CAPITAL GROUP OF GRUPA KĘTY S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

PREPARED ACCORDING TO THE INTERNATIONAL

FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

(in thousand PLN)

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT	Note	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Total operating income, including:		**1 835 161**	**1 602 941**
Sales revenue	12.1	1 819 552	1 593 844
Other operating income	12.3	15 609	9 097
Change ~~of~~ in inventories of finished goods and work in progress		**36 448**	**23 843**
Cost of manufacturing products for own needs		**11 008**	**10 924**
Total operating costs, including:		**(1 657 991)**	**(1 492 795)**
Depreciation/Amortisation	16/19	(84 696)	(80 957)
Materials, energy and the value of goods and materials sold	12.8	(1 127 128)	(1 033 893)
External services		(150 984)	(110 448)
Taxes and charges		(12 352)	(12 652)
Employee benefits		(246 682)	(222 585)
Other operating costs	12.4	(36 149)	(32 260)
Net profit on operating activities		**224 626**	**144 913**
Finance income	12.5	1 313	1 883
Finance costs	12.6	(23 969)	(12 722)
Share of net profit of entities accounted for using the equity method		(111)	0
Profit before tax		**201 859**	**134 074**
Income tax expense	13	(32 828)	19 409
Net profit on continuing operations		**169 031**	**153 483**
Attributable to non-controlling shareholders		0	0
Attributable to the parent's shareholders		169 031	153 483
Earnings per share attributable the parent's shareholders (PLN)	14		
Basic		18.03	16.57
Diluted		18.00	16.44

In 2014 and 2013, the Group did not discontinue any operations.

Dariusz Mańko	Adam Piela	Andrzej Stempak
President of the Management Board	*Member of the Management Board*	*President of the Management Board*
		Dekret Centrum Rachunkowe Sp. z o.o.

Kęty, 17 March 2015

(in thousand PLN)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Net profit for the period		**169 031**	**153 483**
Other comprehensive income to be charged to profit or loss		**(4 357)**	**(3 927)**
Cumulative translation adjustment		(6 778)	(555)
Valuation of cash flow hedging instruments		183	(3 281)
Result from cash flow hedge		2 273	(716)
Income tax related to other comprehensive income to be charged to profit or loss		(35)	625
Other comprehensive income not to be charged to profit or loss		**(2 304)**	**(395)**
Actuarial gains/losses	23.3	(2 845)	(487)
Income tax related to other comprehensive income not to be charged to profit or loss		541	92
Comprehensive income for the period		**162 370**	**149 161**
Comprehensive income attributable to:			
Non-controlling shareholders		0	0
Parent's shareholders		162 370	149 161

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Kęty, 17 March 2015

(in thousand PLN)

CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.12.2014 (audited)	31.12.2013 (audited)
I. Non-current assets		**1 016 520**	**1 005 933**
Property, plant and equipment	16	851 945	842 048
Intangible assets	19	52 839	52 031
Goodwill	12.7	17 561	17 561
Investment properties	18	12 398	12 649
Other investments	22	251	11
Long-term receivables	25	17 442	12 457
Deferred income tax assets	13.1	64 084	69 176
II. Current assets		**780 988**	**710 166**
Inventories	24	308 483	239 312
Current tax receivables	13.3	2 162	4 171
Trade and other receivables	26	401 896	389 503
Short-term investments	22	87	24
Derivative financial instruments	36	1 930	2 035
Cash and cash equivalents	27	66 430	75 121
Total assets		**1 797 508**	**1 716 099**

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(in thousand PLN)

EQUITY AND LIABILITIES	Note	31.12.2014 (audited)	31.12.2013 (audited)
I. Equity		**1 203 232**	**1 125 378**
Share capital	28.1	67 352	67 138
Share premium	28.2	14 512	4 563
Non-registered capital from the issue of shares	28.3	1 601	3 479
Capital from share based payments	28.5	11 244	10 230
Result from cash flow hedging transactions	28.7	1 438	(835)
Capital from the valuation of hedging instruments	28.6	(475)	(623)
Capital from the valuation of property, plant and equipment	28.4	3 174	3 382
Retained earnings	28.8	1 131 908	1 058 788
Cumulative translation adjustment	28.9	(27 522)	(20 744)
Equity attributable to the parent's shareholders		**1 203 232**	**1 125 378**
Equity of non-controlling shareholders	28.8	0	0
II. Long-term liabilities		**107 118**	**124 281**
Liabilities due to borrowings and finance lease	29.1	23 307	39 313
Other liabilities	31.1	1 981	1 390
Provisions	30	760	834
Provisions due to employee benefits	23.2	5 799	3 724
Subsidies	32	38 897	40 352
Deferred income tax liability	13.1	36 374	38 668
III. Short-term liabilities		**487 158**	**466 440**
Liabilities due to borrowings and finance lease	29.1	211 855	245 394
Income tax liabilities	13.3	10 191	10 861
Trade and other liabilities	31.2	237 653	185 173
Provisions and accruals	30	22 844	19 584
Derivative financial instruments	36	2 523	2 700
Subsidies	32	2 092	2 728
Total equity and liabilities		**1 797 508**	**1 716 099**

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Kęty, 17 March 2015

(in thousand PLN)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the parent's shareholders											
	Share capital	Share premium	Non-registered capital from the issue of shares	Capital from share based payments	Result from cash flow hedging transactions	Capital from the valuation of hedging instruments	Capital from the valuation of property, plant and equipment	Retained earnings	Cumulative translation adjustment	**Equity of the parent's shareholders**	Equity of non-controlling shareholders	**Total equity**
Equity as of 1 January 2014 (audited)	**67 138**	**4 563**	**3 479**	**10 230**	**(835)**	**(623)**	**3 382**	**1 058 788**	**(20 744)**	**1 125 378**	**0**	**1 125 378**
Comprehensive income for the period:	0	0	0	0	2 273	148	0	166 727	(6 778)	**162 370**	0	**162 370**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*169 031*	*0*	***169 031***	*0*	***169 031***
Other comprehensive income	*0*	*0*	*0*	*0*	*2 273*	*148*	*0*	*(2 304)*	*(6 778)*	***(6 661)***	*0*	***(6 661)***
Valuation of share based payments	0	0	0	1 014	0	0	0	0	0	**1 014**	0	**1 014**
Transfer due to depreciation/amortisation	0	0	0	0	0	0	(208)	208	0	**0**	0	**0**
Payment of dividend	0	0	0	0	0	0	0	(93 815)	0	**(93 815)**	0	**(93 815)**
Issue of shares	214	9 949	(1 878)	0	0	0	0	0	0	**8 285**	0	**8 285**
Equity as of 31 December 2014 (audited)	**67 352**	**14 512**	**1 601**	**11 244**	**1 438**	**(475)**	**3 174**	**1 131 908**	**(27 522)**	**1 203 232**	**0**	**1 203 232**

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Kęty, 17 March 2015

(in thousand PLN)

	Share capital	Share premium	Non-registered capital from the issue of shares	Capital from share based payments	Result from cash flow hedging transactions	Capital from the valuation of hedging instruments	Capital from the valuation of property, plant and equipment	Retained earnings	Cumulative translation adjustment	**Equity of the parent's shareholders**	Equity of non-controlling shareholders	**Total equity**
	Attributable to the parent's shareholders											
Equity as of 1 January 2013 (audited)	**66 964**	**0**	**0**	**9 099**	**(119)**	**2 033**	**3 761**	**961 086**	**(20 189)**	**1 022 635**	**0**	**1 022 635**
Comprehensive income for the period:	0	0	0	0	(716)	(2 656)	0	153 088	(555)	**149 161**	0	**149 161**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*153 483*	*0*	***153 483***	*0*	***153 483***
Other comprehensive income	*0*	*0*	*0*	*0*	*(716)*	*(2 656)*	*0*	*(395)*	*(555)*	***(4 322)***	*0*	***(4 322)***
Valuation of share based payments	0	0	0	1 131	0	0	0	0	0	**1 131**	0	**1 131**
Transfer due to depreciation/amortisation	0	0	0	0	0	0	(379)	379	0	**0**	0	**0**
Payment of dividend	0	0	0	0	0	0	0	(55 765)	0	**(55 765)**	0	**(55 765)**
Issue of shares	174	4 563	3 479	0	0	0	0	0	0	**8 216**	0	**8 216**
Equity as of 31 December 2013 (audited)	**67 138**	**4 563**	**3 479**	**10 230**	**(835)**	**(623)**	**3 382**	**1 058 788**	**(20 744)**	**1 125 378**	**0**	**1 125 378**

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Kęty, 17 March 2015

(in thousand PLN)

CONSOLIDATED CASH FLOW STATEMENT

Cash flow statement	Note	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Cash flow from operating activities			
Profit before tax		**201 859**	**134 074**
Adjustments:		**95 575**	**94 373**
Share of net profit of entities accounted for using the equity method		111	0
Depreciation/Amortisation	16,19	84 696	80 957
Creation/(reversal) of revaluation write-downs		1 092	2 956
Profit from net currency translation differences		565	2 372
(Profit) / loss from investing activities		0	(90)
(Profit) / loss from the sale of property, plant and equipment		(408)	(545)
Interest and share of profits		6 221	8 416
Proceeds/(expenses) related to hedging instruments charged to equity		2 273	(716)
Costs of share based payments		1 014	1 131
Valuation of currency forwards/futures		21	(14)
Other items (net)		(10)	(94)
Cash flow from operating activities before the change of working capital		**297 434**	**228 447**
Change in inventories		(69 171)	(1 230)
Change in net receivables		(13 166)	6 467
Change in short-term liabilities, except for loans		43 805	(18 985)
Change in provisions		2 417	3 989
Change in deferred income		(2 091)	1 310
Net cash generated from operating activities		**259 228**	**219 998**
Tax paid		(28 333)	(20 327)
Net cash from operating activities		**230 895**	**199 671**
Cash flow from investing activities			
(+) Proceeds:		**1 032**	**5 038**
Sale of intangible assets and property, plant and equipment		1 000	3 333
Sale of financial assets		18	1 600
Interest received		14	105
(-) Expenses:		**(96 832)**	**(113 314)**
Acquisition of intangible assets and property, plant and equipment		(92 249)	(113 314)
Acquisition of interests in associates		(339)	0
Expenditure on acquisitions of other entities		(4 163)	0
Cash loans granted		(81)	0
Net cash from investing activities		**(95 800)**	**(108 276)**
Cash flow from financing activities			
(+) Proceeds:		**66 491**	**74 746**
Net proceeds from the issue of shares		6 683	8 216
Proceeds from borrowings		59 808	66 530
(-) Expenses:		**(210 277)**	**(155 997)**
Dividends and other payments due to owners		(93 808)	(55 721)
Repayments of borrowings		(109 945)	(91 301)
Finance lease rentals		(98)	(149)
Interest		(6 426)	(8 826)
Net cash from financing activities		**(143 786)**	**(81 251)**

(in thousand PLN)

Total net cash flow:		**(8 691)**	**10 144**
- change in cash due to currency translation differences		0	0
Cash and cash equivalents at the beginning of the period		**75 121**	**64 977**
Cash and cash equivalents at the end of the period	**27**	**66 430**	**75 121**

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Kęty, 17 March 2015

COMPLEMENTARY INFORMATION AND EXPLANATIONS

1. General information

The Capital Group of Grupa Kęty S.A. (‘the Group’) comprises the parent company, namely Grupa Kęty S.A. (‘the parent’, ‘the Company’) and its subsidiaries (see note 2). These consolidated financial statements of the Group cover the year ended on 31 December 2014 and provide comparative data with regard to the year ended on 31 December 2013.

The parent company is a joint-stock company incorporated in Poland with its registered office located in **Kęty, at ul. Kościuszki 111.**

The parent company was established as a result of the transformation of a state-owned company Zakłady Metali Lekkich “KĘTY” into a sole-shareholder company of the State Treasury pursuant to the notary deed dated 3 March 1992. On 1 April 1992, the Company was registered in the District Court in Bielsko-Biała, VI Commercial Department under the RHB number 1768/92, and on 9 July 2002, the District Court in Kraków, XII Commercial Department of the National Court Register, entered the Company into the National Court Register under the **KRS number 0000121845.**
The parent company’s tax identification number **(NIP) 549-000-14-68** was assigned by the Tax Office in Oświęcim.
The parent company’s business statistical number **(REGON)** is: **070614970.**

In 1995, the parent company’s shares were floated at Warsaw Stock Exchange and the Company became a listed company. In accordance with the classification of Warsaw Stock Exchange, the Company operates in the metallurgical sector.

The effective period of the operation of the parent company and of the entities of the Capital Group, except for the entities being liquidated, is indefinite.

The Group’s basic range of activity includes the production, trade and the rendering of services related to the processing of aluminium and its alloys and related to the manufacturing of plastic and paper packaging materials. In addition, the Group is involved in activities related to the provision of specialist construction services associated with the preparation and assembly of aluminium systems, and also in the trade intermediation, supplies, marketing and other activities.

