	BOLTHERM Sp. z o.o.	Bukowno	Production and distribution of heat, alteration services, production of dolomite aggregates, zinc products, transport- and equipment-reated services	subsidiary	full consolidation	01.03.2004	16 262	-10 068	6 194	100	100	
3.	Karo Sp. z o.o.	Bukowno	Detective-,investigation- and security-related activities	subsidiary	full consolidation	01.03.2004	304		304	100	100	
4.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	Production and sales of zinc and lead and alloys of these metals	subsidiary	full consolidation	29.09.2010	22 267		22 267	92,73	92,73	
5.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	Excavation and production of zinc and lead concentrates	subsidiary	full consolidation	11.07.2011	154 473	-100 981	53 492	99,61	100,00	
6.	Polska Technika Zabezpieczeń Sp z.o.o.	Warszawa	distribution construction joinery	subsidiary	full consolidation	31.12.2015	454	0	454	76,00	71,43	
7.	Przedsiębiorstwo Robót Drogowych Olkusz Sp. z o.o.	Olkusz	Road construction and repairs	subsidiary company	full consolidation at the level of the Bolesław Capital Group	01.09.2010	7 786	-3 286	4 500	99,71	100,00	

NOTE 3c''- STOCKS OR SHARES OF ZGH "Bolesław" S.A. IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION ACCORDING TO EQUITY METHOD

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Lp.	a Name (company) of the unit, indicating its legal form	b Seat	c Object of the enterprise	d nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	e the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	f date of take-over of control/ joint control/ obtaining a significant impact	g the value of shares according to the cost of purchase	h value adjustments (total)	i book value of shares	j percentage of capital held	k share of the total number of votes at a general meeting	l indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	F&R Finance Sp. z o.o.	Myslenice, Jaw ornik	Service activities excluding insurance and pension funds	subsidiary company	Consolidation w ith the equity method at the level of the ZGH Bolesław Capital Group	23.04.2014	4 900	-339	4 561	49,00	49,00	

NOTE 3d – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION																		
	thousand x PLN																	
	a	m							n			o			p	r	s	t
		Equity of the unit, including:							Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, including:						
						Other equity, including:												
No	name of entity		- share capital	- calledup share capital (negative value)	- supplementary capital		Previous years' profit (loss)	Net profit (loss)		-long-term liabilities	- short-term liabilities		- long-term receivables	- short-term receivables	Assets of the entity, total	Revenues from sale	value of the shares in the unit not paid by the issuer	dividends received or receivable from the unit for the last financial year
1.	Stalprodukt-MB sp. z o.o.	**4 805**	2 604			2 201		-138	**389**		389	**1 842**		1 842	**5 194**	**3 421**		
2.	Stalprodukt-Wamech sp. z o.o.	**10 099**	1 200			8 899		507	**2 263**		2 263	**4 683**		4 683	**12 361**	**17 551**		
3.	Stalprodukt-Centrostal sp. z o.o.	**6 138**	10 797			-4 659	-15 523	-1 210	**79 654**		79 310	**47 571**		47 571	**85 792**	**374 576**		
4.	Stalprodukt-Serwis sp. z o.o.	**4 959**	900			4 059		55	**2 095**	29	1 712	**2 756**		2 756	**7 054**	**13 165**		
5.	Stalprodukt-Zamość sp. z o.o.	**19 883**	2 450			17 433		1 469	**5 340**	141	4 434	**3 951**		3 951	**25 223**	**45 527**		
6.	Stalprodukt-Ochrona sp. z o.o.	**1 754**	600			1 154		71	**470**		470	**793**		793	**2 225**	**4 817**		
7.	STP-Elbud sp. z o.o.	**58 881**	20 613		33 326	4 942		2 824	**26 920**	10 400	15 681	**24 158**		24 158	**85 801**	**118 603**		
8.	Cynk-Mal S.A.	**21 672**	20 191		22 496	-21 015	-17 978	-3 037	**43 881**	8 153	29 377	**4 839**		4 839	**65 553**	**49 073**		
9.	Anew Institute sp. z o.o.	**9 524**	12 050		77	-2 603	-585	-2 039	**2 849**		375	**924**		924	**12 373**	**1 255**		
10.	ZGH "Bolesław" S.A.	**613 211**	166 116		228 369	218 726	1 471	51 855	**354 589**	12 292	137 341	**127 820**	621	128 441	**967 800**	**854 132**		

NOTE 3e - Shares in other entities					
	thousand x PLN				
	a	b	c	d	e
No	Name (company) of the entity, indicating its legal form	Seat	Object of the enterprise	Book value of shares	Percentage of capital held
1.	Stalprodukt-Profil S.A.	Bochnia	trade in steel products	80	16,00
2.	StalNet sp. z o.o.	Kraków	online trade	39	19,50
3.	STP Investment S.A.	Bochnia	financial activities	5 821	13,80
4.	Other			140	

In the position ”Other” - unlimited transferability shares (KGHM) are recognized, the ones quoted on the Warsaw Exchange Market, staying in posession of Stalprodukt Wamech S.A. and shares of the metals rolling mill - Walcownia Metali Łabędy S.A. and Economic Initiatives Agency staying in the possession of ZGH ”Bolesław” S.A.Apart from the KGHM shares, all the other stocks (interests) and shares are not stock exchange-quoted and are unrestricted in respect of transfer.
Item 3 concerns the Stalprodukt-Centrostal subsidiary company’s stocks (interests) in STP Investment SA. All the stocks (interests) expressed in PLN.

NOTE 4 - Change in assets due to deferred income tax	thousand x PLN	
	2015	2014
1. Balance of assets due to deferred income tax, at the beginning of the period, including:	**22 310**	**16 446**
a) attributed to the financial result	*18 457*	*14 843*
b) attributed to equity	*3 853*	*1 603*
2. Increases	***12 820***	***6 781***
a) attributed to financial result of the period in respect of deductible temporary differences (due to)	*12 052*	*4 364*
- appearance of temporary differences	*12 052*	*4 364*
b) attributed to equity in respect of negative temporary differences (due to)	*768*	*2 417*
3. Decreases	**4 511**	**917**
a) attributed to financial result of the period in respect of negative temporary differences (due to)	*2 004*	*750*
- reversal of temporary differences	*2 004*	*750*
- changes of tax rate		
b) attributed to equity in respect of negative temporary differences (due to)	*2 507*	*167*
4. increases due to consolidation		
5. Balance of assets due to deferred income tax, at the end of the period, including:	**30 619**	**22 310**
a) attributed to the financial result	*28 505*	*18 457*
b) attributed to equity	*2 114*	*3 853*

NOTE 5 - Inventory	thousand x PLN	
	2015	2014
1. materials	208 844	288 723
2. semi-finished products and work in progress	114 923	109 240
3. finished products	108 023	132 488
4. goods	33 547	48 297
5. advances for deliveries		
Inventory, total	**465 337**	**578 748**

As at the balance sheet date, the following charges of inventory apply:
- regarding materials – a registered pledge agreement to the amount of 70,000 thousand PLN for the benefit of PKO BP S.A. and up to 20,000 thousand PLN for BGŻ BNP Paribas S.A. and up to 15 000 thousand PLN for Bank Handlowy S.A. and up to 25 000 thousand PLN for Bank Pekao S.A. due to protection of the granted credit limits for the Parent Company.

Moreover, a valid registered pledge over the goods is binding to the Stalprodukt-Centrostal Kraków sp. z o.o. Company, up to the amount of PLN 30 000 thousand, securing the current account credit granted by PKO BP S.A.

As of the balance sheet day, there are valid registered pledges over the inventories of finished products and work in progress, binding to the HCM S.A. Company, amounting to PLN 22 500 thousand, in favor of the Pekao S.A. bank, and up to the amount of PLN 12 500 thousand in favor of the Bank PKO BP, as a security for the credit limits granted by the above mentioned banks. Moreover, a registered pledge over coke inventories up to the amount of PLN 1 000 thousand is also binding to the HCM S.A. Company, aimed at securing the coke sales agreement.

NOTE 6a - Short-term receivables	thousand x PLN	
	2015	2014
1. trade receivables, maturing:	352 613	346 487
- up to 12 months	*352 613*	*346 487*
- above 12 months		
2. receivables from tax, subsidy, customs, social security and other benefits	62 629	32 591
3. claimed at court		
4. other	17 835	9 680
Net short-term receivables, total	**433 077**	**388 758**
- write-downs of receivables	11 771	8 630
Gross short-term receivables, total	**444 848**	**397 388**

As at 31.12.2014 also the undetermined amount the silent cession of claims is valid from 11 customers, as security for a limit on guarantees and letters of credit in Fortis Bank Polska S.A. as well as silent assignment duties in the amount of 10,000 thousand PLN, which constitutes security of the limit for guarantees and letters of credit in BGŻ BNP Paribas S.A.

In ZGH "Bolesław" there are collaterals securing current account credits , incurred in the following banks:

- ING Bank Śląski S.A. (assignment from commercial contracts amounting up to USD 10 000 thousand),
- Pekao SA (assignment from commercial contracts amounting up to PLN 30 000 thousand),
- BNP Paribas Bank Polska S.A. (assignment from commercial contracts amounting up to PLN 15 000 thousand).

Moreover, in ZGH „Bolesław" S.A. there is a security, securing the repayment of the loan incurred from het National Fund for Environmental Protection and Water Management, in accordance with the Contract No 82/2015/Wn-06/OZ-UI-go/P concluded in Warsaw on 2 April 2015, in the form of the blank promissory note without protest along with the promissory note declaration.

	thousand x PLN	
NOTE 6b - Change in short-term receivables write-down	**2015**	**2014**
Balance at the beginning of the period	**8 630**	**23 001**
1. increase (due to)	**5 932**	**4 555**
a) provision for doubtful receivables	5 932	4 555
2. decrease (due to)	**2 791**	**18 926**
a) cancellation	290	1 723
b) release of provision (reserve) for doubtful receivables	938	2 726
c) exchange rates differences	234	10 000
d) adjustment	97	11
e) payment	1 232	4 466
Balance of short-term receivables write-downs at the end of the period	**11 771**	**8 630**

	thousand x PLN	
NOTE 6c - Gross short-term receivables (currency structure)	**2015**	**2014**
1. in Polish currency	**233 535**	**210 932**
2. in foreign currencies (according to currencies converted into PLN)	**211 313**	**186 456**
a) in EURO	*28 439*	*17 082*
converted into PLN	**121 479**	**72 004**
b) in USD	*22 898*	*33 199*
converted into PLN	**89 834**	**114 452**
Short-term receivables, total	**444 848**	**397 388**

NOTA 6d - Trade receivables (gross) – maturing as at the balance day:	thousand x PLN	
	2015	2014
up to 1 month	*243 027*	*176 271*
above 1 month up to 3 months	*109 108*	*75 516*
above 3 months up to 6 months	*14*	*3 477*
above 6 months up to 1 year	*29*	*2 605*
above 1 year	*520*	*3 688*
overdue receivables	*92 150*	*93 560*
Trade receivables, total (gross)	**444 848**	**355 117**
trade receivables write-downs	*11 771*	*8 630*
Trade receivables, total (net)	**433 077**	**346 487**

The normal course of sales is connected with the time interval for repayment of receivables up to 3 months.