2. Group composition

The Group comprises Grupa Kęty S.A. as well as the following subsidiaries:

Complementary information and explanations (in thousand PLN)

Company name	Registered office	Scope of basic business activities	Parent's name	Shares in the basic capital as at 31-12-2014	Shares in the basic capital as at 31-12-2013	Date of control take-over	Reporting segment
Alupol Packaging S.A.	Tychy, Poland	Production of and trade in plastic packaging	Grupa Kęty S.A.	100.00 %	100.00 %	04/1998	FPS
Aluprof S.A.	Bielsko-Biała, Poland	Manufacture of construction woodwork	Grupa Kęty S.A.	100.00 %	100.00 %	06/1998	ASS
Alutech Sp. z o.o. w likwidacji	Kęty, Poland	Production, trade and provision of services	Grupa Kęty S.A.	100.00 %	100.00 %	03/1999	Other
Dekret Centrum Rachunkowe Sp. z o.o.	Kęty, Poland	Accounting and bookkeeping services	Grupa Kęty S.A.	100.00 %	100.00 %	09/1999	Other
Alu Trans System Sp. z o.o.	Wrocław, Poland	Production activity	Grupa Kęty S.A.	100.00 %	100.00 %	04/2000	Other
Aluprof Hungary	Budapest, Hungary	Trade and provision of services	Aluprof S.A.	100.00 %	100.00 %	07/2000	ASS
Metalplast-Stolarka Sp. z o.o.	Bielsko-Biała, Poland	Manufacture of construction woodwork	Grupa Kęty S.A.	100.00 %	100.00 %	07/2000	BSS
Alupol LLC	Borodianka, Ukraine	Manufacture of aluminium sections	Grupa Kęty S.A.	100.00 %	100.00 %	12/2004	EPS
Aluprof Deutschland GmbH	Bayreuth, Germany	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	02/2005	ASS
Aluprof System Romania s.r.l	Bucharest, Romania	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	05/2005	ASS
Aluprof System Czech s.r.o.	Ostrava, Czech Republic	The sale of window and door joinery from aluminium and PVC	Aluprof S.A.	100.00 %	100.00 %	05/2005	ASS
Impet Sp. z o.o. (closed on 30.09.2014)	Bielsko-Biała, Poland	Trade – sale of steel systems	Aluprof S.A.	-	100.00%	06/2005	ASS
Aluprof UK Ltd.	Hale, United Kingdom	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	05/2006	ASS
ROMB S.A. (Metalplast KARO Złotów S.A. until 28 July)	Złotów, Poland	Production and provision of services	Aluprof S.A.	100.00 %	100.00 %	04/2007	BAS
Alupol Packaging Kęty Sp. z o.o.	Kęty, Poland	Production and trade	Alupol Packaging S.A.	100.00 %	100.00 %	05/2009	FPS
Aluform Sp. z o.o.	Tychy, Poland	Production and trade	Grupa Kęty S.A.	100.00 %	100.00%	06/2009	EPS
Aluprof System Ukraina	Kiev,	Trade – sale of steel	Aluprof	100.00 %	100.00 %	11/2009	ASS

Complementary information and explanations (in thousand PLN)

	Ukraine	systems	S.A.				
Aluprof Serwis Sp. z o.o.	Bielsko-Biała, Poland	Scientific research and development works	Aluprof S.A.	100.00 %	100.00 %	1/2012	ASS
Grupa Kęty Italia s.r.l.	Milan, Italy	Trading intermediation	Grupa Kęty S.A.	100.00 %	-	5/2014	EPS
Marius Hansen Facader A/S	Viborg, Denmark	Manufacture and assembly of construction woodwork	Aluprof S.A.	100.00 %	-	6/2014	ASS
Aluprof System USA, Inc	Wilmington, USA	Distribution of aluminium systems for the building industry	Aluprof S.A.	100.00 %	-	7/2014	ASS
Alupol Films Sp. z o.o.	Kęty, Poland	Production and trade	Alupol Packaging Kęty S.A.	100.00 %	-	12/2014	FPS

As of 31 December 2014 and 31 December 2013, the Group's share in the total number of votes in subsidiaries equalled the Group's share in the capitals of these entities.

In May 2014, Grupa Kęty S.A. established a company called Grupa Kęty Italia s.r.l. with its registered office in Milan in Italy. The company's share capital is 10,000 EUR. Grupa Kęty holds 100% of shares and 100% of votes in the company. The company is mainly involved in trading intermediation as regards the sale of aluminium profiles in Italy.

On 24 July 2014, Aluprof S.A. registered in the USA a company called Aluprof System USA, Inc. The share capital of the new company will amount to 200 thousand USD and will be taken up in full by ALUPROF S.A. based in Bielsko-Biała. Aluprof System USA, Inc. has been established to create a joint venture with US partners which will be involved in the distribution of aluminium systems in the territory of Northern and Central Americas.

On 1 December 2014, the subsidiaries Alupol Packaging S.A. and Alupol Packaging Kęty Sp. z o.o. created a new company Alupol Films Sp. z o.o. based in Kęty. The total share capital of Alupol Films Sp. z o.o. amounted to 700 thousand PLN. The company will be involved mainly in the production and refining of plastic films and the production of cylinders being a tool used in the rotogravure printing of flexible packaging.

3. The Management Board of the parent company

The parent company's Management Board, as of 31 December 2014, comprised:

1. Dariusz Mańko – President of the Management Board/Chief Executive Officer
2. Adam Piela – Member of the Management Board/Chief Financial Officer

In 2014 and by the date of the approval of these financial statements for publication, there were no membership alterations in the Company's Management Board.

4. The approval of the financial statements

These consolidated financial statements were approved for publication by the Management Board on 17 March 2015.

5. Significant accounting judgments and estimates

5.1. Professional opinion

In the process of the application of accounting principles (policy) with regard to the issues specified in note 5.2, the professional opinion of the management was the most significant aspect, besides accounting estimates.

5.2. Uncertainty of estimates

The preparation of the financial statements according to IFRS requires the adoption of specific estimates and assumptions, which affect the amounts disclosed in these financial statements. The majority of estimates are based on analyses and the best knowledge of the Management Board. Although the adopted estimates and assumptions are based on the Management Board's best knowledge of the current events and developments, the actual results may differ from the estimates.

Estimates and related assumptions are subject to verification. The change of accounting estimates is recognised in the period in which an estimate was changed or in current and future periods if a change in the estimate is related both to the current period and future periods.

The judgments of the Management Board made with the application of the IFRS which exert substantial influence on financial statements, as well as estimates bearing a significant risk of changes in future years are presented in the notes to these consolidated financial statements.

In the following parts, basic assumptions related to the future as well as other key sources of uncertainty as of the balance sheet date were discussed, including a significant risk of considerable correction of carrying amounts for assets and liabilities in the next financial year.

Impairment of assets

Impairment tests carried out by the Group in 2014 and in 2013 under IAS 36 did not show the need to establish revaluation write-downs for goodwill and intangible assets with an indefinite useful life. The created revaluation write-downs concerning previous years are presented in note 12.7.

Impairment tests are developed on the basis of macro- and microeconomic assumptions whose realisation is not certain and is often beyond the Group's control.

Valuation of provisions for employee benefits

The provisions for employee benefits comprise only jubilee bonuses, retirement and disability benefits, and death in service benefits. They were measured by a licensed actuary with the application of actuarial methodology. The assumptions adopted for that purpose are specified in note 23.2.

According to the actuary's estimates, an increase in the discount rate by 1% of the provision taken for the valuation would result in the decrease in the value of the provision by 879 thousand PLN, and an increase by 1% in the remunerations taken as the basis for the calculation of benefits would result in an increase in the value of the provision by 697 thousand PLN.

Valuation of other provisions and accruals

The valuation of other provisions and accruals, including provisions for annual bonuses, for unused employee holiday and warranty repairs is based on the estimates of the Management Board. The amounts of created provisions and accruals reflect the most appropriate estimate of cash expenditure required to satisfy the present obligation as at the balance sheet date. If the effect of the change of money in time is material, the provision amount corresponds to the present value of expenditure which, as expected, will be necessary to satisfy the obligation.

Deferred income tax asset

The Group recognises the deferred income tax asset on the basis of the assumption that, in the future, tax profit is to be obtained enabling its utilisation. The worsening of attained tax results could cause these assumptions to become unjustified in the future. The improvement of attained tax results because of carrying out business in special economic zones in the future may cause an increase in the related recognised asset. Details concerning deferred income tax assets related to the tax abatement associated with the operations in special economic zones are presented in notes 10.32.2, 13.1 and 13.2.

Fair value of financial instruments

Fair value of financial instruments for which there is no active market is measured by the application of appropriate valuation techniques. In order to select the applicable methods and assumptions, the Group is guided by a professional opinion. The method of fair value determination for individual financial instruments is specified in notes 10.12 and 36.

Fair value of investment properties and energy-related assets

The fair value of investment properties and the fair value of energy-related assets is determined on the basis of the valuation of a professional expert based on the prices on an active market.

Revaluation write-downs for inventories

The Group assesses the value and the probability of the inflow of future economic benefits from the inventories of tangible current assets held by it. In the case of circumstances substantiating that the inflow will be lower than the value of the said tangible assets, the Group creates revaluation write-downs for inventories up to the realisable value. The information about the method of determining the value of inventories is presented in note 10.13.

Revaluation write-downs for receivables

The Group assesses the value and the probability of generating economic benefits from its receivables. In the case of indicators that the future inflows will not cover the value of the receivables, the Group creates a revaluation write-down for receivables up to the realisable value. The information about the method of determining the value of receivables is presented in note 10.14.

Fair value of the share options programme for the management staff

The Group has the share options programme for the management staff. The fair value of the programme is determined as of the date of launching the programme by a licensed actuary with the application of actuarial methodology. In addition, as at each balance sheet date, the Group assesses the probability of the accomplishment of particular non-market conditions for the take-up of shares by making an appropriate adjustment of the number of the share options assumed for the valuation.

The assumptions adopted for that purpose are specified in note 23.1.

Revenue recognition

The Group applies the percentage of completion method for the settlement of long-term contracts. The application of this method requires the Group to estimate the proportion of the works already completed to the total budgeted costs. If the percentage of completion was higher by 1% than the percentage estimated by the Company, the revenue would increase by 1,661 thousand PLN (previous year: 1,632 thousand PLN). If the actual costs of construction contracts in progress as at the balance sheet date at the time of their completion were higher than the budgeted costs by 1%, gross result would decrease by 1,901 thousand PLN (previous year: 2,445 thousand PLN).

Depreciation/amortisation rates

Depreciation/amortisation rates are determined on the basis of the projected useful lives of property, plant and equipment and intangible assets. The assumptions adopted for that purpose are specified in notes 10.3 and 10.8. For acquired trademarks, the Group determined the useful life as indefinite. When determining the useful life for trademarks, the Group took into account the following factors:

- the anticipated period of generating economic benefits from the utilisation of the trademarks;
- the anticipated period of having control over the trademarks;
- the level of future benefits from the utilisation of the trademarks;
- anticipated activities of competitors and potential competitors.

When analysing the above-mentioned factors, the Group determined that the useful life of trademarks under IAS 38 was indefinite.

Each year, the Group verifies assumed useful lives based on current estimates.

6. The basis for the preparation of the consolidated financial statements

These consolidated financial statements have been prepared on the basis of the historical cost concept, except for investment properties and derivative financial instruments which are valued at fair value; property, plant and equipment classified as ‘energy-related assets’ which are valued at a revalued amount; and equity revalued with regard to the periods subject to hyperinflation in accordance with IAS 29.

These consolidated financial statements have been prepared with regard to the Polish zloty (‘PLN’) and all values, unless otherwise specified, are provided in thousands PLN.

The consolidated financial statements have been prepared based on the going concern assumption for the Group’s companies in the foreseeable future, comprising the period of at least 12 months from the balance sheet date, except for Alutech sp. z o.o. w likwidacji. The operations of the above companies will be continued by other companies of the Group. As of the day of the approval of these consolidated financial statements for publication, there are no circumstances implying any threats to the continuation of the activities of the Group’s companies.

6.1. Declaration of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (‘IFRS’) adopted by the EU. As of the date of the approval of these financial statements for publication, having regard for the IFRS implementation process in progress in the EU and the Group’s business activities, within the scope of the accounting principles applied by the Group, there are no differences between the IFRSs which had been implemented and the IFRSs adopted by the European Union.

IFRS comprise standards and interpretations adopted by the International Accounting Standards Board (‘IASB’) and the International Financial Reporting Interpretations Committee (‘IFRIC’).

All subsidiaries prepare their financial statements according to IFRS.

6.2. Functional currency and the presentation currency for these financial statements

The Polish zloty is the functional currency for the parent company as well as other companies based in Poland included in these consolidated financial statements; it is also the presentation currency for these consolidated financial statements.

Subsidiaries based outside the Polish territory use functional currencies other than the Polish zloty. These currencies, depending on the country of a given company's registered office, are as follows: EUR – euro, GBP – British pound, CZK – Czech koruna, HUF – Hungarian forint, UHR – Ukrainian hryvnia, RON – Romanian leu, USD – US dollar.

7. Changes in applied accounting principles and changes in presentations

The following standards were adopted for the first time by the Group in the financial year beginning on 1 January 2014 or later:

a) IFRS 10 *Consolidated Financial Statements*

The new standard superseded the guidelines concerning the control and consolidation included in IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities.* IFRS 10 changes the definition of control in such a way so that all entities are subject to the same criteria for defining control. The amended definition is accompanied by comprehensive guidelines concerning the application. The application of the above standard does not influence the consolidated financial statements.

b) IFRS 11 *Joint Arrangements*

The new standard superseded IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities − Non-Monetary Contributions by Venturers*. The changes in definitions have limited the number of types of joint arrangements to two, namely joint operations and joint ventures. At the same time, the existing possibility of selecting the proportionate consolidation for jointly-controlled entities has been eliminated. Now, all participants in joint arrangements have an obligation to recognise them using the equity method. The application of the above standard does not influence the consolidated financial statements.

c) IFRS 12 *Disclosure of Interests in Other Entities*

The new standard is applicable to entities holding interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard superseded the disclosure requirements set forth in IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*. According to IFRS 12, entities must disclose information that enables users of financial statements to evaluate the nature of, the risks associated with, and financial effects of investments in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To this effect, the new standard sets forth the requirement of disclosing information concerning multiple areas, including significant judgements and assumptions made in determining if an entity controls, has joint control or has significant influence upon other entities; detailed information concerning the significance of non-controlling interests in a group's activities and cash flows; concise financial information about subsidiaries with significant non-controlling interests; and detailed information about interests in unconsolidated structured entities. These consolidated financial statements present the disclosures required under IFRS 12.

d) Amended IAS 27 *Separate Financial Statements*

IAS 27 has been amended in relation to the published IFRS 10 *Consolidated Financial Statements*. Amended IAS 27 has the objective of setting requirements to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidelines concerning control and consolidated financial statements have been superseded by IFRS 10. The application of the above amendment does not influence the consolidated financial statements.

e) Amended IAS 28 *Investments in Associates and Joint Ventures*

The amendments to IAS 28 resulted from the IASB's draft concerning joint arrangements. The Board decided to include the principles concerning the accounting for joint ventures using the equity method in IAS 28, as this method applies both to joint ventures and associates. Apart from this exception, other guidelines remained unchanged. The application of the above amendments does not influence the consolidated financial statements.

f) Transition guidance – amendments to IFRS 10, IFRS 11 and IFRS 12

The amendments clarify transition guidance for IFRS 10 *Consolidated Financial Statements*. The entities adopting IFRS 10 should assess whether they have control on the first day of the annual period for which IFRS 10 was applied for the first time and, if the conclusions from this assessment differ from the conclusions under IAS 27 and SIC 12, comparable data should be restated, if practicable. The amendments also provide for additional transitional relief to IFRS 10, IFRS 11 and IFRS 12 by limiting the requirement to provide adjusted comparative information only to data for the immediately preceding period. In addition, the amendments eliminate the requirement to present comparative information for the disclosures related to unconsolidated structured entities for periods preceding the period in which IFRS 12 was applied for the first time. The application of the above amendments does not influence the consolidated financial statements.

g) Investment entities − amendments to IFRS 10, IFRS 12 and IAS 27

The amendments introduce the definition of 'an investment entity' to IFRS 10. Such entities will have an obligation to recognise its subsidiaries at fair value through profit or loss, and consolidate only those subsidiaries which provide to them services related to the company's investing activities. Also, IFRS 12 has been amended by introducing new disclosures concerning investment entities. The application of the above amendments does not influence the consolidated financial statements.

h) Offsetting financial assets and financial liabilities – amendments to IAS 32

The amendments introduce additional clarifications as regards the application of IAS 32 to explain inconsistencies encountered in the application of certain offsetting criteria. They, among other things, clarify the meaning of the phrase: 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement, if appropriate conditions are met. The application of the above amendments does not influence the consolidated financial statements.

i) Recoverable amount disclosures for non-financial assets – amendments to IAS 36

The amendments remove the requirement of disclosing recoverable amount when the cash-generating unit contains goodwill or intangible assets with indefinite useful lives and no impairment was confirmed. The scope of disclosures in these consolidated financial statements was adjusted to incorporate the requirements of amended IAS 36.

j) The novation of derivatives and the continuation of hedge accounting – amendments to IAS 39

These amendments allow hedge accounting to continue when a derivative, which has been designated as a hedging instrument, is novated (i.e. parties agreed to replace the original counterparty with a new one) to effect the clearing of the instrument with a central counterparty as a result of laws or regulations, if specific conditions are met. The application of the above amendments does not influence the consolidated financial statements.

8. New standards and interpretations published which have not come into force yet

In these financial statements, the Group did not decide to apply earlier the following published standards, interpretations or amendments to existing standards prior to their effective dates. According to the Group's estimates, the influence of all changes specified below resulting from the application of a given standard for the first time will not materially affect the financial statements.

a) IFRS 9 *Financial Instruments*

IFRS 9 supersedes IAS 39. The standard will apply to annual periods beginning on or after 1 January 2018.

The standard introduces one model with only two categories in the classification of financial assets: carried at fair value and carried at amortised cost. The classification is established as at the initial recognition and depends on the financial instruments management model adopted by an entity and the characteristics of contractual cash flows from these instruments.

IFRS 9 introduces a new model for determining revaluation write-downs, i.e. the expected credit losses model.

The majority of IAS 39 requirements as regards the classification and measurement of financial liabilities were moved to IFRS 9 in the same form. The key change entails the requirement for entities to present the effects of changes in own credit risk due to financial liabilities designated at fair value though profit or loss in other comprehensive income.

As regards hedge accounting, the amendments aimed at greater adaptation of hedge accounting to risk management.

The Group will apply IFRS 9 when it is adopted by the European Union.As at the date of these financial statements, IFRS 9 has not been adopted by the European Union yet.

b) Defined benefit plans: employee contributions – amendments to IAS 19

The amendments to IAS 19 *Employee Benefits* were published by the International Accounting Standards Board in November 2013 and apply to annual periods beginning on or after 1 July 2014.

The amendments allow for the recognition of employees' contributions as a reduction in the service costs in the period in which the related service is rendered by an employee, instead of attributing contributions to periods of service, if the amount of the contribution is independent of the number of years of service.

The Group will apply the amendments to IAS 19 from 1 January 2015.

As at the date of these financial statements, the amendments to IAS 19 have not been adopted by the European Union yet.

c) Annual Improvements to IFRSs: 2010-2012 Cycle

In December 2013, the International Accounting Standards Board published a document titled *Annual Improvements to IFRSs: 2010-2012 Cycle*, which amends seven standards. The improvements incorporate presentation, recognition and measurement changes, as well as terminology and editing changes. The amendments apply in majority of cases to annual periods beginning on 1 July 2014.

The Group will apply the said Improvements to IFRSs from 1 January 2015.

As at the date of these financial statements, Improvements to IFRSs have not been adopted by the European Union yet.

d) Annual Improvements to IFRSs: 2011-2013 Cycle

In December 2013, the International Accounting Standards Board published a document titled *Annual Improvements to IFRSs: 2011-2013 Cycle*, which amends four standards. The improvements incorporate presentation, recognition and measurement changes, as well as terminology and editing changes. The amendments apply to annual periods beginning on 1 July 2014.

The Group will apply the said Improvements to IFRSs from 1 January 2015.

As at the date of these financial statements, Improvements to IFRSs have not been adopted by the European Union yet.

e) IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 applies to annual periods beginning on or after 1 January 2016. The standard permits entities which are first-time adopters of IFRS to account for amounts related to rate regulation in accordance with their previous accounting principles. To enhance comparability with entities that already apply IFRS and do not recognise such amounts, IFRS 14 requires that the amounts related to rate regulation should be presented separately from other items in the statement of financial position and the statement of profit or loss and other comprehensive income.

f) IFRIC 21 *Levies*

IFRIC 21 was published on 20 May 2013 and applies to financial years beginning on or after 17 June 2014.

The interpretation provides for the guidance on when to recognise liabilities for levies which are not income tax. The obligating event is the event defined in the law that triggers the payment of the levy. The fact than an entity will continue its business in the next period or prepares statements according to the going concern principle does not create an obligation to recognise a liability. The same principles for recognising a liability apply to annual and interim financial statements. The application of this interpretation to liabilities due to emission rights is optional.

The Group will apply IFRIC 21 from 1 January 2015.

g) Amendments to IFRS 11 concerning acquisitions of interests in joint operations

According to this amendment to IFRS 11, the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply to the acquisition of his interest all of the principles on business combinations accounting specified in IFRS 3 and other standards with the exception of those principles that conflict with the guidance in IFRS 11.

The amendment applies to annual periods beginning on 1 January 2016.

The Group will apply the said amendment from 1 January 2016.

As at the date of these financial statements, this amendment has not been adopted by the European Union yet.

h) Amendments to IAS 16 and IAS 38 concerning amortisation and depreciation

The amendment clarifies that the depreciation method that is based on revenue is not appropriate, as revenue generated by an activity that includes the use of given assets reflects also factors other than the consumption of economic benefits from a given asset.

The amendment applies to annual periods beginning on 1 January 2016.

The Group will apply the said amendment from 1 January 2016.

As at the date of these financial statements, this amendment has not been adopted by the European Union yet.

i) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* was published by the International Accounting Standards Board on 28 May 2014 and applies to annual periods beginning on or after 1 January 2017.

The principles specified in IFRS 15 will apply to all contracts generating revenue. The core principle of the new standard is that an entity will recognise revenue upon the transfer of goods or services to customers at the transaction price. All goods or services sold in packages that can be separated within such a package should be recognised separately, and all rebates and discounts related to the transaction price should be in principle allocated to particular elements of such a package. When the revenue is variable, according to the new standard, variable amounts are included in revenue, if it is highly probable that there will be no revenue reversal in the future due to the revaluation. In addition, according to IFRS 15, the costs incurred to obtain and secure a contract with a customer should be activates and settled in time for the period of consuming benefits from such a contract.

The Group will apply IFRS 15 from 1 January 2017.

As at the date of these financial statements, IFRS 15 has not been adopted by the European Union yet.

j) Amendments to IAS 16 and IAS 41 concerning bearer plants

The amendments require the reporting of certain bearer plants such as grape vines, rubber trees and oil palms (i.e. those bearing produce for many years and which are not to be sold as cuttings or which are not to be harvested) according to IAS 16 *Property, Plant and Equipment*, as their cultivation is analogous to production. As a result, the amendments bring such plants into the scope of IAS 16 and not IAS 41. Agricultural produce from such plants remain under IAS 41.

The amendments were published on 30 June 2014 and apply to annual periods beginning on 1 January 2016.

The Group will apply the said amendment from 1 January 2016.

As at the date of these financial statements, this amendment has not been adopted by the European Union yet.

k) Amendments to IAS 27 concerning the equity method in separate financial statements

The amendment to IAS 27 allows for the application of the equity method as one of optional methods of recognising investments in subsidiaries, jointly controlled entities and associates in separate financial statements.

The amendments were published on 12 August 2014 and apply to annual periods beginning on 1 January 2016.

The Group will apply the said amendment from 1 January 2016.

As at the date of these financial statements, this amendment has not been adopted by the European Union yet.

l) Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associates or joint ventures

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

When non-monetary assets constitute a business, the investor will recognise full gains or losses on transaction. And if assets do not meet the definition of a business, the investor recognises gains or losses excluding the part being the interests of other investors.

The amendments were published on 11 September 2014 and apply to annual periods beginning on 1 January 2016.

The Group will apply the said amendment from 1 January 2016.

As at the date of these financial statements, this amendment has not been adopted by the European Union yet.

m) Annual Improvements to IFRSs: 2012-2014 Cycle

In September 2014, the International Accounting Standards Board published a document titled *Annual Improvements to IFRSs: 2012-2014 Cycle*, which amends four standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments apply to annual periods beginning on 1 January 2016.

The Group will apply the said Improvements to IFRSs from 1 January 2016.

As at the date of these financial statements, Improvements to IFRSs have not been adopted by the European Union yet.

n) Amendments to IAS 1

On 18 December 2014, as part of the so-called 'Disclosure Initiative', the International Accounting Standards Board published an amendment to IAS 1. The amendment aimed at clarifying the materiality concept and at explaining that if an entity deems certain information immaterial, it should not disclose it, even if such disclosure is in principle required under another IFRS. The amended IAS 1 clarifies that items presented in the statement of financial position and statement of profit or loss and other comprehensive income may be aggregated and disaggregated depending on their materiality. There are also additional guidelines related to the presentation of subtotals in these statements. The amendments apply to annual periods beginning on 1 January 2016.

The Group will apply the said amendment from 1 January 2016.

As at the date of these financial statements, Improvements to IFRSs have not been adopted by the European Union yet.

o) Amendments to IFRS 10, IFRS 12 and IAS 28 concerning the application of the consolidation exception in the case of investment entities

On 18 December 2014, the International Accounting Standards Board published a narrow-scope amendment. The amendment to IFRS 10, IFRS 12 and IAS 28 published under the title *Investment Entities: Applying the Consolidation Exception* clarifies the requirements concerning investment entities and provides certain relief.

The standard explains that an entity should measure at fair value through profit or loss all its subsidiaries that are investment entities. In addition, the standard clarifies that the consolidation exemption, if the higher level parent prepares publically available financial statements, is applicable whether or not subsidiaries are consolidated or measured at fair value through profit or loss according to IFRS 10 in the financial statements of the parent of the highest or higher level. The amendments apply to annual periods beginning on 1 January 2016.

The Group will apply the said amendments from 1 January 2016.

As at the date of these financial statements, Improvements to IFRSs have not been adopted by the European Union yet.

9. Error correction

These consolidated financial statements do not contain error corrections.

10. Significant accounting principles

Adopted accounting principles were applied in a continuous manner in all presented periods.

10.1. Consolidation principles

The consolidated financial statements cover the financial statements of Grupa Kęty S.A. and the financial statements of its subsidiaries prepared for the year ended on 31 December 2014. Financial statements of subsidiaries are prepared for the same reporting period as the ones of the parent company applying coherent accounting principles based on uniform accounting principles applied for transactions and economic events of similar nature.

All the Group's companies prepare their financial statements according to IFRS. All significant balances and transactions between the Group's companies, including the unrealised profits from transactions within the Group, have been completely eliminated. Unrealised losses are eliminated, unless they are evidence of impairment.

Subsidiaries are all business entities (including 'structured entities') which are controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with this entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of the control transfer to the Group. The consolidation is terminated on the date of ceasing to exercise control.