NOTE 6e - Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousand x PLN	
	2015	2014
up to 1 month	*72 158*	*68 557*
above 1 month up to 3 months	*7 754*	*11 672*
above 3 months up to 6 months	*2 280*	*4 415*
above 6 months up to 1 year	*2 533*	*3 018*
above 1 year	*7 425*	*5 898*
Trade receivables, total (gross)	**92 150**	**93 560**
trade receivables write-downs	*11 771*	*8 630*
Trade receivables, total (net)	**80 379**	**84 930**

NOTE 6f - Disputable and overdue receivables

The total amount of gross short-term receivables, i.e. 444,848 thousand PLN, overdue receivables amount to 92,150 thousand PLN. Disputable overdue receivables did not occur. Overdue receivables only apply to trade receivables. Out of the overdue receivables, only the amount of 11,771 thousand PLN was covered by write-downs. The remaining receivables were not subject to write-downs due to the fact that are justified by the strategy and marketing policies of the parent company and secured by bank guarantees and promissory notes.

NOTE 7a - Short-term investments	thousand x PLN	
	2015	2014
1. cash	267 662	169 010
a) cash in hand and at bank	*267 662*	*169 010*
b) other cash		
2. loans		
3. other short-term investments	135 177	60 255
4. own shares	857	
Short-term investments, total	**403 696**	**229 265**

NOTE 7b - Cash and equivalents (currency structure)	thousand x PLN	
	2015	2014
1. in Polish currency	**223 328**	**107 667**
2. in foreign currencies (according to currencies converted into PLN)	**44 334**	**61 343**
a) in Euro	*4 812*	*5 151*
converted into thousand PLN	**20 466**	**22 860**
b) in USD	*6 128*	*10 920*
converted into thousand PLN	**23 868**	**38 483**
Cash and other pecuniary assets, total	**267 662**	**169 010**

Cash and cash equivalents are invested in secure financial instruments, such as short-term deposits with a term up to 30 days. These deposits are not at risk and ensure the availability of financial resources. The interest rate on deposits negotiated each time, forms significantly above the standard interest rate of deposits. As of the balance sheet day, funds were placed on overnight deposits.

NOTE 8 - Short-term accruals	thousand x PLN	
	2015	2014
1. active cost accruals, including:	**20 452**	**10 066**
a) costs of insurance and subscription	*3 448*	*3 481*
b) staged repairs	*6 748*	*6 019*
c) costs of fair organized in 2016	*46*	*91*
d) other	*873*	*475*
e) subsidies from National Center for Research and Development	*9 337*	
2. other accruals, including:	**112**	**3 997**
Short-term accruals, total	**20 564**	**14 063**

Write-offs

Asset write-offs due to impairment of value refer to short-term receivables and stocks of finished products. The total value of write-offs as at the balance sheet date amounts to 26,528 thousand PLN, including those concerning receivables of 11,771 thousand PLN and finished products of 14,757 thousand PLN.
During the reporting period there was made a write-off in the amount of 14,757 thousand PLN in scope of inventories of finished products and a write-off from the previous year was dissolved in the amount of 1,624 thousand PLN, in connection with sale of the products covered by the write-off. Write-off due to impairment of doubtful receivables was made in the amount of 11,771 thousand PLN and a part of the previous write-downs in the amount of 4,555 thousand PLN, in connection with payment of receivables, cancellation and adjustments.

NOTE 9 - Share capital of the parent company (structure)								
thousand x PLN								
Series/issue	Type of shares	Share preference type	Type of limitation of rights to shares	Number of shares	Value of a series/issue according to nominal value	Manner of capital coverage	Registration date	The right to dividend (since)
A	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		128 180	256 360	cash	3.07.1991	1.07.1992
A	registered shares without preference	Non-preference		1 820	3 640	cash	3.07.1991	1.07.1992
B	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		505 490	1 010 980	cash	16.11.1993	1.01.1994
B	registered shares without preference	Non-preference		14 510	29 020	cash	16.11.1993	1.01.1994
C	ordinary bearer shares	Non-preference		780 000	1 560 000	cash	20.10.1994	1.01.1995
D	ordinary bearer shares	Non-preference		780 000	1 560 000	cash	20.10.1994	1.01.1995
E	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		2 165 630	4 331 260	cash	30.09.1996	1.01.1996
E	registered shares without preference	Non-preference		44 370	88 740	cash	30.09.1996	1.01.1996
F	ordinary bearer shares	Non-preference		1 105 000	2 210 000	cash	17.12.1996	1.01.1997
G	ordinary bearer shares	Non-preference		1 200 000	2 400 000	cash	13.05.1997	1.01.1997
Number of shares, total				6 725 000				
Share capital, total					13 450 000			
Nominal value of one share (in PLN)		2,00						

Preference of the property means that in the event of liquidation of the Company, the assets remaining after satisfaction of creditors shall be paid first in a nominal amount for all shares, and the rest is divided evenly on the preference shares.

As of 31.12.2015 r. the shareholders entitled to above 5 % of votes at the General Meeting of Shareholders:

- ArcelorMittal Poland S.A. holding 1 914 376 shares, accounting for 28.47 % of capital share and 5 064 680 votes, accounting for 28.26 % of the total number of votes at the General Meeting of Shareholders,

- STP Investment S.A. holding 1 949 985 shares, accounting for 29.00 % of capital share and 5 891 241 votes, accounting for 32.87 % of the total number of votes at the General Meeting of Shareholders,

- Stalprodukt-Profil S.A., holding 609 217 shares, accounting for 9.06 % of capital share and 976 109 votes, accounting for 5.45 % of the total number of votes at the General Meeting of Shareholders.

According to the report's publication day's status, the Shareholders holding above 5% of votes at the General Meeting of Shareholders were:

- ArcelorMittal Poland S.A. holding 1 564 572 shares, accounting for 23.27 % of capital share and 3 315 660 votes, accounting for 18.50 % of the total number of votes at the General Meeting of Shareholders.

- STP Investment S.A. holding 1 949 985 shares, accounting for 29.00 % of capital share and 5 891 241 votes, accounting for 32.87 % of the total number of votes at the General Meeting of Shareholders.

- Stalprodukt-Profil S.A., holding 609 217 shares, accounting for 9.06 % of capital share and 976 109 votes, accounting for 5.45 % of the total number of votes at the General Meeting of Shareholders.

NOTE 10 - Own shares

As of 31 December 2015 the Company held 428 133 of its own shares and 45 shares acquired by the subsidiary company Stalprodukt-Centrostal Kraków. The Company's own shares were presented in the balance sheet at their nominal value of PLN 2.00 each and recognized in short-term financial investments. The difference between the nominal value and the purchase price was posted in the supplementary capital and reserve capital sections.

NOTE 11– Supplementary capital	thousand x PLN	
	2015	**2014**
1. from sale of shares above their nominal value	35 054	35 054
2. statutorily created	646	646
3. created in accordance with the statute / articles of association, above the statutorily required (minimum) value	87 030	62 789
4. from subsidies of the shareholders / partners		
5. other (by type)	145 713	82 117
a) from revaluation of fixed assets	*285*	*285*
b) from liquidation and revaluation of fixed assets	*181*	*181*
c) from sale of shares	*148*	*148*
d) negative difference between the nominal value and purchase price of own shares	*-26 638*	*-26 638*
e) retained profit	*60 510*	*60 510*
f) retained profit (loss)	*111 227*	*47 631*
Supplementary capital, total	**268 443**	**180 606**

Supplementary capital is mandatory created in the company (by law). According to the Code of Commercial Companies, the company must allocate to the reserve capital at least 8% of annual net profit until the capital reaches 1/3 of share capital. Supplementary capital is increased by the excess over the issue of shares above their nominal value and the difference from the revaluation of fixed assets, which have been liquidated or sold.
The amounts resulting from the subsidiary companies profit distribution are also transferred to the supplementary capital, pursuant to the Resolutions pf the Shareholders' Meeting (subpar. c). Supplementary capital also includes profit from previous years, referring to negative goodwill from previous years and settled in accordance with IFRS, as well as retained profits on revaluation of fixed assets and the right of perpetual usufruct of land, made on the date of transition to IFRS.

NOTE 12 – Revaluation reserve	thousand x PLN	
	2015	**2014**
1. from revaluation of fixed assets	*3 166*	*4 592*
2. in respect of the financial instruments valuation	*66 121*	
Revaluation reserve, total	**69 287**	**4 592**

NOTE 13 – Other reserve capitals (by appropriation)	thousand x PLN	
	2015	**2014**
- reserve capital for investments	1 131 392	1 390 603
- reserve capital for financing of current assets	12 145	12 145
- reserve capital for the financing of the own-shares-purchase	181 117	
- other reserve capital	107 890	58 276
Revaluation reserve, total	**1 432 544**	**1 461 024**

Other capital reserves are formed from the profit, whose distribution is determined by the General Meeting of Shareholders at the parent company and General Meetings of Shareholders at subsidiary companies. These capital reserves serve to finance the current assets and cover the potential loss. The use of these reserves is determined by the General Meeting of Shareholders or Meeting of Shareholders.

On 17 November 2015, by way of the Resolution No XXXII/5/2015, the Extraordinary General Meeting of Shareholders decided on the formation of the reserve capital amounting to PLN 270 000 thousand. The reserve capital was formed to finance the Company's purchase of its own shares within the own-shares-purchase Program. As of 31.12.2015 the reserve capital was reduced by the excess of the purchase price over the nominal value of the shares purchased within the 1st tranch of the own-shares-purchase, i.e. by PLN 88 883 thousand.