The transactions of taking over the control of entities are settled with the purchase method. The remuneration paid for the acquisition of a subsidiary is determined as the fair value of transferred assets and incurred liabilities or equity instruments issued by the Group. The paid remuneration comprises the fair value of assets or liabilities resulting from the determination of the conditional element of the contractual remuneration. The costs related to the acquisition are recognised in the financial result at the time they are incurred. Identifiable assets acquired and liabilities assumed in the process of the combination of business entities are measured initially at their fair value as at the acquisition date. For each acquisition, the Group recognises non-controlling interests in the acquiree at the fair value or at the value per non-controlling interests proportionally to the part of net assets of the acquiree.

Complementary information and explanations (in thousand PLN)

The surplus of the paid remuneration, the fair value of any possible, previously held interests in the equity of the acquiree as at the acquisition date and of the non-controlling interest over the fair value of identifiable net assets acquired, is recognised as goodwill. If the value is lower than the fair value of the net assets of the acquired subsidiary in the case of the acquisition at a bargain price, the differences are recognised directly in the financial result.

The consolidated financial statements have been prepared with the use of the full consolidation method and the equity method. The consolidation covered all the entities of the Group (the composition of the Capital Group is presented in note 2).

In order to carry out the consolidation with the full method, the Group applies the following procedures:

- excluding, as at the acquisition date, the book value of the parent company's investment in each subsidiary and the part of the equity which corresponds to the parent company's interest;
- determining the non-controlling interest in the net profit or loss of subsidiaries for a given reporting period;
- determining and presenting, separately from the equity of the parent company, the non-controlling interest in net assets of subsidiaries;
- excluding the balance of inter-company transactions between the entities of the Group;
- excluding all unrealised gains or losses on transactions within the Group;
- excluding revenue and costs related to inter-company transactions in the Group.

Changes in the ownership interest of the parent company which do not result in the loss of control over a subsidiary are recognised as equity transactions. In such cases, in order to reflect the changes in relative interests in a subsidiary, the Group adjusts the carrying amount of non-controlling interests. Any differences between the amount of the adjustment of the non-controlling interests and the fair value of the amount paid or received are charged to equity and attributed to the owners of the parent company.

To recognise the associate in the financial statements, the Group applies the equity method. The method involves the initial recognition of an investment at cost, and further adjustment of its value with changes in the Group's interest in the entity's net assets. The Group recognises its share in the entity's result in its profit or loss. Details concerning the investment in an associate are presented in note 21.

10.2. The translation of items in foreign currency

Transactions expressed in currencies other than the functional currency are translated into the functional currency according to the exchange rate effective on the date of the transaction.

As of the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated into the functional currency according to the average exchange rate for a given currency applicable as of the end of the reporting period (in the case of entities for which PLN is the functional currency, it is the average exchange rate specified by the National Bank of Poland). Currency translation differences resulting from the settlement of items and from the translation are recognised in finance income (costs) respectively or, in the cases provided for in the accounting principles (policy), capitalised in the value of assets. Non-monetary assets and liabilities recognised at the historical cost expressed in a foreign currency are disclosed at the historical exchange rate as of the transaction date. Non-monetary assets and liabilities recognised at the fair value expressed in a foreign currency are revaluated to the fair value at the exchange rate as of the valuation date.

The following exchange rates have been assumed for the balance sheet valuation:

	31 December 2014	31 December 2013
EUR	4.2623	4.1472
100 HUF	1.3538	1.3969
UAH	0.2246	0.3706
RON	0.9510	0.9262
CZK	0.1537	0.1513
GBP	5.4648	4.9828
USD	3.5072	3.0120
DKK	0.5725	-

The functional currencies of foreign subsidiaries are as follows: GBP, HUF, UAH, CZK, RON, EUR, USD, DKK. As of the balance sheet date, the assets and liabilities of these foreign subsidiaries are translated into the Group's statement currency at the exchange rate for the balance sheet date, and their income statements and statements of comprehensive income are translated at the weighted average exchange rate for a given reporting period. Currency translation differences resulting from such a translation are recognised in other comprehensive income and accumulated in a separate item of equity. At the time of disposal of a given foreign company, the deferred currency translation differences accumulated in the equity corresponding to a given foreign entity are recognised in the income statement.

Complementary information and explanations (in thousand PLN)

The following exchange rates were adopted for the translations of income statements and statements of comprehensive income:

	2014	2013
EUR	4.1893	4.2110
100 HUF	1.3528	1.4134
UAH	0.2637	0.3887
RON	0.9440	0.9543
CZK	0.1520	0.1620
GBP	5.2225	4.9532
USD*	3.3777	-
DKK**	0.5632	-

* - average exchange rate from the last 4 months of 2014 (in relation to the establishment of a company in the USA in September 2014)

** - average exchange rate from the last 7 months of 2014 (due to the acquisition of a business in Denmark in June 2014)

10.3. Property, plant and equipment

Property, plant and equipment are disclosed in accordance with the purchase price/generation cost less depreciation and impairment losses, except for property, plant and equipment classified as ‘energy-related assets’ which are measured according to the revalued amount model, i.e. at the fair value as of the revaluation date less depreciation and any possible impairment losses. The Group’s ‘energy-related assets’ are property, plant and equipment related to the transmission and distribution of electrical energy. The initial value of property, plant and equipment includes their purchase price increased with all costs directly related to the purchase and the adjustment of a given asset to usable conditions. Costs also include the cost of spare parts replacement in plant and machinery at the moment of the incurrence, provided that the recognition criteria have been met. The costs incurred after the date of the commissioning of a given component of property, plant and equipment, such as running costs of maintenance and repair works, are charged to the income statement at the moment of their incurrence.

Property, plant and equipment, at the moment of their purchase, are divided into individual components constituting items of significant value to which separate useful lives can be assigned. Each time, when making overhauls, their costs are reported in the carrying amount of property, plant and equipment, if the recognition criteria are met, and are charged to the next planned periodical repairs.

Depreciation is calculated with the application of the straight-line method for the estimated useful life of a given asset which amounts to:

Type	Period	
Buildings and structures	25 - 100	years
Plant and machinery, including:	10 - 40	years
- crucial components	15 - 25	years
Energy-related assets	15-91	years
Means of transport	7 - 15	years
Other property, plant and equipment	5 - 10	years

A given item of property, plant and equipment can be derecognised from the balance sheet after having been sold or in the case when no economic benefits are expected to occur as a result of the further utilisation of such an asset. Any gains or losses resulting from the derecognition of a given asset from the balance sheet (calculated as a difference between potential net proceeds from sales and the carrying amount of this item) are recognised in the income statement for the period in which such derecognition took place.

Property, plant and equipment under construction are property, plant and equipment currently under construction or assembly and are disclosed in accordance with the purchase prices or generation costs. Property, plant and equipment under construction are not depreciated until the termination of the construction, i.e. by the time when they become available for use.

The final value, the useful life and the depreciation method for the assets are reviewed on an annual basis and, if necessary, corrected effective from the beginning of the next financial year.

10.4. Leases

Group as a lessee

Finance lease agreements, pursuant to which the Group retains substantially all risks and rewards resulting from the possession of the lease subject are recognised in the balance sheet as of the lease commencement date at the lower of: the fair value of a given component of property, plant and equipment constituting the lease subject or the present value of minimum lease fees. Lease fees are broken down into finance costs and the lease debt balance reduction, in a way that allows for obtaining a fixed interest rate on the debt yet payable. Finance costs are charged directly to the income statement, unless the capitalisation requirements are met.

The property, plant and equipment utilised under finance lease agreements are depreciated throughout the shorter of the following two periods: the expected useful life of a component of property, plant and equipment or the lease period.

Lease agreements pursuant to which the lessor retains substantially all risks and rewards resulting from the possession of the lease subject fall into the category of operating lease agreements. Lease fees under operating lease agreements as well as further lease payments are recognised in the income statement as costs with the application of the straight line method throughout the lease period.

Group as a lessor

Lease agreements pursuant to which the Group retains substantially all risks and rewards resulting from the possession of the lease subject fall into the category of operating lease agreements. The initial direct costs incurred in the course of negotiating operating lease agreements are added to the carrying amount of the asset being the lease subject and disclosed in the whole lease period on the same basis as the rental income. Conditional lease fees are recognised as revenue within the period when they become due.

10.5. Impairment of non-current assets, excluding financial assets

As at each balance sheet date, the Group assesses whether there are any indicators of impairment of any non-current asset, excluding financial assets. In the event of the determination that such indicators exist or a necessity of conducting an annual impairment test, the Group estimates the recoverable amount for a given asset or a cash-generating unit the asset is allocated to. Disregarding the existence of the indicators, each year, the Group carries out impairment tests for intangible assets with an indefinite useful life and intangible assets not put into use.

The recoverable amount of an asset or of a cash-generating unit reflects the fair value of this asset or cash-generating unit less the costs of sale or value in use, whichever is higher. This recoverable amount is determined for individual assets, unless a given asset does not individually generate cash inflows being primarily independent from those generated by other assets or asset groups. Should the carrying amount of an asset be higher than its recoverable amount, impairment occurs and a write-down up to the determined recoverable amount is created. For the estimation of the value in use, the projected cash flows are discounted to their present value with the application of a discount rate prior to entailing the effects of taxation reflecting the current estimated value of money in time as well as the risk typical for a given asset. Impairment losses for tangible assets utilised in the course of continuing operations are disclosed in a separate item: ‘other operating costs’.

As at each balance sheet date, the Group assesses whether there are indicators implying that the impairment loss for assets other than goodwill disclosed in previous periods with regard to a given asset is unnecessary or should be decreased. Should such indicators occur, the Group estimates the recoverable amount for this asset. The impairment loss recognised beforehand is reversed only and exclusively if, from the time when the last impairment loss was recognised, there has been a change of the estimated values applied to determine the recoverable amount of a given asset.

In such a case, the carrying amount of the asset is increased up to the level of its recoverable amount. The increased amount cannot exceed the carrying amount of a given asset that would be determined (after deducting the depreciation) if, in the previous years, the impairment loss for this asset was not recognised at all. The reversal of the impairment loss for an asset is recognised immediately as revenue in the income statement. Following the reversal, in the following periods, the depreciation charge for a given asset is adjusted in a manner which allows for, within the remaining useful life of the asset in question, systematic write-down of its verified carrying amount decreased with the exit value. The impairment loss recognised with regard to goodwill is not reversed in further periods.

10.6. Borrowing costs

Borrowing costs that may be directly attributed to the acquisition, construction or production of a qualifying asset affect its initial value as a part of the cost of that asset. The costs are capitalised when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognised as costs in the income statement in the period in which they were incurred. Borrowing costs include interest calculated using the effective interest method, financial charges in respect of finance lease agreements and currency translation differences arising from borrowings up to the amount corresponding to an adjustment of interest costs.
Borrowing costs which were incurred without any specific purpose and used for the purpose of financing the acquisition or production of a qualifying asset affect the initial value of this asset in the amount determined by applying the capitalisation rate to the expenditure made on this asset. The capitalisation rate is the weighted average of all borrowing costs applicable to loans, credits and lease that are outstanding during the period, other than loans taken specifically for the purpose of obtaining a qualifying asset.
Currency translation differences arising from foreign currency loans and credits (both special-purpose and general ones) affect the initial value of a qualifying asset to the extent that they are regarded as an adjustment of interest costs. The value of currency translation differences adjusting the interest cost is the difference between the interest cost on similar borrowings that the Group would incur in its functional currency and the cost incurred for the foreign currency borrowings.

10.7. Investment properties

The initial recognition of investment properties is based on the purchase price entailing the transaction costs. The carrying amount of an asset includes costs of the replacement of a component of an investment property on the date of its incurrence, provided that the applicable recognition criteria have been met, and does not include the costs related to the current maintenance of these properties.

After the initial recognition, investment properties are recognised at their fair value. Gains and losses resulting from the changes of the fair value of investment properties are recognised in the income statement in the period in which they occurred.

Investment properties are derecognised from the balance sheet in the event of their disposal or a permanent withdrawal of a given investment property from use, if no future benefits resulting from the sale are expected. All gains or losses resulting from the derecognition of an investment property from the balance sheet are recognised in the income statement in the period of such a derecognition.

Assets are transferred to investment properties only if a change of their utilisation method took place, which must be confirmed with the termination of the proprietor's use of a given asset, the conclusion of an operating lease agreement.

If an asset is utilised by its proprietor, i.e. the Group, it becomes an investment property and the Group applies the principles specified in the part 'Property, plant and equipment' until the day of changing the manner of the property utilisation. In the event of transferring assets from inventories to investment properties, the difference between the fair value of the property as of the transfer date and its previous carrying amount is recognised in the income statement. In the event of a transfer of investment properties to the assets utilised by the proprietor or to inventories, the alleged cost of such an asset assumed for the disclosure in another category equals the fair value of the property determined as of the date of the change of its utilisation.

10.8. Intangible assets

Intangible assets purchased in a separate transaction are initially measured at the purchase price, whereas the development costs, which meet the recognition criteria, are measured at their generation cost. The purchase price of intangible assets acquired in a business combination amounts to their fair value as at the combination date. After initial recognition, intangible assets are disclosed at their purchase price or generation cost less amortisation and impairment losses. Expenditure incurred on intangible assets generated internally, except for capitalised expenditure incurred on development works, are not capitalised and are recognised in the costs of the period in which they were incurred.

The Group determines whether the useful life of intangible assets is finite or indefinite. Intangible assets with finite useful lives are amortised for the useful life and tested for impairment each time the indicators implying their impairment occur. The period and the amortisation method for intangible assets with finite useful lives are verified at least at the end of each financial year. Changes in the assumed useful life or the assumed manner of consuming economic benefits generated from a given asset are recognised through a change of the period or amortisation method respectively, effective from the beginning of the next financial year. The amortisation charge for intangible assets with finite useful lives is recognised in the income statement under the 'depreciation/amortisation' item. Intangible assets with indefinite useful lives and intangible assets not put into use are tested for impairment at the end of each financial year and every six months, if indicators of impairment occur.

Costs of research and development works

The Group capitalises costs of development works only if all of the following aspects can be evidenced:

- the technical feasibility to finish an intangible asset;
- the intention to finish the intangible asset and utilise or sell it;
- the ability to utilise or sell it;
- future economic benefits acquired by the Company owing to the utilisation of the intangible asset;
- availability of adequate technical, financial and other resources to complete the development works;
- the ability to reliably measure the expenditure attributable to the intangible asset incurred in the course of development works.

Other development costs are recognised in the income statement upon their incurrence.

The development costs are recognised as intangible assets according to the historical cost concept and are subject to amortisation charges and impairment losses.

Other

Other intangible assets (including software) acquired by the Group are recognised at their purchase cost less amortisation (see below) and impairment losses. Expenditure made on goodwill generated internally or trademarks is recognised in the income statement upon its incurrence.

Subsequent expenditure

Subsequent expenditure on the components of existing intangible assets is subject to capitalisation only when it is probable that expected future economic benefits related to a given component will flow in. Other expenditure is recognised in the income statement upon its incurrence.

Amortisation

Intangible assets are subject to amortisation on a straight-line basis taking into account their useful life unless it is indefinite. Intangible assets other than intangible assets with indefinite useful lives are amortised from the day they become available for utilisation. The estimated useful life is as follows:

Software	5 - 7 years
Capitalised development costs	5-10 years
Database of Aluprof's customers	15 years

Any gains or losses resulting from the derecognition of intangible assets from the balance sheet are measured based on the difference between the net proceeds from sales and the carrying amount of a given asset and are recognised in the income statement upon their derecognition from the balance sheet.

10.8.1 Goodwill

Goodwill from the acquisition of an entity is initially recognised at the amount of the surplus of

- the amount of:

(i) the payment made;

(ii) the amount of all non-controlling interests in the acquired entity and

(iii) in the case of a business combination achieved in stages, of the fair value as of the date of the acquisition of the interest in the capital of the acquired entity which previously belonged to the acquiring entity;

- over the net amount determined as of the date of the acquisition of the amounts of the identifiable assets acquired and the liabilities assumed.

After the initial recognition, goodwill is recognised at the initial value less all accumulated impairment losses. The impairment test is conducted once a year or more frequently, if any indicators of impairment occur. Goodwill is not subject to amortisation.

As of the date of the acquisition, the acquired goodwill is allocated to each of the cash-generating units which may take advantage of the merger synergy. Each unit or a group of units the goodwill has been allocated to:

- corresponds to the lowest level in the Group at which the goodwill is monitored due to internal managing needs, and
- is not larger than one operating segment defined pursuant to IFRS 8 *Operating Segments*.

The impairment loss is determined through the valuation of the recoverable amount of the cash-generating unit to which given goodwill has been allocated. In the case when the recoverable amount of a cash-generating unit is lower than the carrying amount, the impairment loss is recognised. In the case when goodwill constitutes a part of a cash-generating unit and part of the business within that unit is sold, for the determination of gains or losses from the sale of such business, the goodwill related to the business sold is included in its carrying amount. In such circumstances, the goodwill sold is determined based on the relative value of the business sold and the value of the retained part of the cash-generating unit.

10.9. Advance payments for the purchase of property, plant and equipment

In this item, the Group presents advance payments for the purchase of property, plant and equipment. The period for the completion of the deliveries for which the advance payments have been made is usually shorter than 12 months. The advance payments, as non-monetary assets, are measured at their historical cost less any possible impairment losses.

10.10. Financial assets

Financial assets are divided into the following categories:

- held-to-maturity investments;
- financial assets at fair value through profit or loss;
- loans and receivables;
- available-for-sale financial assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and defined maturity that the Group intends and is able to hold to maturity, other than:

- designated on initial recognition as assets at fair value through profit or loss;
- designated as available for sale;
- meeting the definition of loans and receivables.

Held-to-maturity investments are measured at amortised cost with the application of the effective interest method. Held-to-maturity investments are qualified as long-term assets if their maturity exceeds 12 months counting from the balance sheet date.

An asset is a financial asset at fair value through profit or loss if it meets one of the conditions below:

a) Is classified as held for trading. Financial assets are classified as held for trading if they are:

- acquired mainly to be sold in a short period of time;
- a part of the portfolio of defined financial instruments managed jointly and for which it is probable that they will generate profits in a short period of time;
- derivatives, except for derivatives being an element of the hedge accounting and financial guarantees agreements;
- classified, according to IAS 39, in this category at the time of their initial recognition.

b) Financial assets at fair value through profit or loss are measured at their fair value having regard for their market value as of the balance sheet date, net of costs of the sale. Changes of the values of these financial instruments are recognised in the income statement as operating income or operating costs. If a contract contains one or more embedded derivatives, the whole contract may be classified as a financial asset at fair value through profit or loss. It does not pertain to cases when an embedded derivative does not materially affect cash flows from the contract or the separation of embedded derivatives is clearly prohibited. Financial assets may be, upon the initial recognition, classified as at fair value through profit or loss, if the criteria set below are met: (i) such a classification eliminates or materially decreases the incoherence of the treatment when both the valuation and the principles of recognising losses or gains are subject to other regulations; or (ii) assets are a part of a group of financial assets which are managed and measured on the basis of fair value, according to the documented strategy of risk management; or (iii) financial assets contain embedded derivatives which should be recognised separately.

As at 31 December 2014 and 31 December 2013, no financial assets were classified as at fair value through profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised in current assets unless their maturity exceeds 12 months from the balance sheet date. Loans granted and receivables with the maturity exceeding 12 months from the balance sheet date are recognised as non-current assets. Loans and receivables, after the initial recognition, are measured at amortised cost.

Available-for-sale financial assets are non-derivative financial assets classified as available for sale or not classified in any of the three aforementioned categories of assets. Available-for-sale financial assets are recognised at fair value without deducting costs of sale, including the market value as of the balance sheet date. In the event of a lack of exchange quotations on the active market and the impossibility of a reliable determination of their fair value using alternative methods, available-for-sale financial assets are measured at their purchase price adjusted with the impairment loss. The positive and negative difference between the fair value and the purchase price of available-for-sale assets (if there is a market price established on the active market or if their fair value can be determined with the application of another reliable method), less deferred income tax, is recognised in other comprehensive income. The decrease in the value of available-for-sale assets due to impairment is recognised as cost.

The acquisition and sale of financial assets are recognised as of the transaction date. Upon the initial recognition, a financial asset is measured at fair value increased, in the case of an asset not classified as at fair value through profit or loss, with transaction costs which can be directly related to the purchase.

A financial asset is derecognised from the balance sheet when the Group loses control over the contractual rights constituting a given financial instrument, which usually takes place in the case of the sale of a financial instrument or when all cash flows attributable to a given instrument are transferred to an independent third party and substantially all risks and rewards were transferred.

10.11. Impairment of financial assets

As at each balance sheet date, the Group assesses whether there are objective indicators of impairment of a financial asset or a group of financial assets.

10.11.1 Assets recognised at amortised cost

If there are any objective indicators implying that a loss has occurred due to the impairment of loans and receivables measured at the amortised cost, then the amount of the impairment loss equals the difference between the carrying amount of a given financial asset and the present value of estimated future cash flows (except for future losses due to the failure to collect receivables which have not been suffered yet) discounted at the original effective interest rate (i.e. the interest rate determined upon the initial recognition). The carrying amount of a given asset is decreased directly or through a revaluation write-down. The loss amount is recognised in the income statement.

First, the Group assesses whether there are any objective indicators implying impairment of particular financial assets which are significant individually as well as the indicators of the impairment of financial assets without individual significance. Should such an analysis imply that there are no objective indicators of the impairment of an individually assessed financial asset, regardless of whether it is significant or not, the Group includes this asset in the group of financial assets of similar characteristics related to the credit risk and performs a collective assessment for impairment. The assets assessed individually for impairment for which the impairment loss has been recognised or it has been established that the existing impairment loss is not to be changed, are not taken into consideration in the collective assessment of a group of assets for impairment.

If, in the next period, the impairment loss decreases and the decrease can be objectively related to an event following the recognition of the impairment loss, then the impairment loss recognised previously is reversed. Subsequent reversal of the impairment loss is recognised in the income statement to the extent to which, on the reversal day, the carrying amount of a given asset does not exceed its amortised cost.

10.11.2 Financial assets recognised at cost

If there are any objective indicators implying the impairment of a non-listed equity instrument not recognised at its fair value, as its fair value cannot be reliably determined, or of a derivative instrument which is related and needs to be accounted for through the delivery of such a non-listed equity instrument, then the amount of the impairment loss is determined as a difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the market rate of return for similar financial assets.

10.11.3 Available-for-sale financial assets

If there are any objective indicators implying the impairment of an available-for-sale financial asset, then the amount constituting the difference between the purchase price of the asset (less any principal repayments and, in the case of financial assets measured at amortised cost using the effective interest method, depreciation) and its present fair value, less any impairment losses for this asset previously recognised in the income statement, is derecognised from the equity and reclassified to the income statement. One cannot recognise the reversal of the impairment loss for equity instruments classified as available for sale in the income statement. If, in the next period, the fair value of a debt instrument available for sale increases, and the increase in question can be objectively related to an event subsequent to the recognition of the impairment loss in the income statement, then the amount of the reversed impairment loss is recognised in the income statement.

10.12. Derivative financial instruments and hedging

Derivative instruments are recognised in the balance sheet as financial assets or financial liabilities and measured at fair value.

The main purpose of concluding forwards on the FX market is to hedge future cash flows against the currency risk resulting from operating, investing and financing activities.

The main purpose of concluding futures for the purchase of aluminium is to hedge future cash flows related to the determination of future expenditure on the purchase of aluminium.

The purpose of hedging the price of aluminium involves the minimisation of the economic risk of business activities as a result of changes occurring in the macroeconomic environment related to the changes of the prices of the main raw material.

Forward/futures and derivative instruments are accounted for at the purchase price and measured as of the balance sheet date at fair value and recognised in the consolidated financial statements as financial assets or financial liabilities. Gains and losses from the measurement at fair value of the financial instruments which do not comply with the hedge accounting principles are recognised directly in the income statement. The fair value of futures or forwards is calculated on the basis of the present net value of future cash flows related to these contracts, quoted market prices of forwards calculated with the application of the present interest rates. Forwards/futures and derivative instruments which cannot be classified as hedging instruments are recognised as instruments held for trading.

Fair value of currency forwards is determined by reference to the present forward rates for contracts with similar maturity.

The valuation is based on market valuations of identical transactions in commercial banks.

The hedging of the currency risk for the probable future liability is recognised as cash flow hedge.

Upon the establishment of the hedge, the Group formally assigns and documents the hedging relation as well as the purpose of risk management and the strategy for hedge establishment. The documentation contains the identification of the hedging instrument, of the hedged item or transaction, the nature of the risk being hedged as well as the manner of assessing the effectiveness of a given hedging instrument in compensating for the risk of changes of fair value of the item being hedged or cash flows related to the hedged risk. It is expected that the hedging will be highly effective in compensating for changes of fair value or cash flows resulting from the risk being hedged. The effectiveness of hedging is assessed on an ongoing basis to check whether it is highly effective in all reporting periods for which it was established.

The Group holds the following hedging instruments:

Cash flow hedging instruments

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. A portion of gains or losses on the hedging instrument that is an effective hedge is recognised in other comprehensive income, and the ineffective portion is recognised in the profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a financial asset or a financial liability, any gains or losses related to it that were recognised in other comprehensive income and accumulated in equity are moved to the income statement in the same period(s) in which the acquired asset or assumed liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction related to a non-financial asset or a non-financial liability becomes a probable future liability to which fair value hedge will apply, then gains or losses that were recognised in other comprehensive income are reclassified from equity to profit or loss in the same period(s) in which the acquired non-financial asset or assumed liability affects profit or loss.

Gains and losses resulting from the change of the fair value of derivative instruments which do not meet the conditions enabling the application of special hedge accounting principles are recognised directly in the net financial result for the period.

The Group ceases to apply the hedge accounting principles when the hedging instrument expired or was sold, its utilisation ended or it was exercised, or when the hedging ceased to meet the conditions enabling the application of special hedge accounting principles with regard to it. In such a case, total profit or loss on a hedging instrument recognised in other comprehensive income and accumulated in equity are still recognised in equity until the forecast transaction occurs. If the Group no longer expects the forecast transaction to take place, total net profit or loss accumulated in equity are charged to the net financial result for the period.

10.13. Inventories

Inventories are measured at the lower of: purchase price/manufacture cost and net realisable value.

Costs incurred to bring each component of inventories to its current location and condition, both with regard to the present and the previous year, are recognised in the following manner:

Materials	at purchase price. The value of outgoing materials is determined by 'first-in first-out' method.
Finished goods and work in progress	costs of direct materials and workmanship as well as the appropriate surcharge for the indirect production costs determined assuming the normal utilisation of the production capacity, and excluding the borrowing costs. The value of outgoing products and semi-finished products is determined by 'first-in first-out' method.
Trade goods	at purchase price. The value of outgoing trade goods is determined by 'first-in first-out' method.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion (in case of not finished goods) and the estimated costs necessary to make the sale.