NOTE 14 – CHANGE IN MINORITY INTEREST	thousand x PLN	
	2015	2014
Balance at the beginning of the period	**106 744**	**128 498**
1. increases (due to)	**8 166**	**10 327**
a) profit distribution	*8 166*	*10 327*
2. decrease (due to)	**29 309**	**32 081**
a) dividend payment		
b) % change in the minority shares	*29 309*	*32 081*
Minority interest status at the end of reporting period	**85 601**	**106 744**

NOTE 15a - CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX	thousand x PLN	
	2015	2014
1. The balance of deferred income tax, at the beginning of the period, including:	**57 326**	**49 179**
a) attributed to financial result (due to)	20 046	18 180
- for investment allowance		
b) attributed to equity (due to)	37 280	30 999
- in respect of differences between the balance sheet depreciation and tax depreciation	37 280	30 999
- for revaluation of fixed assets		
2. Increases (due to)	**28 143**	**12 303**
a) differences between the depreciation entered in the balance sheet and tax depreciation	10 198	8 351
b) inclusion in consolidation Capital Group ZGH "Bolesław"		
c) exchange differences	4 797	2 150
d) others reserves	13 148	1 802
3. Decreases	**885**	**4 156**
a) attributed to the financial result due to positive temporary differences (due to)		2 086
- reversal of temporary differences (use of reserves for deferred income tax)		2 086
b) attributed to the financial result due to positive temporary differences (due	885	2 070

to)		
- difference between balance and taxable amortization	885	2 070
4. Balance of reserve at the end of the period, total	**84 584**	**57 326**
a) attributed to the financial result	37 991	20 046
b) attributed to equity	46 593	37 280
- for differences between the depreciation entered in the balance sheet and tax depreciation	46 593	37 280

NOTE 15b - Change of the balance of other long-term reserves	thousand x PLN	
	2015	2014
1. balance at the beginning of the period	**151 305**	**141 160**
2. increases (due to)	**2 477**	**14 485**
a) provision for retirement benefits	*2 359*	*6 567*
b) forming a provision for a sludge pond reclamation	*118*	*193*
c) forming a provision for the mine reclamation		*5 869*
d) forming a provision for guarantee repairs		*1 197*
e) forming other provisions		*659*
3. dissolution (due to)	**5 832**	**4 340**
a) transfer to a short-term reserve	*755*	*3 237*
b) paid retirement benefits	*468*	
c) decrease of a reserve	*4 609*	*1 103*
4. balance at the end of the period	**147 950**	**151 305**

NOTE 15 c - CHANGE IN OTHER SHORT-TERM RESERVES (BY TITLE)	thousand x PLN	
	2015	2014
1. balance at the beginning of the period	**38 761**	**23 139**
2. increases (due to)	**90 335**	**58 858**
a) transfer from long-term reserves to short-term ones	*3 657*	*5 453*
b) formation of reserves for future liabilities	*86 123*	*53 350*
c) formation of reserves for retirement benefits	*555*	*55*
3. utilized (in respect of)	**49 404**	**35 580**
a) other liabilities	*49 404*	*35 580*
4. dissolution (due to)	**6 080**	**7 656**
a) paid retirement benefits	*741*	*5 177*
b) other	*5 339*	*2 479*
5. balance at the end of the period	**73 612**	**38 761**

NOTE 16a - Long-term liabilities	thousand x PLN	
	2015	2014
1. credits and loans	**84 272**	**92 252**
2. in respect of issued debt securities		
3. other financial liabilities, including:	**3 782**	**5 869**
b) financial lease agreements	*1 994*	*2 073*
c) hedging transactions agreements/ collateral agreements	*1 788*	*3 796*
4. other (according to type)	**13 468**	**21 212**
a) system	*6 114*	*12 226*
b) purchase of fixed assets		*2 123*
c) geological information fee	*7 354*	*6 863*
5. contingent liabilities due to the purchase of ZGH	**296 115**	**296 115**
Long-term liabilities, total	**397 637**	**415 448**

NOTE 16b - Long-term liabilities, maturing as at the balance sheet date	thousand x PLN	
	2015	2014
a) above 1 year to 3 years	*62 222*	*82 412*
b) above 3 to 5 years	*20 077*	*19 606*
c) above 5 years	*19 223*	*17 315*
d) contingent liabilities due to the purchase of ZGH	*296 115*	*296 115*
Long-term liabilities, total	**397 637**	**415 448**

NOTE 16c - Long-term liabilities (currency structure)	thousand x PLN	
	2015	2014
1. in Polish currency	**397 637**	**415 448**
2. in foreign currency (by currency and converted into PLN)		
a) in EUR		
converted into PLN		
b) in USD		
converted into PLN		
Long-term liabilities, total	**397 637**	**415 448**

NOTE 16d - LONG-TERM LIABILITIES FOR CREDITS AND LOANS

thousand x PLN

Name (company) of the unit, indicating its legal form	Seat	The amount of credit/loan according to the agreement: in thousand PLN	in currency	unit	currency	The amount of credit/loan remaining for repayment: in thousand PLN	in currency	unit	currency	Interests	Term of repayment	Collaterals	Other	Company
ING Bank Śląski SA	Warszawa	2 850		in thousand	PLN	0		in thousand	PLN	WIBOR + margin	02.09.2016	bail mortgage on real estate and registered pledge on equipment	Entirety in the annual repayment period	Cynk-Mal S.A.
NFOŚ i GW	Warszawa	45 114	PLN	in thousand	PLN	0	PLN	in thousand		0.5 bill rediscount rate	30.06.2016	Power of attorney in favour of the National Fund for Environmental Protection and Water Management to dispose of the funds deposited on the account along with the obligation to provide inflow of funds to the above mentioned account. Assignment of obligations/liabilities from the sales agreement. Assignment of rights from insurance policies. The transfer of fixed assets, purchased within the investment project.		ZGH "Bolesław" S.A.
NFOŚ i GW	Warszawa	28 082	PLN	in thousand	PLN	13 415	PLN	in thousand		3,50 % per year	30.09.2020	Promissory note endorsed by ZGH "Bolesław" S.A.		ZGH "Bolesław" S.A.
NFOŚ i GW	Warszawa	3 500	PLN	in thousand	PLN	3 500	PLN	in thousand	PLN	3,50 % per year		Blank promissory note		ZGH "Bolesław" S.A.
NFOŚ i GW	Warszawa	36 956	PLN	in thousand	EUR	32 564	PLN	in thousand		3,50 % per year	31.03.2026	Blank promissory note, mortgage, court registered pledge on the set of objects purchased or produced within the project implementation process		ZGH "Bolesław" S.A.
PEKAO S A	Warszawa	13000	PLN	in thousand	PLN	13 000	PLN	in thousand		wibor 1M+0,9	31.12.2020	Blank promissory note, guaranteed by Stalprodukt S.A., mortgage	Investement credit totalling PLN 13 000 thousand, including PLN 2 600 thousand within an annual repayment period	STP Elbud Sp. z o.o.
Bank PKO PB SA	Warszawa	100 000		in thousand	PLN	60 000		in thousand	PLN	wibor + marża	31.12.2017	joint mortgage up to the amount of PLN 150 000 thousand placed on the real estate situated at Wadowicka Street in Kraków	Total credit amount of PLN 40 000 thousand, including PLN 20 000 thousand – a credit with an annual repayment period	Stalprodukt S.A.

NOTE 17a - Short-term liabilities	thousand x PLN	
	2015	2014
1. credits and loans, including:	**111 086**	**133 609**
a) long-term, maturing	*20 000*	*20 000*
2. in respect of issued debt securities		
3. due to dividend		
4. other financial liabilities, including:	**23 232**	**61 820**
a) from leasing	*1 764*	*1 361*
b) from purchase of enterprise	*6 114*	*6 114*
c) from purchase of options	*15 354*	*54 345*
5. trade liabilities, maturing:	**243 879**	**307 225**
a) up to 12 months	*241 332*	*305 148*
b) over 12 months	*2 547*	*2 077*
6. received advances for deliveries	**511**	**748**
7. tax, customs, insurance and other liabilities	**74 221**	**49 844**
8. payroll	**21 795**	**21 641**
a) other (by title)	**60 126**	**48 403**
a) social fund	*8 068*	*7 905*
b) PKZP	*1 076*	*1 148*
c) PZU	*1 152*	*1 178*
d) mining plant liquidation fund	*14 365*	*13 118*
e) settlements of investments	*17 059*	*14 521*
f) other	*18 406*	*10 533*
Short-term liabilities, total	**534 850**	**623 290**

NOTE 17b - Short-term liabilities (currency structure)	thousand x PLN	
	2015	2014
1. in Polish currency	**472 875**	**560 771**
2. in foreign currency (by currency and converted into PLN)	**61 975**	**62 519**
a) in EUR	*12 741*	*6 334*
converted into PLN	**54 330**	**26 462**
b) in USD	*1 934*	*10 416*
converted into PLN	**7 645**	**36 057**
Short-term liabilities, total	**534 850**	**623 290**

NOTE 17c - SHORT-TERM LIABILITIES FOR CREDITS AND LOANS														
thousand x PLN														
Name (company) of the unit, indicating its legal form	seat	The amount of credit limit/loan according to the agreement				The amount of credit/loan remaining for repayment				Interests	Term of repayment	Collaterals	Other	Company
		in thousand PLN	in currency	unit	currency	in thousand PLN	in currency	unit	currency					
Alior Bank SA	Warszawa	1 500	PLN	in thousand	zł			in thousand	PLN	4,81 per annum	March 2016	Mortgage, Transfer of receivables from insurance agreement		GK ZGH Bolesław S.A.
Bank Handlowy w Warszawie S.A.	Warszawa	65 000	PLN	in thousand	zł			in thousand	PLN	Wibor+margin	July 2016	Pledge on inventories, assignment of receivables	Limit for overdraft in current account , short-term guarantees and letters of credit amounting to PLN 40,000 thou. Limit for long-term guarantees PLN 25,000 thou.	Stalprodukt S.A.
Bank Pekao S.A.	Kraków	75 000	PLN	in thousand	zł	11 449		in thousand	PLN	Wibor+margin	September 2016	Pledge on receivables, blank bill of exchange,	Limit for overdraft in current account, guarantees and letters of credit amounting to PLN 42 000 thou. Within the limit, Capital Group's companies hold limits of up to PLN 32 332 thou. (PLN 13 000 thou. Elbud & PLN 19 332 thou. CynkMal)	Stalprodukt S.A.
Bank Pekao S.A.	Warszawa	19 332	PLN	in thousand	zł	19 040	zł	in thousand	PLN	Wibor+margin	September 2016	Power of attorney to administer bank accounts	Limit for overdraft in current account, guarantees and letters of credit (under umbrella credit agreement)	Cynk-Mal S.A.
Bank Pekao S.A.	Kraków	13 000	PLN	in thousand	zł			in thousand	PLN	Wibor+margin	September 2016	Power of attorney to administer bank accounts	Limit for overdraft in current account, guarantees and letters of credit (under umbrella credit agreement)	STP Elbud Sp. z o.o.
Bank Pekao S.A.	Kraków	13 000	PLN	in thousand	zł	2 600		in thousand	PLN	Wibor+margin	December 2020	Blank bill of exchange guaranteed by Stalprodukt S.A., mortgage	Long-term credit with annual repayment period	STP Elbud Sp. z o.o.
Bank Pekao S.A.	Warszawa	15 000	PLN, USD, EUR	in thousand	zł			in thousand	PLN	Wibor, Euribor, Libor + profit margin	September 2016	Pledge on inventories and work in progress		GK ZGH Bolesław S.A.
Bank Pekao S.A.	Warszawa	30 000	PLN	in thousand	zł			in thousand		Wibor+margin	September 2016	Assignment of receivables from	Limit for overdraft in current account, guarantees and letters of credit.	GK ZGH Bolesław S.A.