10.14. Trade and other receivables

Trade receivables whose maturity is usually from 30 to 90 days are disclosed and recognised at initially invoiced amounts net of doubtful debt allowances on receivables. Valuation allowances are estimated when the recovery of the full amount of receivables ceases to be probable. Uncollectible receivables are written off to the income statement at the time of confirming their uncollectibility.

If the influence of the time value of money is significant, the value of receivables is determined by discounting the forecasted future cash flows to the present value at the gross discount rate reflecting the present market valuations of the money value in time. In the event of the application of a discounting method, the increase in receivables due to the lapse of time is recognised as finance income.

Other receivables comprise in particular advance payments for the services and the purchase of inventories, and cash from the hedging of futures and forwards.

As non-monetary assets, advance payments for the purchase of non-current assets are not discounted.

Receivables are revalued, having special regard for the degree of the probability of their payment, by establishing a revaluation write-down, regarding:

- receivables from debtors being liquidated or going bankrupt — up to the amount of the receivable not subject to the guarantee or other security for a receivable, reported to the liquidator or judge commissioner in bankruptcy proceedings;
- receivables from debtors in the case of dismissing the bankruptcy petition, if the assets of the debtor are not sufficient to cover the costs of the bankruptcy proceedings — to the full amount of the receivable;
- receivables contested by debtors and whose payment is delayed by the debtor and, according to the assessment of the debtor's assets and finances, the payment of receivables in the contractual amount is not probable — up to the amount not covered by the guarantee or other security;
- overdue or current receivables, where the probability of their collection is low, in cases justified by the type of business or the structure of customers — in the amount of a reliably estimated write-down for impaired receivables.

Doubtful debts allowances on receivables are recognised, respectively, in other operating costs or in finance costs, depending on the type of receivables for which a valuation allowance was established. Cancelled receivables, overdue receivables or uncollectible receivables decrease the previous valuation allowances established for them. Uncollectible receivables for which valuation allowances were not established or allowances were not in full amount, are recognised in other operating costs or finance costs respectively.

10.15. Cash and cash equivalents

Cash and short-term term deposits recognised in the balance sheet comprise cash at bank and cash in hand as well as short-term term deposits with the original maturity not exceeding three months.

The balance of cash and cash equivalents recognised in the cash flow statement comprises the aforementioned cash and cash equivalents. The Group does not have any overdraft facilities which would be related to cash management.

10.16. Equity

Until the end of 1996, the parent company had operated in the conditions of hyperinflation. Upon the transition to IFRS, i.e. on 1 January 2004, in accordance with the requirements of IAS 29, the parent company restated the equity components except for retained earnings from the previous years with the application of the general price index starting from the dates when the given equity items were contributed or otherwise emerged until 31 December 1996.

Share capital

Share capital is recognised at the value resulting from the restatement of the nominal value in accordance with the requirements of IAS 29 described above.

Share premium

Differences between the fair value of the payment received and the nominal value of shares are recognised in the share premium.

Non-registered capital from the issue of shares

The Group issues shares, and financial resources from the issue of shares until the date of the registration of the increase in share capital by the National Court Register are accounted for in a separate item of equity.

Dividends

Dividends are recognised as liabilities in the period when they were approved by virtue of a resolution.

Capital from share based payments

The Group's key employees are entitled to subscribe for the parent company's shares at the fixed price. The capital from share based payments reflects the fair value of the options granted.

Capital from the valuation of hedging instruments and capital from the result on cash flow hedging transactions

As specified in detail in note 10.12, the Group is a party to forwards/futures hedging future cash flows. The portion of gains or losses on the hedging instrument being an effective hedge is recognised directly in other comprehensive income in 'capital from the valuation of hedging instruments'.

If the result on the hedged transaction refers to a transaction subsequently resulting in the recognition of a financial asset or a financial liability, the related gains or losses remain in a separate item of capitals from the result on completed cash flow hedging transactions until the item or transaction being hedged influences the profit or loss, and then the result in question is charged to profit or loss.

Retained earnings

In this item, the Group presents retained earnings (loss), the profits which, according to the owners' decision, are retained in the Group and actuarial gains (losses) related to post-employment benefits.

Currency translation differences for subsidiaries

The financial result, the assets and the financial situation of subsidiaries whose functional currency is different than PLN, are translated by the Group according to the following procedures:

- assets and liabilities – at the exchange rate as of the balance sheet date;
- revenue and costs – at the average weighted exchange rate from a given period.

All related currency translation differences are recognised in a separate item of equity: 'Currency translation differences for subsidiaries'.

10.17. Interest-bearing bank loans

Upon the initial recognition, all bank loans and credits are recognised at fair value less the costs of obtaining such a loan or credit.

After the initial recognition, interest bearing credits and loans are measured at amortised cost with application of the effective interest method. When determining the amortised cost, the costs of obtaining a credit or loan as well as discounts or premiums attained during the settlement of a liability are taken into consideration.

Gains and losses are recognised in the income statement upon the derecognition of a given liability from the balance sheet as well as as a result of the settlement using the effective interest method.

10.18. Trade and other liabilities

Short-term trade liabilities are recognised in the payable amounts due.

Financial liabilities not constituting financial instruments measured at their fair value through profit or loss are measured at amortised cost with the application of the effective interest method. The Group excludes a financial liability from its balance sheet when the liability expires, i.e. when the obligation set forth in the contract is satisfied, cancelled or expired. The replacement of the existing debt instrument by an instrument with substantially different terms and conditions between the same entities is recognised by the Group as the expiration of the original financial liability and the recognition of a new financial liability. Similarly, significant modifications of the terms and conditions of an agreement concerning an existing financial liability are recognised by the Group as the expiration of the original financial liability and the recognition of a new financial liability. The differences of respective carrying amounts related to the exchange are recognised in the income statement.
Other non-financial liabilities comprise, in particular, VAT liabilities towards the tax office and liabilities related to received advance payments, which will be settled through the supply of goods, services or property, plant and equipment. Other non-financial liabilities are recognised in the payable amount due.

10.19. Accruals

Accruals are amounts due payable for goods or services which were received or provided, but have not been paid for, invoiced or formally agreed with a supplier yet, including amounts due to employees.

Accruals comprise, e.g.:

- remunerations with add-ons paid once, related to annual periods;
- short-term provisions for unused holiday.

10.20. Subsidies

Subsidies comprise cash obtained to finance the acquisition or production of property, plant and equipment under construction and development works. They are settled similarly to depreciation charges for property, plant and equipment financed from these sources. Further description of the policy is presented in note 10.30.6.

10.21. Provisions

Provisions are recognised only when the Group has a present obligation resulting from past events and when it is probable that to settle the obligation the outflow of economic benefits will be necessary, and when it is possible to conduct a reliable estimation of the amount of the liability. If the Group expects that the costs covered by the provision are to be reimbursed, e.g. pursuant to an insurance agreement, the reimbursement is recognised as a separate asset, yet only when it is virtually certain that the reimbursement will actually take place. Costs related to a given provision are recognised in the income statement less any reimbursements. Should the influence of the money value in time be significant, the value of the provision is determined by discounting the forecasted future cash flows to the present value at the gross discount rate reflecting the current market valuations of the money value in time as well as an optional risk related to a given liability. In the event of the application of a discounting method, the increase in the provision related to the lapse of time is recognised as finance costs.

10.22. Provisions for warranty repairs

The Group creates a provision for the costs of forecasted warranty repairs related to the construction services rendered by the Group. The assumptions made for the calculation of the provision for warranty repairs are based on the current levels of sale and available up-to-date information concerning the risk and costs of warranty repairs.

10.23. Provisions for employee benefits

In accordance with the corporate remuneration systems, the Group's employees are entitled to retirement benefits and disability benefits. In addition, the employees of certain companies are entitled to jubilee bonuses and death in service benefits. Jubilee bonuses are paid to employees after having worked a specific number of years. Retirement benefits and disability benefits are paid once, upon a given employee's retirement. Death in service benefit is paid in the case of an employee's death during his employment. The amount of jubilee bonuses, retirement benefits, disability benefits and death in service benefits depends on the employee's seniority and his average remuneration. The Group creates a provision for future liabilities due to retirement benefits, disability benefits, jubilee bonuses and death in service benefits with the purpose of assigning costs to the periods they refer to. In accordance with IAS 19, jubilee bonuses constitute other long-term employee benefits whereas retirement benefits and death in service benefits are defined benefit plans applicable after the employment period. The present value of these liabilities as at each balance sheet date is calculated by an independent actuary. The accrued liabilities equal the discounted payables to be made in the future having regard for the staff turnover and they refer to the period ending on the balance sheet date. Demographic data as well as information about the staff turnover are based on historical data. The discounting is applied with the use of interest rates for Treasury bonds expressed in the currency of the future payment of benefits with maturity dates close to the dates of the payment of liabilities. According to IAS 19, the discount rate should be based on the return of highly liquid commercial bonds with a low level of risk. If a developed market for such bonds is missing, as in Poland, the market rates of return for Treasury bonds recorded at the end of a given reporting period are applied.

Actuarial gains and losses related to post-employment benefits are charged to other comprehensive income. Actuarial gains and losses related to jubilee bonuses are recognised in the income statement.

10.24. Contingent liabilities and other liabilities not recognised in the balance sheet

A contingent liability is:

a) a possible obligation that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the Group's control;
b) a present obligation that arises from past events but is not recognised in the consolidated financial statements because:
   - the amount of the obligation cannot be reliably measured;
   - it is not probable that spending cash to satisfy the obligation is necessary.

10.25. Income statement

The 'nature of expense' method is the basic reporting classification of costs in the income statement. Profit or loss is the aggregate amount resulting from the deduction of costs from revenue after adjustment with the change in the level of products and adjustment with the costs of the production of benefits for own needs, except for the components of other comprehensive income. Change in the level of products comprises the balance sheet change of the level of finished goods and work in progress adjusted with revaluation write-downs for finished goods and work in progress.

10.26. Statement of comprehensive income

The statement of comprehensive income comprises net profit from the income statement and other comprehensive income in breakdown into other comprehensive income which can be charged to profit or loss and other comprehensive income which will not be charged to profit or loss.

10.27. Cash flow statement

The cash flow statement from operating activities is prepared with the indirect method.

10.28. Capital management

The capital is managed at the level of the Group and aims at preserving the ability to continue the operations having regard for the accomplishment of investment plans so that the Group can generate return for shareholders and benefits to other stakeholders.

10.29. Share based payments

The Group's employees (including the members of the Management Board) receive remunerations in the form of treasury shares; as a result, they provide services in return for shares or rights to shares ('transactions cleared in equity instruments').

10.29.1 Transactions accounted for equity instruments

The cost of transactions cleared with the employees in equity instruments is measured by reference to fair value as of the date of granting rights. The fair value is determined by an independent expert as at the date of granting the rights on the basis of the binominal model further discussed in note 23.1 of the complementary information and explanations. The valuation of transactions cleared in equity instruments takes into account market conditions of acquiring rights (related to the price of the parent company's shares).

The costs of transactions cleared in equity instruments are recognised together with the corresponding increase in equity in the period when the conditions concerning the effectiveness/results and the provision of work were met, ending on the day of acquiring full rights to given benefits ('entitlement date') by particular employees. The cumulated cost recognised due to the transactions cleared in equity instruments as at each balance sheet date until the entitlement date reflects the lapse of the period for acquiring the rights and the number of awards the rights to which – in the opinion of Group's Management Board as of that day, based on the best possible estimates of the number of equity instruments – are finally acquired.

No costs are recognised for not finally qualified awards, except for those awards for which the qualification depends on market conditions and which are treated as qualified regardless of the fact of meeting the market conditions, provided, however, that all other non-market conditions are met.

In the event of modifications of the conditions governing the granting of awards cleared in equity instruments, in order to comply with the minimum requirements, the costs are recognised as if the conditions have not been modified. Furthermore, the costs related to each increase in the transaction value as a result of the modification are recognised at the date of the change.

In the event of cancelling an award cleared in equity instruments, it is treated as if it was qualified on the cancellation date and all the award related costs not yet recognised are immediately recognised. However, in the event of replacing the cancelled award with a new one, specified as a substitution award on the date of its granting, the cancelled award and the new one are treated as if they constituted a modification of the original award, i.e. in accordance with the provisions of the paragraph above.

10.30. Revenue

Revenue is recognised in the amount equalling the economic benefits which the Group is likely to achieve in relation to the given transaction and which can be reliably measured. Revenue is recognised at fair value of received or due payments less VAT, excise tax and rebates. When recognising revenue, the criteria specified below apply as well.

10.30.1 The sale of products, trade goods, materials and services

Revenue from the sale of products, trade goods, materials and services is recognised if the amount of the revenue can be reliably measured, there is a probability that the Company will generate economic benefits from the transaction and all commensurate costs may be measured reliably. Revenue from the sale of products, trade goods, materials and services is recognised when significant risk and rewards of their ownership were transferred to the buyer and when the Company is no longer permanently engaged in the management of the sold goods to the extent to which such a function is usually performed for goods owned by someone, and when the Company has no effective control over them. Revenue from services (except for long-term contracts related to construction services described below) is recognised following the completion of a given service. Revenue comprises amounts received and due for delivered products, trade goods, materials and services less any discounts related to deliveries and services as well as VAT, excise duty and fuel duty. The amount of the revenue is determined at fair value of received or due payment. Revenue obtained from the settlement of cash flow hedging transactions adjusts the revenue from the sale of products, trade goods, materials and services.