												contracts,		
BGŻ BNP Paribas S.A.	Kraków	50 000	PLN	in thousand	zł	10 080		in thousand	PLN	Wibor+margin	January 2017	Pledge on inventories, assignment of receivables, blank bill of exchange	Limit for overdraft in current account, guarantees and letters of credit.	Stalprodukt S.A.
BGŻ BNP Paribas S.A.	Kraków	15 000	PLN	in thousand	zł			in thousand	PLN	Wibor+margin	January 2017	Assignment of receivables from contracts,	Limit for overdraft in current account.	GK ZGH Bolesław S.A.
Credit Agricole Bank Polska S.A	Wroclaw	15 000	PLN, USD, EUR	in thousand	zł	1 514	zł	in thousand	PLN	Wibor, Euribor, Libor + profit margin	October 2016	Assignment of receivables from contracts, assignment of rights from insurance policy		GK ZGH Bolesław S.A.
Deutsche Bank Polska S.A.	Warszawa	2 750	EUR	in thousand	EUR			in thousand	PLN	euribor+marża	June 2016	no security/ hedging	Limit for guarantees and letters of credit.	GK ZGH Bolesław S.A.
GETIN NOBLE BANK SA	Warszawa	5 000	PLN USD EUR	in thousand	zł	0	zł	in thousand	PLN	Wibor+margin	January 2017	Assignment of commercial contracts, assignment of rights from insurance policy, blank bill of exchange		GK ZGH Bolesław S.A.
ING Bank Śląski S.A.	Warszawa	10 000	USD	in thousand	USD			in thousand	PLN	libor+profit margin	October 2022	Assignment of receivables from contracts,	Limit for overdraft in current account.	GK ZGH Bolesław S.A.
ING Bank Śląski S.A.	Warszawa	2 850	PLN	in thousand	zł	226		in thousand	PLN	Wibor+margin	September 2016	Mortgage, assignment of rights from insurance policy, assignment of receivables.	Long term credit with annual repayment period	Cynk-Mal S.A.
ING Bank Śląski S.A.	Katowice	30 000	PLN, USD, EUR	in thousand	zł	4 467	zł	in thousand	PLN	wibor, euribor, libor + marża	31.10.2014 with option of automatic extension for another term	Mortgage, assignment of rights from insurance policy, assignment of commercial contracts with assignment of rights from insurance policy		GK ZGH Bolesław S.A.
NFOŚ i GW	Warszawa	45 114	PLN	in thousand	zł	2 380	zł	in thousand	PLN	0.5 bill rediscount rate	June 2016	Power of attorney to account, assignment of receivables from sales agreement, assignment of rights from insurance policies, transfer of assets		GK ZGH Bolesław S.A.
NFOŚ i GW	Warszawa	28 082	PLN	in thousand	zł	3 667	zł	in thousand	PLN	3,50% per annum	September 2020	Promissory note guaranteed by ZGH		GK ZGH Bolesław S.A.

												Bolesław S.A.		
PKO Bank Polski S.A.	Warszawa	10 000	PLN USD, EUR	in thousand	zł	54		in thousand	PLN	Wibor, Euribor, Libor + profit margin	April 2016	Pledge on inventories, blank bill of exchange		GK ZGH Bolesław S.A.
PKO Bank Polski S.A.	Warszawa		PLN	in thousand	zł	20 000		in thousand	PLN	Wibor+margin	December 2017	Joint mortgage up to PLN 150,000 thou. on real estate at Wadowicka Street in Krakow	Long-term credit with annual repayment period	Stalprodukt S.A.
PKO Bank Polski S.A.			PLN	in thousand	zł	1		in thousand	PLN				Credit cards account	ANew Institute Sp. z o.o.
PKO Bank Polski S.A.	Warszawa	150 000	PLN	in thousand	zł	15 877		in thousand	PLN	Wibor+margin	August 2017	Pledge on inventories, blank bill of exchange	Limit for overdraft in current account PLN 80,000 thou. & limit for guarantees and letters of credit PLN 40,000 thou. Within the limit, Capital Group companies hold limit up to PLN 30 000 thou. (STP Elbud PLN 10 000 thou. & STP PLN Centrostal 20 000 thou.).	Stalprodukt S.A.
PKO Bank Polski S.A.	Warszawa	10 000	PLN	in thousand	zł			in thousand	PLN	Wibor+margin	August 2017	Blank bill of exchange	Limit for guarantees, letters of credit & limit for overdraft in current account (under umbrella credit agreement)	STP Elbud Sp. z o.o.
PKO Bank Polski S.A.	Warszawa	20 000	PLN	in thousand	zł	19 731		in thousand	PLN	Wibor+margin	August 2017	Pledge on inventories, blank bill of exchange,	Limit for overdraft in current account (under umbrella credit agreement)	Stalprodukt-Centrostal Kraków Sp. z o.o.

NOTE 18 - Accruals	thousand x PLN	
	2015	2014
1. disclosed deferred income	**612**	**711**
a) long-term (by titles)	**306**	**458**
- subsidy EKOFUNDUSZ	*113*	*284*
- other	*193*	*174*
b) short-term (by titles)	**306**	**253**
- subsidy EKOFUNDUSZ	*171*	*215*
- other	*135*	*38*
2. deferred income	**16 598**	**11 064**
a) long-term (by titles)	**4 731**	**868**
- National Fund for Environmental Protection and Water Management loan write-off	*150*	*174*
- perpetual usufruct of land	*207*	*207*
- subsidy	*4 374*	*487*
b) short-term (by titles)	**11 867**	**10 196**
- received advances	*967*	*7 664*
- subsidy NCBiR	*2 187*	*2 104*
- subsidy NFOś	*8 713*	*428*
Other accruals, total	**17 210**	**11 775**

NOTE 19 - Book value per 1 share

The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (2,049,903 thousand PLN:6,725,000 shares = 304.82 PLN).

NOTE 20 a - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousand x PLN	
	2015	2014
- transformer sheets	*653 305*	*446 048*
- toroidal cores	*10 698*	*10 345*
- steel sheets, hot-rolled and cold-rolled strips	*70 194*	*108 124*
- cold formed profiles	*520 394*	*536 436*
- road barriers	*67 454*	*116 219*
- steel structures, including door and door frames	*108 551*	*103 850*
- galvanized banding steel and galvanized wire	*41 881*	*43 228*
-zinc	*900 673*	*764 356*
- alloys	*350 257*	*289 289*
- flotation galena	*52 040*	*77 367*
- suplhuric acid	*23 025*	*19 338*
- dolomite	*21 766*	*21 765*
- Zn-Pb-Ag concentrate	*11 709*	*12 370*
- refined lead	*95 772*	*100 524*
- Dore metal	*50 626*	*46 252*
- other products	*17 273*	*6 176*
- services	*46 355*	*33 363*
Net revenues from sales of products, total	**3 041 973**	**2 735 050**

NOTE 20b - NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	thousand x PLN	
	2015	2014
a) country	**1 511 704**	**1 430 039**
- transformer sheets	*29 615*	*17 405*
- toroidal cores	*4 730*	*4 484*
- steel sheets, hot-rolled and cold-rolled strips	*60 689*	*92 702*
- cold formed profiles	*376 948*	*355 988*
- road barriers	*49 945*	*105 588*
- steel structures, including door and door frames	*98 573*	*99 190*
- galvanized banding steel and galvanized wire	*25 797*	*26 178*
-zinc	*520 955*	*387 427*
- alloys	*213 093*	*200 596*
- suplhuric acid	*13 396*	*11 494*
- dolomite	*21 766*	*21 765*
- refined lead	*44 441*	*79 447*
- services	*15 090*	*1 719*
- others	*36 666*	*26 056*
b) export	**1 530 269**	**1 305 011**
- transformer sheets	*623 690*	*428 643*
- toroidal cores	*5 968*	*5 861*

- steel sheets and hot- and cold-rolled strips	*9 505*	*15 422*
- cold formed profiles	*143 446*	*180 448*
- road barriers	*17 509*	*10 631*
- steel structures, including door and door frames	*9 978*	*4 660*
- galvanized banding steel and galvanized wire	*16 084*	*17 050*
-zinc	*379 718*	*376 929*
- alloys	*137 164*	*88 693*
- flotation galena	*52 040*	*77 318*
- suplhuric acid	*9 629*	*7 844*
- Zn-Pb-Ag concentrate	*11 709*	*11 901*
- refined lead	*51 331*	*21 077*
- Dore metal	*50 626*	*46 252*
- other products	*2 183*	*4 975*
- services	*9 689*	*7 307*
Net income from sales of products, total	**3 041 973**	**2 735 050**

NOTE 21a -Net revenues from sales of goods and materials (material structure – types of activities)	**thousand x PLN**	
	2015	**2014**
a) goods	*36 409*	*73 165*
b) technological waste	*25 550*	*26 421*
c) other materials	*27 761*	*23 901*
Net revenues from sales of goods and materials, total	**89 720**	**123 487**

NOTE 21b - Net revenues from sales of goods and materials (TERRITORIAL STRUCTURE)	**thousand x PLN**	
	2015	**2014**
1. country	**79 657**	**118 006**
a) goods	*36 089*	*73 165*
b) technological waste	*25 550*	*26 421*
c) other materials	*18 018*	*18 420*
2.) export	**10 063**	**5 481**
a) goods	*320*	
b) technological waste	*9 743*	*5 481*
Net revenues from sales of goods and materials, total	**89 720**	**123 487**

NOTE 22 - Costs by type – cost of manufacture of products sold	thousand x PLN	
	2015	2014
1. amortization	142 929	135 113
2. consumption of materials and energy	1 825 123	1 770 326
3. external services	204 420	199 086
4. taxes and fees	58 957	58 123
5. payroll	377 525	359 407
6. social insurance and other benefits	100 674	93 439
7.other costs by type (due to)	14 550	13 944
a) business trips	*2 874*	*2 197*
b) property insurance	*4 521*	*4 304*
c) representation and advertising	*3 271*	*2 704*
d) trainings	*1 070*	*1 563*
e) other	*2 814*	*3 176*
8. balance of exchange differences arising from settlements, provisions against retirement allowances, finished products price reduction	1 605	-1 640
- balance of exchange differences arising from settlements	*-2 400*	*-3 717*
- balance of provisions against retirement allowances	*390*	*1 371*
- provisions for loss of value of finished products	*3 615*	*706*
Costs by type, total	**2 725 783**	**2 627 798**
Change in stocks, products and accruals	-13 816	-41 224
Cost of manufacture of goods produced for own purposes (negative value)		
Selling costs (negative value)	-79 344	-76 217
General and administrative costs	-135 093	-130 066
Cost of manufacture of products sold	**2 497 530**	**2 380 291**