Revenue and costs related to construction services for which their commencement and termination dates fall in different reporting periods are recognised on the basis of the percentage of a service completion (measured with the degree of the cost-based progress), if the result from the transaction can be measured reliably, i.e. when one can determine the amount of the revenue from the service contract and the costs of the service, and when it is probable that the Company will generate economic benefits from the contract and the degree of the contract completion can be determined reliably. When meeting the conditions is not possible, revenue is recognised only to the level of the costs incurred by a given date; however, not higher than the costs that the Company expects to recover.

10.30.2 Interest

Interest income is recognised on an ongoing basis as the interest accrues (using the effective interest method constituting the discount rate for future cash flows throughout the estimated useful life of financial instruments) with regard to the net carrying amount of a given financial asset.

10.30.3 Dividends

Dividends are recognised upon the determination of the shareholders' and partners' rights to obtain them.

10.30.4 Rental income

Income from the rental of investment properties is recognised on a straight-line basis throughout the rental period with regard to contracts in progress.

10.30.5 Other operating income

This is income indirectly related to the operations, in particular:

- profit from the sale of property, plant and equipment and intangible assets;
- the surplus of reversed provisions charged previously to other operating costs over their establishment in a given period;
- received fines and damages;
- the surplus of reversed revaluation write-downs for receivables over their establishment in a given period;
- the surplus of reversed revaluation write-downs for inventories over their establishment in a given period;
- the surplus of reversed revaluation write-downs for property, plant and equipment and intangible assets over their establishment in a given period.

10.30.6 Subsidies

Should a reasonable certainty exist that a subsidy is to be obtained and all related conditions are met, the governmental subsidies are recognised at their fair value.

If a given subsidy is related to a cost item, then it is recognised as revenue proportionally to the costs the subsidy is intended to compensate for. If the subsidy is related to an asset, then its fair value is recognised in the 'deferred income' account and then gradually, by means of equal annual write-downs, written down to the income statement throughout the estimated useful life of the related asset.

10.30.7 Other finance income

This is mainly interest income and gains from net currency translation differences on receivables and liabilities in foreign currencies.

10.31. Costs

Costs are probable decreases in economic benefits during the period determined reliably in the form of a decrease in the value of assets or an increase in the value of liabilities or provisions which will result in a decrease in equity or an increase in its shortage in a manner other than the withdrawal of funds by shareholders or owners. The costs are recognised in the income statement according to the matching principle. In order to ensure the principle of the matching of revenue and costs, the assets or liabilities for a given period comprise prepayments or accruals including costs or revenue referring to future periods and the costs for that period which have not been incurred yet.

10.31.1 Operating costs

They comprise costs directly and indirectly related to the operations of the Group in breakdown into particular types of costs.

10.31.2 Other operating costs

These are costs indirectly related to the operations of the Group, in particular:

- created provisions for disputes;
- donations granted;
- accrued or paid fines and damages;
- losses in tangible current or non-current assets;
- losses from the disposal of property, plant and equipment and intangible assets;
- created revaluation write-downs for inventories;
- created revaluation write-downs for receivables, except for interest receivables.

10.31.3 Finance costs

Finance costs comprise:

- interest on bank overdraft facilities;
- interest on loans, credits and other borrowings, including the discount of liabilities;

- changes in the provisions resulting from the approaching of the maturity of a liability (so called 'unwinding of the discount' effect);
- losses from net currency translation differences on receivables and liabilities expressed in foreign currencies.

10.32. Taxes

10.32.1 Current tax

Current tax liabilities and receivables for the current period and for previous periods are measured at the amounts of the expected payment to tax authorities (reimbursable from the tax authorities) with the application of the tax rates and tax regulations already legally or practically binding on the balance sheet date.

10.32.2 Deferred tax

For financial reporting purposes, the deferred income tax is calculated based on the balance sheet liabilities method in relation to the temporary differences as of the balance sheet date between the tax value of assets and liabilities and their carrying amount stated in the consolidated financial statements.

Deferred income tax liability is recognised with regard to all taxable temporary differences:

- save for cases when the deferred income tax liability is created as a result of the initial recognition of goodwill or the initial recognition of an asset or a liability for the transaction which neither constitutes a business combination nor, upon its conclusion, influences the gross financial result or the revenue to be taxed or tax loss; and
- in the event of taxable temporary differences resulting from investments in subsidiaries or associates and interests in joint ventures, except for situations when the dates of reversing temporary differences are subject to the investor's control and when it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised on all deductible temporary differences as well as unused tax abatements and unused tax losses carried forward to the following years in an amount of probable future taxable revenue which will allow for using the aforementioned differences, assets and losses:

- save for cases when deferred income tax assets on deductible temporary differences are created as a result of the initial recognition of an asset or a liability for the transaction which neither constitutes a business combination nor, upon its conclusion, influences the gross financial result or the revenue to be taxed or tax loss; and
- in the event of deductible temporary differences resulting from investments in subsidiaries or associates and interests in joint ventures, deferred income tax asset is recognised in the balance sheet only in an amount for which it is probable that the aforementioned temporary differences will be reversed in the foreseeable future and taxable income will be generated allowing for the deduction of deductible temporary differences.

The carrying amount of the deferred income tax asset is verified as at each balance sheet date and is subject to a relevant decrease by the amount corresponding to the lack of likelihood of generating taxable revenue in the amount sufficient to partly or fully realise the deferred income tax asset. The non-recognised deferred income tax asset is subject to revaluation as at each balance sheet date and is recognised up to the amount reflecting the likelihood of generating future taxable revenue in an amount enabling the recovery of this asset.

Deferred income tax assets and deferred income tax liabilities are measured with the application of tax rates forecasted for the period when the asset will be realised or the liability reversed, applying, as the basis, the tax rates (and tax regulations) in force on the balance sheet date or those which will certainly be in force in the future on the balance sheet date.

Income tax related to items recognised outside profit or loss is recognised outside profit or loss: in other comprehensive income in relation to items included in other comprehensive income, or directly in equity in relation to items recognised directly in equity.

The Group sets off deferred income tax assets against deferred income tax liabilities only and exclusively when it has an enforceable legal title to set off the receivables against provisions due to the current tax and when the deferred income tax is related to the same tax payer and the same tax authority.

Tax abatement due to business activities organised in a special economic zone

Certain subsidiaries, i.e. Alupol Packaging S.A. and Aluform sp. z o.o., were established through the separation under Article 529 § 1 item 4 of the Code of Commercial Companies from Alupol, and they operate in Katowice Special Economic Zone, under appropriate authorisations Nos. 30 and 48. Initially, the two authorizations were granted to Alupol, and they defined the conditions to be met in order to take advantage of income tax exemption. The conditions of the authorisations were as follows:

- commencement of business activities in the special economic zone until 31 July 1999 (authorisation No. 30) and 31 January 2000 (authorisation No. 48);

- employment of at least 120 persons in the special economic zone until 31 January 2002;
- making capital expenditure amounting to 47,700 thousand PLN until 31 December 2002 (authorisation No. 30) and 20,300 thousand PLN until the end of 31 December 2003 (authorisation No. 48);
- the value of all materials (ingredients, raw materials, components, parts) not produced in the special economic zone as well as services not rendered in this area used to manufacture the products or provide services in the zone cannot exceed 70% and 80% respectively.

The company was granted the right to full exemption from corporate income tax in the case of the revenue generated in the course of activities covered by the authorisation until 2008 and the option of further 50% exemption from due corporate income tax until 2016. Revenue generated by the company from the activities not covered by the authorisation is subject to the corporate income tax based on general principles.

On 1 May 2004, new regulations of the amended law on special economic zones came into force (Journal of Laws No. 188 of 2003, item 1840) pursuant to which the companies lost their previous authorisations related to the aforementioned tax exempts. The company's revenue, as the company is a large enterprise having an authorisation issued before 1 January 2001, is exempt from taxation pursuant to the principles specified in Article 5, item 2, point b of the amended law. With regard to the foregoing, the company was assigned a limit of public assistance depending on the capital expenditure made on property, plant and equipment within the period from the date of issuing the authorisation until 31 December 2006. The public assistance limit for the entity is 75% of the aforementioned capital expenditure.

Pursuant to the provisions of the aforementioned law, the company changed the authorisations it held pursuant to the decision No. 269/PR/04 dated 15 October 2004 and decision No. 272/PR/04 dated 20 October 2004. The changes specified in the decisions consisted in:

- expanding the scope of business activities under the authorisation;
- elimination of the non-zone activity index;
- determination of the minimum capital expenditure the company is to make until 31 December 2006 under authorisation No. 48 for the amount of 150,300 thousand PLN.

Moreover, pursuant to the aforementioned law, as a result of the conversion of the previous authorisations, the company was granted the right to partial exemption from the real estate tax in accordance with the statement of buildings, land and structures being the basis for the calculation of the tax for 2000 at the tax rates applicable in 2000 in the given district.

On 3 August 2009, due to the split of Alupol Packaging S.A. through the separation, under Article 529 § 1 item 4 of the Code of Commercial Companies, of an organised part of its enterprise in the form of a press shop, authorisation No. 30, pursuant to the split plan, was granted to Aluform.

In addition, in 2011, the Company was granted new authorisation No. 309 to carry out activities in Katowice Special Economic Zone valid until the end of 2020. The said authorisation may be exercised on condition of making expenditure amounting to 32,000 thousand PLN by 31.12.2013 and increasing employment in the area of the Special Economic Zone by 4 persons as well as maintaining the employment in the area of the Special Economic Zone at the level of 256 persons by 31.12.2017. As at 31.12.2013, under this authorisation, the Company spent 38,770 thousand PLN on the purchase of property, plant and equipment.

In addition, in 2012, the Company obtained another authorisation No. 348 to carry out activities in Katowice Special Economic Zone. The said authorisation may be exercised on condition of making expenditure amounting to 20,000 thousand PLN by 31.12.2014 and increasing employment in the area of the Special Economic Zone by 7 persons as well as maintaining the employment in the area of the Special Economic Zone at the level of 273 persons by 31.12.2018. As at 31.12.2014, under this authorisation, the Company spent 25,584 thousand PLN on the purchase of property, plant and equipment (31.12.2013: expenditure amounting to 24,943 thousand PLN).

In 2014, the Company obtained another authorisation No. 382. The said authorisation may be exercised on condition of making, by 31.12.2016, capital expenditure in the total amount of 44,000,000 PLN and increasing, by the same date, the existing number of 277 employees by hiring at least 20 new employees as well as maintaining the employment at the level of at least 297 employees by 31.12.2021. As at the balance sheet date, under authorisation No. 382, the Company made expenditure amounting to 3,140 thousand PLN.

The deadlines to take advantage of tax exemptions are determined in particular authorisations and these are 8 August 2016 for authorisations obtained prior to 2006 and 31 December 2026 for the remaining authorisations.

The Group recognises the benefits resulting from the obtained public assistance in accordance with IAS 12 *Income Taxes*. The Group recognises deferred income tax assets in the amount of the available public assistance granted to the Group as at particular balance sheet dates.

10.32.3 VAT

Revenue, costs and assets are recognised net of VAT, except:

- when VAT paid upon the purchase of assets or services is not recoverable from the tax authorities; then, it is recognised accordingly as a part of the purchase price of a given asset or a part of the cost item; and
- for receivables and liabilities recognised with VAT.

Net VAT amount recoverable from or payable to the tax authorities is recognised in the balance sheet as a part of receivables or liabilities.

10.33. Net earnings per share

Net earnings per share for each period are calculated by dividing the net profit for a given period by the weighted average number of shares in the given reporting period.

The Group calculates diluted net earnings per share including potential shares. Potential shares are related to the options programme run by the Group. See note 23.1 for more information about the share options programme.

11. Information on business segments

The Management Board of the parent company is the main operating decision-maker for the Group. The Management Board determined business segments on the basis of reports they read, which are used when making strategic decisions. The Group's management reporting is based on operating segments. The organisation and management of the Group are based on the segment division having regard for the type of products and services offered. Each of the segments constitutes a strategic business unit or a set of business units offering different products and handling different markets.

The Group usually settles transactions between individual segments as if they referred to non-related entities, namely with the application of the present market prices.

An operating segment is a component of the Group:

a) which is engaged in business activities from which it may generate revenue and incur costs;

b) whose business results are regularly reviewed by the Group's management staff in order to make decisions about resources allocated to a given segment and to assess the activities of the segment, and

c) for which separate financial information is available.

Operating segments presented by the Group are identical with reporting segments presented in these consolidated financial statements.

The Capital Group's operations comprise five basic operating areas and are divided into:

- Extruded Products Segment (EPS)
- Flexible Packaging Segment (FPS)
- Aluminium Systems Segment (ASS)
- Building Accessories Segment (BAS)
- Building Services Segment (BSS)
- the item 'Other' contains figures for the so called Centre, i.e. units responsible for the centrally managed areas (IT, finances, PR and IR, risk management, equity investments, HR) and figures of companies not organizationally grouped in the core segments such as Alutrans System Sp. z o.o. as well as companies performing auxiliary activities not related directly to the core operations of particular segments, including Alutech Sp. z o.o. and Dekret Sp. z o.o.

Particular segments are engaged in the following activities:

EPS – the production and sale of aluminium profiles;
FPS – the production and sale of packaging for the food industry;
ASS – the production and sale of systems for the building industry;
BAS – the production and sale of hardware for windows and doors;
BSS – the production of aluminium facades and the provision of construction services related to their assembly.

Note 2 presents the assignment of particular subsidiaries to business segments.

Complementary information and explanations (in thousand PLN)

11.1. Financial results of segments

The operating segments' results are assessed on the basis of revenue, EBIT, EBITDA and capital expenditure. EBIT is operating profit. EBITDA is operating profit net of depreciation.