NOTE 23 - Other operating revenues	thousand x PLN	
	2015	2014
1. profit from transfer of non-financial fixed assets	**6 597**	**1 713**
2. reversed provisions (due to)	**9 036**	**6 690**
a) doubtful receivables	*225*	*3 196*
b) retirement benefits	*5 156*	*2 877*
c) predicted CO2 emissions, energy origin certificates	*3 084*	
d) mining plant liquidation		
e) revaluation of inventories	*571*	*617*
3. other, including:	**7 899**	**14 477**
a) payment of adjudicated court fees	*64*	*551*
b) revenues due to not collected payroll		*350*
c) refund from the State Fund for Rehabilitation of the Disabled	*170*	*480*
d) received compensation	*1 481*	*3 312*
e) value of liabilities’ write-off		*588*
f) surplus in working capital	*197*	*1 235*
g) lease revenues	*2 615*	*1 108*
h) reconciliation the company's negative goodwill	*1 348*	*5 249*

i) revenues from real estate valuation		*580*
j) other	*2 024*	*1 024*
4. subsidies	**719**	**471**
5. profit from the ZGH bargain purchase		
Other operating revenues, total	**24 251**	**23 351**

NOTE 24 - Other operating costs	thousand x PLN	
	2015	**2014**
1. loss from transfer of non-financial fixed assets	**3 290**	**1 498**
2. revaluation of non-financial assets	**23 813**	**1 140**
3. reserves (due to)	**31 833**	**24 001**
a) doubtful receivables	*1 303*	*711*
b) retirement benefits	*1 404*	*4 893*
c) landfill reclamation	*55*	*55*
d) compensations/damages	*15 000*	*465*
e) finished products value reduction	*8 718*	*1 246*
f) mining plant liquidation	*700*	*8 545*
g) employee benefits	*1 200*	*4 642*
h) reclamation of post-excavation areas	*1 929*	*1 884*
i) energy origin certificates	*1 524*	*1 560*
4. other, including:	**8 402**	**7 497**
a) donations and optional contributions	*808*	*566*
b) costs of court proceedings	*98*	*101*
c) penalties, fines, compensations	*359*	*117*
d) shortages in financial resources	*606*	*385*
e) value of written-off insurance-covered receivables		*1 670*
f) fixed assets liquidation costs		*11*
g) cost of unutilized production capacity		*562*
h) costs of road barrier tests	*1 095*	*741*
i) lease costs	*3 167*	*1 536*
j) others	*2 269*	*1 808*
Other operating costs, total	**67 338**	**34 136**

NOTE 25 - Financial revenues	thousand x PLN	
	2015	2014
1. revenues due to interests	**7 139**	**7 979**
2. profit from transferred investments		
3. exchange rate differences (the excess of negative over positive)	**8 130**	**11 986**
a) realized	*10 996*	*2 637*
b) unrealized	*-2 866*	*9 349*
4. released provisions, due to	**464**	
a) interests	*464*	
5. other, including:	**80**	**470**
a) dividend received	*3*	*4*
b) sales of assets		
c) other	*77*	*466*
Financial revenues, total	**15 813**	**20 435**

NOTE 26 - Financial expenses	thousand x PLN	
	2015	2014
1. due to credits and loans	**7 575**	**9 335**
2. other interests	**410**	**651**
3. Loss on disposal of investments	**6 811**	**6 480**
4. released provisions, due to	**1 144**	**1 379**
a) accrued but not paid interests	*1 144*	*1 379*
5. other, including	**4 066**	**10 630**
a) balance valuation of investments	*2 919*	*8 031*
b) Stalprodukt Warszawa Sp. z o.o. goodwill write-off		*2 599*
c) other	*1 147*	
Financial expenses, total	**20 006**	**28 475**

NOTE 27 - Current and deferred income tax	thousand x PLN	
	2015	2014
1. Gross profit (loss)	287 009	135 311
2. Consolidation adjustments	-1 369	-2 647
3. Differences between gross profit (loss) prior to income tax (by titles)	16 518	4 130
- companies' gross loss	*19 719*	*22 080*
- amortization of tangible and intangible deductible expenses	*-38 330*	*-32 927*
- donations and voluntary contributions	*952*	*620*
- provision for receivables	*-689*	*921*
- release of provision for retirement benefits	*-10 022*	*-11 663*
- PFRON	*4 871*	*4 916*
- leasing instalment	*-1 628*	*-2 294*
- write-off from revaluation of inventories and long-term investments	*30 100*	*1 116*
- cost regarding provisions for retirement benefits	*12 249*	*13 510*
- costs of assets liquidation	*-3 380*	
- cash and accounts balance sheet valuation	*-11 578*	*-10 050*
- social insurance for November and December '2014' and paid in January and February '2015'	*-7 831*	*-8 690*
- social insurance for November and December '2015' and paid in January	*7 854*	*9 109*

and February '2016'		
- costs of representation	*1 440*	*1 267*
- the value of disposed fixed assets from valuation	*2 565*	*13 543*
- dividends received	*-3*	*-2 700*
- provision for claims	*15 000*	
- other	*-4 771*	*5 372*
4. Taxable income	302 158	136 794
5. Income tax at the rate 19%	57 410	25 990
6. Tax increases, exemptions, deductions and abatements		
7. Current income tax disclosed in tax declaration for the period, including:	57 410	25 990
- disclosed in profit and loss account	*59 775*	*33 919*
8. Deferred income tax due to temporary differences	2 365	7 929

	thousand x PLN	
NOTE 28a - PROFIT (LOSS) NET	**2015**	**2014**
a) parent company net profit (loss)	*108 662*	*27 151*
b) subsidiary companies net profit (loss)	*107 394*	*74 377*
c) consolidation adjustments	*11 178*	*-136*
d) gain on a bargain purchase		
Profit (loss) net	**227 234**	**101 392**

NOTE 28 b - PROFIT SPLIT

Net profit for the financial year 2014 amounting to 27,150,861.72 PLN divided by the General Shareholders' Meeting is as follows:
- share in profits for the Management Board 162,905.17
- share in profits for the Supervisory Board 190,056.03
- reserve capital 13,487,366.52
- dividend 13,310,534.00

Proposals for allocation of net profit* for the reporting period in the amount of **108,661,809.90** PLN:
- share in profits for the Management Board **651,970.86**
- share in profits for the Supervisory Board **760,632.67**
- reserve capital **90,508,405.37**
- dividend **16,740,801.00.**

*the proposal for profit distribution provides for the full completion of the own-shares-purchase program, i.e. 1 075 000 items, which shares along with the ones held by the Company before the Program amounting to 69 733 items are not considered for the profit distribution.

NOTE 29 - Profit per 1 share

For calculation of profit per one common share were stock considered 6,296,867 shares, and this amount did not change over the financial year 2015. In accordance with IAS, 33, 428,133 own shares purchased by the Issuer were excluded from the calculation. The Company does not have a complex capital structure (stock options, warrants and other), and in scope of profit split the preferred shares do not differ from ordinary bearer shares. Therefore, no ratio of diluted profit per ordinary share is not calculated.

6. Reporting by segments

According to IFRS 8, an operating segment forms a part of an entity:

- which organizes the business, in connection with which revenues can be obtained and costs incurred,

- the results of which are subject to regular review and assessment by the main body in the entity responsible for decision making and using these results while deciding on the allocation of resources to segments,

- for which there is separate financial information available.

IFRS 8 requires disclosure of operating segments based on internal reports used in managerial accounting.

Using the management approach to segment reporting in Stalprodukt, there are three operating segments distinguished:

- Electrical Sheets Segment DB,
- Profiles Segment DP,
- Zinc Segment.

For these segments, there is separate financial information drawn up for the Parent Company that the Management Board of the Company uses to evaluate the results of both segments for the purpose of bonus system, based on coverage margin, and for the purpose of the allocation of resources to a given segment.

Profiles segment includes the following products: cold formed profiles and tubes, road safety barriers and hot and cold rolled sheets and strips.

Transformer sheets segment includes transformer metal sheets and toroidal cores.

The Zinc Segment embraces the object of activities pursued by ZGH “Bolesław” S.A. jointly with the subsidiary companies, i.e. excavation of zinc-lead ores production of zinc and lead as well as related activities.

The Segment of Goods was accounted jointly with Other Activities, Due to the fact that its Capital Group's sales share was decreased.

<u>Segment revenues</u> apply only to sales to external customers. Revenues of other segments in the consolidated financial statements are excluded.

<u>Segment costs</u> include the own cost of sales, including the cost of sales resulting from the operations of the segment. Segment costs do not include other operating costs, which can not be directly attributed (attributed) to the segment, general overheads costs, finance costs and income tax.

Segment result (profit/loss of the segment) is the difference between revenues and costs of the segment.

Segment assets (liabilities) are operating assets (operating liabilities) used by a segment (resulting) in operating activities, which are directly attributable to the segment (intangible assets, tangible fixed assets, inventories, receivables from customers, amounts due to suppliers) or allocated to the segment based on a reasonable basis e.g. share of the segment in sales, profit (other assets and liabilities).

The same accounting principles, including the methods of valuation, which are presented under par. 3 of this Information, taking into account the above findings, are applicable for reporting by segments.

Required information on operating segments for the year 2015 and comparable period was estimated and presented in the following tables (in thous. PLN):

Itemization 2015	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	664 003	658 042	1 585 032	224 616	3 131 693
Segment Costs	489 313	634 405	1 333 058	205 185	2 661 961
Segment Result	**174 690**	**23 637**	**251 974**	**19 431**	**469 732**
Other Operating and Financial Revenues Non-Attributable to the Segment					40 064
Other General, Operating and Financial Costs Non-Attributable to the Segment					222 787
Gross Profit					**287 009**
Income Tax					59 775
Net Profit					**227 234**
Segment Assets	847 157	637 504	1 563 322	233 079	3 281 062
Assets Non-Attributable to the Segment					24 684
Total Assets					3 305 746
Total Liabilities	156 767	172 205	552 983	77 773	959 728
Contingent Liabilities					296 115
Consolidated Liabilities					1 255 843
Investment Outlays	17 363	21 460	104 828	30 991	174 642
Depreciation	25 220	20 324	86 553	10 832	142 929

Itemization 2014	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	456 393	760 779	1 422 538	218 827	2 858 537
Segment Costs	406 950	723 811	1 244 011	199 563	2 574 335
Segment Result	**49 443**	**36 968**	**178 527**	**19 264**	**284 202**
Other Operating and Financial Revenues Non-Attributable to the Segment					43 786
Other General, Operating and Financial Costs Non-Attributable to the Segment					192 677
Gross Profit					**135 311**
Income Tax					33 919
Net Profit					**101 392**
Segment Assets	776 599	761 427	1 343 459	242 905	3 124 390
Assets Non-Attributable to the Segment					20 165
Total Assets					3 144 555
Total Liabilities	154 635	221 398	543 252	81 805	1 001 090
Contingent Liabilities					296 115
Consolidated Liabilities					1 297 905
Investment Outlays	43 869	2 971	79 766	8 405	135 011
Depreciation	25 085	20 195	80 116	10 167	135 563

7. Financial instruments and risk management assessment

Characteristics of financial instruments and rules for their valuation

Financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another.

The main financial instruments used by the Company include bank loans, financial leasing agreements and short-term deposits. The main purpose of these instruments is to raise funds for the activities of companies in the Group.

The Company also have other financial instruments such as cash, supplies and services receivables and payables, which are formed directly in the course of their business.

Moreover, the Issuer has an interest in other entities, which are long-term investments.

While entering financial instruments into the accounts, they are valued at cost (purchase price), which is the fair value of the payment. Transaction costs are recognized in the initial value of financial instruments.

After initial recognition, taking into account the criterion of purchase price, financial instruments are classified into one of four categories and valued as follows:

- financial instruments measured at fair value through profit or loss. This applies to financial instruments acquired in order to generate profits through short-term fluctuations in prices,
- Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturity, which the Company intends to hold to that time. They are valued at amortized cost using the effective interest method,
- loans and receivables - are valued at amortized cost using the effective interest rate, and gains or losses are recognized in the profit and loss account. Receivables with a short maturity, for which the interest rate is not specified, are valued at the amount due,
- financial instruments available for sale (all other financial assets) - are valued at fair value and gains/losses from revaluation are recognized in the revaluation reserve until the sale of investments or reduction of its value. At this point, the total profit or loss from revaluation is referenced to the profit and loss account.

The fair value of financial instruments, which are traded on the current market, is determined in relation to the prices quoted on this market at the balance sheet date. If there is no quoted market price, fair value is estimated based on valuation techniques.

Financial liabilities that are not financial instruments measured at fair value through profit or loss are valued at amortized cost using the effective interest method.

Financial instruments are derecognised from the balance sheet when the Company loses control over contractual rights that make up the financial instrument, and this usually happens when the instrument is sold or when all cash flows attributable to that instrument are transferred to an independent third party.

At each balance sheet date, the Company assesses whether there is objective evidence of impairment of a financial asset or the group of financial assets. Such evidence includes: severe financial difficulties of the debtor, the disappearance of an active market for that financial instrument, adverse changes in the economic, legal and market environment of the financial instrument issuer, maintaining a significant decrease in the fair value of the instrument. When such evidence prevails, it is necessary to estimate the losses and make allowance for impairment.

<u>Derivative financial instruments</u> are initially recognized in the books at cost and subsequently measured at fair value. Changes in fair value of derivative financial instruments are recognized immediately in the profit and loss account. Derivatives are presented in the balance sheet as assets or liabilities held for trading.

The fair value of derivative instruments, which are traded on regulated markets, and securities available for sale is determined based on quoted market prices at the balance sheet date.

To estimate the fair value of derivative instruments, the prices of which are not quoted on regulated markets, and other financial instruments, the Company uses different methods and assumptions that are based on market conditions existing at each moment of the balance sheet.

Market and dealer quotations for specific and similar instruments are usually applied. Other techniques such as option pricing models or discounted value of future estimated cash flows, are used to determine the fair value of other instruments.

It is assumed that the nominal value of financial assets and liabilities with a maturity less than one year, reflect their fair values, which means it does not require discounting.

The purpose and policy of risk management and measurement methods.

The Parent Company is exposed to various types of financial risks - including changes in market prices of debt and equity instruments, fluctuations of currencies and interest rates. The overall financial risk management program of the Issuer focuses on the unpredictability of financial markets and seeks to minimize the potential negative effects on the Parent Company's financial results. The Department of Financial and Risk Management, supervised by the Finance Director, manages the risk in the Parent Company. The main objective is to minimize the negative effects of external changes on the results obtained by the Company. Depending on the type and size of risk, the Company complies with the appropriate instruments for the diagnosis, assessment and hedging.

The main assumption of the “Bolesław” S.A.'s hedging policy is aimed at reducing the Company's sales sensitivity to the decrease of zinc, lead and silver prices as well as the USD exchange rate. The lower the Company's hedging level is, the more sensitive it is to the declining prices. The lack of hedging would result in the Company's full exposure to the fluctuations of the exchange market zinc, lead and silver prices as well as the USD exchange rate, and in the event the price falls below the break-even level, to significant losses difficult to cover from any funds, especially if the low-price period is prolonged.

The ZGH “Bolesław” S.A.'s policy is based on the application of the financial instruments offered by banks to hedge against the exchange market prices and currency exchange rate fluctuations. ZGH “Bolesław” S.A. applies a type of hedging which consists in the transfer of risk achieved through the application of the 'short hedge' method, which protects the Company against the decrease of metal prices and USD exchange rate fluctuations. The applied derivatives vary depending on type of the market risk to be hedged against.

The main risks associated with the activities of the Group include:

a) credit risk and contractual risk,

b) liquidity risk,

c) market risk, including:

- interest rate,
- currency,
- fluctuations of the LME zinc and lead prices and LBM silver prices.

Credit and contractual risk

Credit risk in the Parent Company is limited by the current examination of the creditworthiness of contracting parties, by adopting appropriate securities (bank guarantees, letters of credit, bills of exchange, suretyships) and through constant monitoring of overdue receivables. With the aim to maintain current control, the commerce and Finances and Risk Management Departments are obliged to apply the principles set out in the procedures: credit and debt collection. These procedures specify the selection of contracting parties, setting of credit limits and procedure in the case of past due receivables.

The subsidiary companies pursue their own policies in respect of the credit-related risk management. Some of them benefit from the services rendered by the insurance companies insuring liabilities (e.g. Cynk Mal S.A.).

Contractual risk arises when an agreement for the sale of goods under certain conditions of delivery is reached with a customer, which gives rise to obligations on the part of the Company with respect to the contracting party to deliver a specific lot, with a commitment of the Company to proceed to production before getting full payment. The situation results in the risk incurred by the Company in the form of finished goods, which are not collected by the contracting party.

Contractual risk generally occurs in the Parent Company only when orders are taken for custom products and evaluation is carried out by a person accepting the order. The risk is mitigated through the adoption of appropriate securities or by receiving partial or full prepayment for ordered goods before production.

Item No.	Type of security	Type of hedged risk	2015			2014		
			Amount	Currency	thous. PLN	Amount	Currency	thous. PLN
1	Bank guarantees and letters of credit	credit/contract	917	PLN	**917**	1 053	PLN	**1 053**
2	Bank guarantees and letters of credit	credit/contract	5 880	EUR	**25 058**	5 585	EUR	**23 805**
3	Bank guarantees and letters of credit	credit/contract	4 122	USD	**16 080**	4 574	USD	**16 042**
4	Suretyships	credit/contract	3 600	PLN	**3 600**	4 650	PLN	**4 650**
5	Suretyships	credit/contract	10 125	EUR	**43 148**	4 955	EUR	**21 120**
	Total				**88 803**			**66 670**

The amount at risk equals the balance of short-term receivables plus issued guarantees and sureties granted, the fair value of derivative instruments, adjusted by the adopted securities, as well as claims against the affiliates. This amount is PLN 446,421 thousand.

It should be noted that most customers of the Group are those with whom the Group has been cooperating for many years.

Today, the Parent Company has no restructured receivables, i.e. receivables in respect to the customers with whom the Company entered into an agreement to defer payment. Given the above, the credit quality should be defined as good.

Aging of receivables was presented in the notes to the balance sheet No. 6d - 6e.

Liquidity risk

Liquidity risk management refers to the control over financial flows and securing external funding opportunities, in particular: receivables collection and security in the form of credit lines.

In the current financial standing of the Group, with a clear advantage of financing with own funds, liquidity risk does not occur. However, keeping in mind the substantial capital expenditures, with the aim of protection, the Parent Company maintains granted limits on working capital loans, based on agreements reached with cooperating banks.

The details concerning the credit line limits, credit-to-debt ratios and the remaining conditions were presented in 17c note.

Market Risk

Exchange Rates Risk

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Group's results. The following balance sheet positions are exposed to this kind of risk: granted loans, cash deposits and interest-bearing external financing sources.

As of 31.12.2015 the following data were provided in the Consolidated Balance Sheet:
loans granted – PLN 40 000 thousand,
cash – PLN 267 662 thousand,
long-term credits and loans – PLN 84 272 thousand,
short-term credits and loans – PLN 111 086 thousand.

The decrease of interest rates will result in the decrease of revenue from the interest on the granted loans and free cash flow. This will be accompanied by the reduction of costs related to external financing. The increase of interest rates will stimulate the increase of proceeds from the granted loans and free cash flow. This will be accompanied by the increase of costs related to external financing.
Both the loans, cash and the investment credit are based on variable interest rate (WIBOR, WIBID). The gross result's sensitivity to the increase of interest rates was presented below:

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2015	2014
Exchange rate increase by 50 basis points		
Impact on the gross result	562	16
Exchange rate decrease by 50 basis points		
Impact on the gross result	-562	-16

Currency Risk

EUR is the main currency used both in the exports and intra-community transactions. Considering the risk from EUR/PLN currency fluctuations, the Parent Company uses natural hedging as its sales from individual periods are balanced by the purchases expressed or denominated in EUR. Additionally, the currency position is being constantly monitored. It happens that during a 2-3-week period it is open (short or long), however, its value is insignificant in relation to the turnover.

USD is another currency in which settlements are made. The currency position is being constantly monitored.

As of 31.12.2015, the sensitivity of balance sheet positions, expressed in EUR and USD, to currency risks is only slight in relation to the scale of the pursued activities. The currency-expressed receivables and liabilities were presented in 6c and 17b notes, respectively.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2015	2014
PLN STREANGTHENING to USD & EUR by 5%		
Impact on gross result	-9 655	-6 286
PLN WEAKENING to USD & EUR by 5%		
Impact on gross result	9 655	6 286

The nature of the activities pursued by the subsidiary company - ZGH "Bolesław" S.A. (production and USD sales of LME-quoted zinc and lead) forces the Company to pursue an active hedging policy against the currency-related risk. The Company secures its position, constantly monitoring the changes in raw material prices and currency exchange rates. Hedging itself against the currency exchange rate risk, the subsidiary company applies: forward transactions, average-rate forward transactions, options or option strategies.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active currency hedging instruments as of 31.12.2015			PLN thousand		
Cash Flow Hedging	forward	$116 377 450,00	-20 147	-20 089	risk from USD/PLN exchange rates
Cash Flow Hedging	forward	$ 6 950 000,00	678	716	risk from USD/PLN exchange rates
Cash Flow Hedging	forward				risk from EUR/PLN exchange rates

Risk from Changing Raw Material Prices

In the Stalprodukt S.A. Capital Group the subsidiary ZGH "Bolesław" S.A. pursues an active commodity (Zn and Pb) risk management policy, using various derivative instruments. For metal prices risk management the following transactions are concluded: swap transactions (fixed to float, float to float), options or option strategies, forward contracts.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active commodity hedging instruments as of 31.12.2015 (zinc)			PLN thousand		
Cash Flow Hedging	swap	48 750	97 340	97 340	Price Change Risk Zn LME
Cash Flow Hedging	Option strategies (collar)	5 000	4 440	4 440	Price Change Risk Zn LME
Cash Flow Hedging	put	2 500	4 734	4 734	Price Change Risk Zn LME
Cash Flow Hedging	call	2 500	-294	-294	Price Change Risk Zn LME
Active commodity hedging instruments as of 31.12.2014 (lead)			PLN thousand		
Cash Flow Hedging	swap	8 900	3 522	3 522	Price Change Risk Pb LME
Active commodity hedging instruments as of 31.12.2014 (silver)			PLN thousand		
Cash Flow Hedging	swap	77 500	725	621	Price Change Risk Ag LMBA

ZGH "Bolesław" S.A. and its Subsidiaries' Exposure to Market Risks

The GK Bolesław's exposure to market risks in 2016 is as follows:

- Zinc - approx. 102 000 tons
- Lead - approx. 20 000 tons
- Silver - approx. 520 000 Ozs
- Currency - approx. USD 245 000 000

The currency risk exposure is very strictly dependent on the metal price levels (primary exposure) and may undergo fluctuations in the case they change. Apart from the metal price levels, the currency risk exposure also includes the sales bonuses achieved in zinc and lead alloy transactions.

Security accounting,

Due to the small value of the used derivatives, the Group does not keep security accounting. The balance sheet values of particular financial instruments should be considered fair because their valuation carried out by amortized cost (amortized purchase price), using the effective valuation method, showed insignificant differences.

Whereas considering the nature of the pursued activities, the subsidiary company ZGH "Bolesław" S.A. applies hedge accounting based on the internal procedures prepared in compliance with the International Accounting Standards. The risk management policy is based on the decisions issued by the Risk Committee. The details are defined in the ZGH "Bolesław" S.A.'s Hedging Policy, approved by the Management Board with the Resolution 2/2011 dated 14 January 2011. In order to hedge itself against metal price fluctuations, the Company concludes swap transactions, options or option strategies and forward contracts. The market risk management details are clearly defined in the risk management procedure. The Financial Division is divided into two main blocks, i.e. the Front Office with its executive unit– Risk Management Department, supervising officer – Financial Director and the Back Office with its executive unit – Hedge Accounting Department with Chief Accountant as a supervising officer.

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	2015	2014
Long-Term investments (NOTE 3a)	13 787	2 595
Short-Term Investments (Note 7a)	135 177	60 255
TOTAL, including:	**148 964**	**62 850**
a) valuation of derivative transactions	109 514	34 092
b) securities	39 449	28 758

Explanation Referring to the Item: Liabilities (Payables) in respect of:	PLN thousand	
	2015	2014
Contracts for Hedging Transactions (Note 16a)	1 788	3 796
Conclusions of Currency Option Transactions (Note 17a)	15 354	54 345
Adjustment by the amount of settlements with brokers in respect of the finalized transactions	11 039	
TOTAL	**28 181**	**58 141**

Valuation of Derivative Transactions	PLN thousand			
	2015		2014	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	102 148	2 845	21 755	13 430
Commodity Transactions - Lead	3 610	89	10 423	0
Currency Transactions - USD/PLN EUR/PLN	2 312	24 529	1 533	44 711
Commodity Transactions- Silver	1 444	719	380	0
Total	**109 514**	**28 181**	**34 092**	**58 141**

Securities	PLN thousand	
	2015	2014
Shares in Investment Funds	**39 449**	**28 758**
a) Liquidity Plus	0	1 020
b) Unikorona Pieniężny	26 135	15 792
c) Unikorona Pieniężny FL	9 731	9 578
d) UNIWIBID plus FL	0	0
e) ING Fundusz	3 582	2 368

Division of Hedging Instruments	PLN thousand			
	2015		2014	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	**108 910**	**22 353**	**33 456**	**54 785**
Commodity Transactions - zinc	102 074	294	21 387	13 430
Commodity Transactions - lead	3 611	615	10 423	0
Currency Transactions - USD/PLN, EUR/PLN	1 781	20 724	1 265	41 355
Commodity Transactions - Silver	1 445	719	380	0
Trade Instruments	**604**	**5 828**	**636**	**3 356**
Commodity Transactions- zinc	74	2 550	368	0
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	500	3 277	268	3 356
Commodity Transactions - silver	31	0		
Total	**109 514**	**28 181**	**34 092**	**58 141**

Financial Report Presentation of Applied Derivative Instruments

The result of the hedging instruments valuation, in its portion recognized as 'effective hedging', is taken to the capital revaluation reserve. Asian options, aimed at hedging the Company against the change of time value, are taken to costs or to financial revenues. The trade instruments valuation result is taken to costs or financial revenues. The result from the application of hedging instruments is used to adjust the hedged item (sales). The result from the application of trade instruments is taken to costs or financial revenues.

Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	2015	2014
Sales of Products Adjustment	*-2 581*	*8 993*
Sales of Goods Adjustments	*0*	*0*
Revaluation of Investments	*-3 238*	*-8 221*
Gains/Loss on Sale of Investments	*-6 792*	*-8 462*
Total	**-12 611**	**-7 690**

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	2015	2014
Commodity Transactions	*61 401*	7 500
Currency Transactions	*-81 537*	
Total	**-20 136**	**7 500**

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	2015	2014
Sales Increase	*99 161*	*17 994*
Sales Decrease	*-101 742*	*-9 001*
TOTAL	**-2 581**	**8 993**

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	2015	2014
Valuation of Open Hedging Instruments:	**86 549**	**-11 993**
- Zn	*101 780*	*17 047*
- Pb	*3 522*	*9 200*
- USD/PLN	*-19 374*	*-38 620*
- Ag	*621*	*380*
Result from the Application of Hedging Instruments Capital-Retained until the Realization of the Hedged Item:	**326**	**0**
- Zn	*941*	*0*
- Pb	*1 162*	*0*
- USD/PLN	*-1 777*	*0*
TOTAL	**86 875**	**-11 993**

8. Capital management

Capital management is pursued at the Parent Company's level.

The policy exercised by the Management Board of the Issuer assumes the maintenance of strong capital base in order to maintain the confidence of investors, creditors and the market, and the ability to continue and further develop the Group's activities, including the realization of planned investments. Following this policy and internal procedures, the Parent Company monitors the size, structure and profitability of total equity and current capital (working) on the basis of economic ratios existing in the Parent Company.

In 2012, the Parent Company properly managed the capital, since the objectives associated also with liquidity were met. Basic ratios concerning capital structure and working capital management, as defined in the financial plan reached the expected values, which enabled the achievement of the Parent Company's objectives, its smooth and reliable operation, and to raise funds for further development.

FINANCIAL LEVERAGE RATIO	in thousand PLN	
	2015	2014
Debt	195 358	205 861
Cash	-267 662	-169 010
Net Debt	-72 304	36 851
Equity	2 049 903	1 846 650
Net Debt Relation to Equity	-3,53%	2,00%

In the reporting period the increase of net profit per share was recorded, the maximization of which is a strategic goal for Stalprodukt. The net profit per share increased from PLN 15.23 in 2014 to PLN 36.09 in 2015.

Changes in equity for the years 2014 and 2015 are presented in the "Statement of changes in equity," which forms an integral part of the annual consolidated financial statements.

In 2015, there was a slight decrease in the share of equity in the financing of the Company. The equity ratio, calculated as the ratio of equity to total liabilities, didn't change and is taking out 0.62.

The ability to manage working capital increases profitability and reduces the risk of cash shortages. In this respect, the following activities of the Issuer should be noted in particular:

- The Parent Company manages the receivables by assessing the customers' financial standings, setting credit limits and securities, monitoring claims and collections, if any, in accordance with applicable procedures. The result of proper risk management in this regard is keeping overdue receivables at a minimum level

- The main objective of the Company's inventory management is to assess the costs and benefits and their balance. The measures to ensure the continuity and regularity of supply and diversification of sources of feedstock supply to the timely implementation of procurement and maintenance of stocks at an optimal level, are systematically taken.

- The Parent Company maintained a substantial amount of cash on bank accounts, deposing them in profitable and safe short-term deposits, due to the need to finance current expenses resulting from operating activities, as well as the planned capital expenditures.

The capital management is run independently by the subsidiary Management Boards, applying the policy adopted by the Parent Company, subject to its supervision and monitoring.

The proper management of capital is evidenced by the fact that the Group reached a satisfactory liquidity throughout the reporting period timely fulfilled its obligations with respect to the staff, budget and suppliers.

9. Other information and notes

Transactions between the Company Stalprodukt and its subsidiaries rely on constant mutual provision of supplies and services necessary for current operations. These are typical and routine transactions concluded at arm's length within the Group and under the conditions resulting from current operations. Other significant transactions with related parties, namely the transfer of rights and obligations for valuable consideration and free of charge did not occur.

The parties are considered to be related if one of the parties has the ability to control another party or significantly influence operating and financial decisions taken by another party. To recognize a given entity as a related entity, the Company applies the principles defined in IAS 24, considering the nature of the relation and its impact on the entity's result and its financial standing.

a) degree of the Issuer's participation in management is 51% in the Cynk-Mal S.A. and 94.45% in ZGH “Bolesław”, and 100% in other related parties,

b) the Issuer's and associated companies' mutual receivables and liabilities have been presented in the Tables below.

Items 2015	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	32	1 753	300	3 281
Stalprodukt-Wamech sp. z o.o.	142	3 408	1 378	10 909
Stalprodukt-Centrostal sp. z o.o.	55 685		330 918	942
Stalprodukt-Serwis sp. z o.o.	69	2 301	710	8 630
Stalprodukt-Zamość sp. z o.o.	81	158	806	425
Stalprodukt-Ochrona sp. z o.o.	22	581	218	2 793
STP Elbud sp. z o.o.	318	2 031	3 337	13 725
Cynk-Mal S.A.	5 836		18 549	5 705
ZGH “Bolesław” S.A.		22		171
Anew Institute sp. z o.o.				1 196

Items 2014	PLN thousand			
	Mutual settlements		Mutual revenues and costs	
	Receivables	Liabilities	Revenues	Costs
Stalprodukt-MB sp. z o.o.	80	2 088	376	3 737
Stalprodukt-Wamech sp. z o.o.	150	2 873	1 379	8 627
Stalprodukt-Centrostal sp. z o.o.	77 042	60	362 019	862
Stalprodukt-Serwis sp. z o.o.	80	5 288	789	19 393
Stalprodukt-Zamość sp. z o.o.	78	70	770	1 105
Stalprodukt-Ochrona sp. z o.o.	21	614	228	3 036
STP Elbud sp. z o.o.	319	3 526	3 241	18 899
Cynk-Mal S.A.	3 189		23 916	9 952
ZGH “Bolesław” S.A.		33		144
Anew Institute sp. z o.o.				649

Moreover, in 2015 some transactions were also finalized with the entities in which the Company holds shares: Stalnet Sp. z o.o.- sales PLN 901 thousand, costs PLN 399 thousand;

liabilities PLN 33 thousand; Stalprodukt-Profil S.A. sales PLN 856 thousand, receivables PLN 3 thousand. These were typical market transactions.
The remaining data, necessary for the preparation of the Consolidated Financial Report, are related to the undermentioned exclusions and adjustments:

Specification 2015	in thousand PLN	
	2015	2014
participation	347 880	341 132
intangible assets	18 816	20 336
fixed assets	81 177	83 579
stocks	741	136
real estate investments	99 993	103 915
receivables and liabilities	75 769	97 379
revenue from sale of goods	382 065	369 576
revenue from sale of products	64 682	121 713
value of sold goods	363 442	354 479
cost of manufacture of sold products	81 210	134 181
costs of sales	2 474	2 493
interests	972	2 356
loans	9 110	10 110

10. Changes in the Issuer's Ownership Structure

The following changes took place in the Issuer's Capital Group's ownership structure in relation to the year 2014, being a comparable period for the present consolidated financial report:

On 09.02.2015, the Issuer received a decision of the Kraków-Sródmieście Regional Court, 12th Economic Department of the National Court Register dated 29.01.2015 r. concerning the entries to be made in the Register of Entrepreneurs, i.e. the increase of ZGH "Bolesław" S.A's share capital from PLN 126 116 000.00 to PLN 166 116 000.00, the amendment appended to the company's Articles concerning the said increase and issue of 4 000 000 new C series shares. All the shares covered by private placement were subscribed by the Issuer in exchange for a cash contribution. The above was done in connection with the implementation of the Issuer's investment obligations referred to in the Agreement for the Sale of Shares of ZGH "Bolesław" S.A. concluded on 7 November 2012 between the State Treasury and Stalprodukt S.A. As a result of the issue, the Issuer's share in the subsidiary company's share capital increased from 86.92 % to 90.07 %.

Moreover, in the 2015 reporting period the buy-back of ZGH "Bolesław" S.A. employee shares started, as a result of which the Stalprodukt's share in the company's capital increased up to 94.45 % at the end of 2015.

During the year 2015 some shares were also acquired from the subsidiary company Anew Institute Sp. z o.o., The capital increase took place twice in the reporting period pursuant to the resolutions of the Extraordinary General Meeting as of 10 July and 10 September 2015. The entire subscription was covered by the Company with a cash contribution.

Within the Capital Group's dependency analysis, the subsidiary Company Stalprodukt-Zamość Sp. z o.o. was found to fall under the IFRS 10 provisions related to the control exercised over the entity: Polska Technika Zabezpieczeń Sp. z o.o. In connection with the above the entity was subject to full consolidation. The shares held in this entity in the previous periods were recognized as long-term investments. On 19 November 2015 the Shareholders' Meeting of Gradir Montenegro d.o.o. adopted a resolution on het increase of the company's share capital by the amount of EUR 2, 500 thousand. The shares were acquired by ZGH "Bolesław" S.A.
In the Issuer's Capital Group no other mergers, take-overs or sales of companies, long-term investments, divisions, restructurings or winding-ups took place, other than the ones mentioned in the present Report.

11. Other information

Differences between the Consolidated Report and the Qsr_4/2015 Report

Specification	in thousand PLN		
	was	is	difference
Profit and loss account			
I. Net revenue from sale	*3 128 295*	*3 131 693*	*3 398*
II. Costs of sold products, goods and materials	*2 579 819*	*2 582 617*	*2 798*
VI. Profit on sales	*334 704*	*334 639*	*-65*
IX. Profit from operational activity	*292 218*	*291 552*	*-666*
XII. Profit gross	*288 368*	*287 009*	*-1 359*
XIV. Profit net	*228 686*	*227 234*	*-1 452*
Balance sheet			
I. Fixed assets	**1 981 958**	**1 983 072**	**1 114**
1. Intangible assets	*134 919*	*135 652*	*733*
2. Property, plant and equipment	*1 735 978*	*1 736 547*	*569*
3. Long-term investments	*69 677*	*69 232*	*-445*
4. Long-term accruals	*41 065*	*41 322*	*257*
II. Current assets	**1 411 391**	**1 322 674**	**-88 717**
1. Stocks	*463 040*	*465 337*	*2297*
2. Receivables	*436 567*	*433 077*	*-3 490*
3. Short-term investments	*492 433*	*403 696*	*-88 737*
4. Short-term accruals	*19 351*	*20 564*	*1 213*
Assets in total	**3 393 349**	**3 305 746**	**-87 603**
I. Equity	**2 138 850**	**2 049 903**	**-88 947**
II. Liabilities and provisions	**1 254 499**	**1 255 843**	**1 344**
Liabilities in total	**3 393 349**	**3 305 746**	**-87 603**

Adjustments due to Fundamental Errors

In the reporting period there was no need to make any adjustments to fundamental errors, likely to affect the Group's assets and financial standing as well as its liquidity and profitability.

Joint Ventures with Other Entities

Within the framework of the project carried out in the area of renewable energy sources, i.e. the construction of an innovative prototype of an 1,5 MW wind turbine with a vertical axis rotor, a consortium was formed (consisting of the Krakow University of Science and Technology and Anew Institue Sp. z o.o., apart from Stalprodukt S.A.) pursuant to the agreement dated 10 December 2013, concerning the implementation and financing of the above mentioned project. The project concerned was subsidized by the Polish National Center for Research and Development, within the framework of a pilotage program DEMONSTRATOR+: *Supporting scientific research and development works in demonstration scale.* The respective agreement was signed in December 2013, and the planned project completion date is 30.09.2016. The total subsidy amount is PLN 12 539 thousand.
In 2015, the following works were pursued, among others:

- making assumptions for the wind park design ;
- completion of the wind park design;
- making assumptions for the design of power converters to be combined with the wind park.

Salaries of Managerial and Supervising Staff

The salaries and the bonuses paid to the Company's managerial and supervising staff amounted to PLN 3 706 thousand in 2015, and PLN 3 126 thousand in 2014, including the Management Board's remunerations, respectively: PLN 3 113 and 2 658 thousand, and the Supervisory Board's salaries totaled PLN 593 and 4680 thousand.

The salaries paid in 2015 to the Issuer's managerial and supervising staff in respect of their positions in the subsidiary companies' governing bodies totaled – PLN 326 thousand, including: managerial staff PLN 248 thousand, and supervising staff PLN 78 thousand, whereas in 2014 – PLN 326 thousand, including managerial staff PLN 235 thousand, and supervising staff PLN 91 thousand.

Post Balance Sheet-Day Events

After 31.12.2015, no events occurred, other than the ones contained in the present Consolidated Financial Report for 2015 and Parent Company's Management Board's Report, which might significantly affect the Group's standing and its future financial results.

Other information

1. In 2015, no activity conducted by the Issuer was abandoned.
2. During the reporting period the Company incurred capital expenditures of PLN 174,642 thousand, including expenditure on environmental protection PLN 52,014. Planned capital expenditures for 2016 amounts to about PLN 205,821 thousand. Capital expenditures shall be used to finance intangible fixed assets.
3. In the reporting year, the Group did not undertake any joint ventures with external entities, other than the ones mentioned in point 11 of the present Report „Other Information".
4. The average employment in occupational groups:
   - in 2015, total employment equalled 5,964 people,
   - in 2013, total employment equalled 5,875 people.
5. Both, Stalprodukt S.A. and its subsidiaries did not give advances, credits, loans and guarantees or sureties to members of the Management Board and the Supervisory Board, except for loans from the Social Fund.
6. The pending bankruptcy and composition proceedings account for the Group's receivables totaling PLN 10 776 thousand, including the amount of PLN 743 thousand in respect of Stalprodukt and PLN 10 033 thousand in respect of ZGH "Bolesław". During the reporting period, no other essential proceedings were instituted or pending before the courts or government agencies, concerning any liabilities or receivables, which might exert a significant influence on the Group's future results and its financial standing.
7. As of the balance sheet day, the Group does not have any off-balance sheet contingent liabilities, other than the performance bonds, concerning the production and installation of road safety barriers as well as guarantees and bills of exchange/promissory notes issued by ZGH "Bolesław" S.A.:

   - performance bonds concerning the production and installation of road safety barriers totalling PLN 12 969 thousand, and in respect of the guarantee for the blank promissory note covering PLN 13 000 thousand (par. 9 of „Other Information")
   - guarantees and avals granted by ZGH „Bolesław" S.A. in the amount of PLN 3 607 thousand and USD 350 thousand.
8. There were no significant events relating to previous years included in the annual financial statements as at 31.12.2015, which distort the picture of the activities of the financial year 2015.

9. On 15 October 2015, the Company granted surety for the issuer of a blank promissory note – the STP Elbud Sp. z o.o. subsidiary company – securing the investment credit amounting to PLN 13 million, granted to the subsidiary company by Bank Pekao S.A. The repayment deadline falls on 31 December 2020.

10. According to the status as of 31.12.2015, ZGH "Bolesław" holds a surety granted in June 2011 in respect of Bolesław Recycling Sp. z o.o. up to the amount of PLN 29 332 thousand securing the obligations arising from the loan granted by the National Fund for Environmental Protectiuon and Water Management. As of 31.12.2015, the loan amount was PLN 17 082. In December 2015, het ZGH "Bolesław" company granted a surety to Boltech Sp. z o.o. The surety was granted in respect of the loan granted by the Voivodeship Fund for Environmental Protection and Water Management up to the amount of PLN 6 874 thousand. As of 31.12.2015, the loan amount was not disbursed.

11. On 17 November 2015, the Extraordinary Meeting of Shareholders adopted a resolution on the Company's purchase of its own shares with a view to redemption. The maximum number of shares to be possibly purchased by the Company within the Program is 1 075 000 items. The purchase price per share is PLN 250. The purchase covers registered preference shares of A, B and E series. The value of the Program enlarged by the purchasing costs amounts to PLN 270 000 thousand. The purchases may take place in the period not longer than within 10 June 2016. By the date of issue hereof tender invitations were furthered in respect of three tranches to be carried out: on 20 November 2015, on 27 January 2016 and on 31 March 2016. Within the 1st and 2nd tranch the Company acquired 716 800 of its own shares at the value of PLN 179 200 thousand. Before the clearing of the above mentioned tranches, the Company jointly held 69 778 shares with its subsidiary company. After the clearing the Company holds the total of 786 578 shares, accounting for 21.94 % at the General Meeting of Shareholders. The clearing of the 3rd tranch will take place on 28 April 2016, i.e. after the present report has been approved for publication.

12. After 31.12.2015, in addition to the information contained in this report and the report of the Management Board, there were no other events not included in the financial statements for the year 2015, which could materially affect the situation in the Company and its future financial results.

13. The financial statements and comparable financial data, adjusted for inflation, are not presented because the cumulative average inflation rate over the last three years of operation has not reached 100%.

14. These financial statements of Stalprodukt S.A. Capital Group for 2015 was approved by the Management Board of the Company for publication on 26 April 2016.

26 April 2016

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Józef Ryszka	Piotr Janeczek
Member of the Board – Marketing Director	President of the Board – Chief Executive Officer