The Group's financing is managed at the Group's level and is not allocated to operating segments.

The tables below present revenue and profits as well as assets and liabilities of particular operating segments of the Group.

12 months ended on 31.12.2014:

Operating segments	FPS	EPS	ASS	BAS	BSS	Other	Eliminations	Total
Income statement								
Sale	397 426	730 660	697 500	44 343	141 896	28 827	(221 100)	1 819 552
- outside the Group	395 945	551 506	681 634	30 263	140 921	19 283	0	1 819 552
- to other segments	1 481	179 154	15 866	14 080	975	9 544	(221 100)	0
Revaluation write-down for inventories	(173)	(83)	1 711	45	(478)	272	0	1 294
Revaluation write-down for receivables	(12)	(4 522)	(2 002)	3	(2 807)	245	7	(9 088)
Revaluation write-downs for property, plant and equipment and intangible assets	0	(893)	0	0	0	(4)	0	(897)
Revaluation write-down for goodwill	0	0	0	0	0	0	0	0
Operating profit (EBIT)	70 504	44 264	115 511	3 007	4 339	103 090	(116 089)	224 626
Depreciation/Amortisation	18 884	40 888	16 859	4 058	1 832	2 184	(9)	84 696
EBITDA	89 388	85 152	132 370	7 065	6 171	105 274	(116 098)	309 322
Interest income	300	457	275	33	124	153	(51)	1 291
Interest costs	(808)	(2 084)	(877)	(42)	(1 669)	(1 218)	51	(6 647)
Profit before tax	68 679	34 304	108 021	3 042	2 467	101 241	(115 895)	201 859
Income tax expense	(8 303)	(2 400)	(22 134)	(648)	(611)	1 105	163	(32 828)
Net profit	60 376	31 904	85 887	2 394	1 856	102 346	(115 732)	169 031
Balance sheet								
Total assets	482 065	661 148	473 492	56 616	82 668	371 618	(330 099)	1 797 508
Segment's trade liabilities	68 959	42 550	89 872	2 530	25 365	7 916	(62 034)	175 158
Unallocated liabilities (joint)						419 118	0	419 118
Total liabilities	68 959	42 550	89 872	2 530	25 365	427 034	(62 034)	594 276
Other								
Capital expenditure on property, plant and equipment	33 493	39 574	27 503	2 339	294	4 453	0	107 656

Complementary information and explanations (in thousand PLN)

12 months ended on 31.12.2013:

Operating segments	FPS	EPS	ASS	BAS	BSS	Other	Eliminations	Total
Income statement								
Sale	371 768	631 449	586 752	39 911	132 427	25 225	(193 688)	1 593 844
- outside the Group	369 847	476 891	572 796	27 599	131 242	15 469	0	1 593 844
- to other segments	1 921	154 558	13 956	12 312	1 185	9 756	(193 688)	0
Revaluation write-down for inventories	(129)	(29)	(3 800)	(12)	(141)	(10)	673	(3 448)
Revaluation write-down for receivables	0	(3 076)	(5 232)	(4)	(292)	(1 182)	3 856	(5 930)
Revaluation write-downs for property, plant and equipment and intangible assets	(1 870)	(15)	(303)	0	0	0	0	(2 188)
Revaluation write-down for goodwill	0	0	0	0	0	0	0	0
Operating profit (EBIT)	61 701	24 214	86 442	2 180	(17 488)	85 101	(97 237)	144 913
Depreciation/Amortisation	16 531	39 535	16 491	3 825	2 652	1 937	(14)	80 957
EBITDA	78 232	63 749	102 933	6 005	(14 836)	87 038	(97 251)	225 870
Interest income	535	374	487	89	167	167	(4)	1 815
Interest costs	(898)	(3 082)	(1 197)	(19)	(2 835)	(1 249)	4	(9 276)
Profit before tax	61 207	19 177	85 029	2 342	(20 510)	84 065	(97 236)	134 074
Income tax expense	37 809	(6 044)	(17 953)	(460)	3 735	2 683	(361)	19 409
Net profit	99 016	13 133	67 076	1 882	(16 775)	86 748	(97 597)	153 483
Balance sheet								
Total assets	461 391	609 873	421 236	53 357	114 842	221 565	(166 165)	1 716 099
Segment's trade liabilities	49 735	27 076	76 289	2 913	34 814	7 390	(59 900)	138 317
Unallocated liabilities (joint)	0	0	0	0	0	452 404	0	452 404
Total liabilities	49 735	27 076	76 289	2 913	34 814	459 794	(59 900)	590 721
Other								
Capital expenditure on property, plant and equipment	48 786	33 682	26 334	4 339	2 288	2 678	0	118 107

- the item 'Other' contains figures for the so called Centre, i.e. units responsible for the centrally managed areas (IT, finances, PR and IR, risk management, equity investments, HR) and figures of companies not organizationally grouped in the core business segments such as Alu Trans System Sp. z o.o. as well as companies performing auxiliary activities not related directly to the core activities of particular segments, including Alutech Sp. z o.o. and Dekret Sp. z o.o.;
- the segment's assets comprise: non-current assets (except for shares and interests in subsidiaries which are reclassified to 'Other' item), inventories, trade and other receivables (except for public law receivables) and derivative financial instruments;
- the column 'Eliminations' contains inter-segment transactions and consolidation eliminations. In the income statement, it is mainly related to the sale of aluminium profiles from the EPS to the ASS. The elimination items for assets and liabilities comprise mainly investments and inter-segment settlements.

All above transactions are concluded on market terms.

11.2. Geographical structure of non-current assets

Non-current assets by territories	31.12.2014 (audited)	31.12.2013 (audited)
Poland	906 932	889 436
EU, excluding Poland	11 745	7 743
Other European countries	16 066	27 110
Other countries	0	0
TOTAL ASSETS	**934 743**	**924 289**

Above non-current assets comprise property, plant and equipment, intangible assets, goodwill and investment properties.

Complementary information and explanations (in thousand PLN)

12. Revenue and costs

12.1. Geographical and item-by-item structure of revenue

Sales by territories	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Poland	1 082 791	969 966
EU, excluding Poland	598 353	469 124
Other European countries	118 160	146 856
Other countries	20 248	7 898
TOTAL SALES REVENUE	**1 819 552**	**1 593 844**

The sale in the table above is recognised for the country of the counterparty being a party to a sale transaction.

Sales by items	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Products	1 438 319	1 265 760
Services	37 637	21 598
Construction services	138 227	126 109
Trade goods	26 797	27 434
Materials	178 572	152 943
TOTAL SALES REVENUE	**1 819 552**	**1 593 844**

12.2. Revenue from construction contracts

Long-term construction contracts are the main source of sales revenue for the Building Services Segment (BSS). The tables below present the impact of construction contracts on the presented revenue and financial result of the Group.

	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Incurred costs	120 469	131 242
Revenue in the income statement, including:	**138 501**	**126 612**
Invoiced revenue	165 864	137 537
Revenue estimated on the basis of the percentage of completion	(27 363)	(10 925)

The table below presents the effects of the valuation of construction services contracts in progress as at the balance sheet date (including contracts in progress from previous periods):

	31.12.2014 (audited)	31.12.2013 (audited)
Sales revenue calculated on the basis of the percentage of completion as at the balance sheet date	166 703	163 178
Incurred costs of contracts and recognised losses from contracts in progress as at the balance sheet date	146 978	150 454
Gross amount due from the Contracting Party for works resulting from a contract – asset/(liability)	11 420	38 783
Retained amounts*, including:		
Receivables due to long-term security deposits	5 429	3 244
Receivables due to short-term security deposits	5 963	3 186

*Retained amounts are amounts of receivables resulting from partial invoices which will not be paid by the time of meeting defined conditions under a contract or by the time of eliminating defects. Receivables resulting from partial invoices are amounts accrued for the works completed under a contract, regardless of the fact whether or not they were paid by the contracting party.

The construction contracts may entail contingent liabilities and receivables related to the following risks/opportunities:

Complementary information and explanations (in thousand PLN)

1) the risk of paying contractual penalties due to the possible failure to meet contractual deadlines for the contract completion;
2) the risk of paying additional costs and contractual penalties due to the possible improper completion of the contracted facility;
3) the risk of paying contractual penalties due to the possible failure to meet the contractual technical parameters of the contracted facility;
4) the risk of paying possible costs of repairs, major overhauls, upgrades in the contractual warranty period;
5) the risk of claims and penalties arising due to possible suspensions/terminations of the contract by one party to the contract.

12.3. Other operating income

	01.01.2014 - 31.12.2014 (audited)	**01.01.2013 - 31.12.2013** (audited)
Reversed revaluation write-downs:	2 460	2 261
- revaluation write-down for inventories	1 294	0
- other	1 166	2 261
Profit from the disposal of property, plant and equipment	443	0
Subsidies	2 092	2 614
Received fines and damages	6 295	1 848
Surplus inventory	1 414	640
Overdue liabilities	90	28
Supplies received free of charge	42	100
Received bonuses from suppliers	277	44
Other	2 496	1 562
TOTAL OTHER OPERATING INCOME	**15 609**	**9 097**

12.4. Other operating costs

	01.01.2014 - 31.12.2014 (audited)	**01.01.2013 - 31.12.2013** (audited)
Revaluation write-down for inventories	0	(3 448)
Revaluation write-down for receivables	(9 088)	(5 930)
Revaluation write-down for goodwill	0	0
Revaluation write-down for property, plant and equipment and intangible assets	(897)	(2 188)
Other write-downs	(212)	0
Loss from the disposal of non-financial non-current assets	0	(67)
Provision for costs of damages	0	(510)
Promotion and publicity	(9 335)	(7 602)
Insurance	0	(81)
Business trips	(3 212)	(3 575)
Disposal of inventories	(386)	(645)
Liquidations of property, plant and equipment	(1 338)	(839)
Inventory shortages	(1 531)	(839)
Property damage	(4 796)	(271)
Paid fines and damages	(240)	(490)
Donations	(204)	(369)
Court costs related to lawsuits for the payment of receivables	(111)	(370)
Revaluation of investment properties	(261)	(627)
Other	(4 538)	(4 409)
TOTAL OTHER OPERATING COSTS	**(36 149)**	**(32 260)**

Complementary information and explanations (in thousand PLN)

12.5. Finance income

	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Interest	1 291	1 815
Surplus of positive currency translation differences over negative ones	0	0
Other	22	68
TOTAL FINANCE INCOME	**1 313**	**1 883**

12.6. Finance costs

	01.01.2014 - 31.12.2014 (audited)	01.01.2013 - 31.12.2013 (audited)
Interest on leases and loans	(6 155)	(8 393)
Discount of provisions for employee benefits	(199)	(210)
Other interest	(293)	(673)
Surplus of negative currency translation differences over positive ones	(16 676)	(2 459)
Loss from the disposal of investments	0	(10)
Discounts granted	0	(49)
Bank commissions	(642)	(259)
Other	(4)	(669)
TOTAL FINANCE COSTS	**(23 969)**	**(12 722)**

12.7. Impairment

Due to the nature of the business, the majority of single non-current assets of the Group do not generate cash inflows which would be independent of inflows generated by other assets. Single cash-generating units are the companies belonging to particular operating segments.

The table below presents the allocation of goodwill as at 31 December 2014 and 31 December 2013:

	31.12.2014	31.12.2013
Aluprof S.A. – Aluminium Systems Segment	17 102	17 102
Other companies in the Aluminium Systems Segment	48	48
Extruded Products Segment	61	61
Flexible Packaging Segment	350	350
Total goodwills	**17 561**	**17 561**

Revaluation write-downs for goodwill

Company name	Operating segment	31.12.2014	31.12.2013
Aluprof S.A.	ASS	650	650
Aluprof System Węgry	ASS	121	121
Romb S.A.	BAS	185	185
Total write-downs for goodwill		**956**	**956**

In the presented periods, the Group performed annual impairment tests for units to which goodwill and intangible assets with indefinite useful lives were assigned.

The tests carried out in the presented years did not show any need to establish revaluation write-downs.

Apart from aforementioned write-downs, there were no other changes in the value of the goodwill.

Below, we present impairment tests in breakdown into companies belonging to particular operating segments.

The created write-downs are presented below:

Complementary information and explanations (in thousand PLN)

Cash-generating units	Aluprof S.A. (a part of the Aluminium Systems Segment)	Other companies in the Aluminium Systems Segment	Other segments*
The basis for recoverable amount	Value in use	Value in use	Value in use
Goodwill	17 102	48	411
Value of intangible assets with indefinite useful lives (trademarks)	22 500	0	0
Impairment	Not recognised	Not recognised	Not recognised
Source of data	Forecast	Forecast	Forecast
Estimate basis	5-year cash flow forecast	5-year cash flow forecast	5-year cash flow forecast
Marginal growth rate	0%	0%	0%
Applied discount rate(1)	9.60%	9.60%	9.60%

[1)] The applied discount rate is based on the pre-tax discount rate defined in IAS 36.

* Collective figures for the FPS and the EPS; the tests were carried out for each segment separately.

In the opinion of the Management Board, no rational change of any of the above key assumptions will cause the carrying amount of any of the cash-generating units to exceed their recoverable amount. The methodology for estimates and forecasts in the present year complies with the assumptions from previous years. In comparison to previous years, there are no significant changes in the estimates of future rewards from these assets. In the prepared tests for impairment in Aluprof S.A., the Management Board assumes cash flows at the level resulting from approved budgets for 2015. Due to very good results of the Company, the recoverable amount of the business is higher than the value of the assets recognised at the consolidated level even with zero growth rate of revenue and results in the period of the forecast.

The main assumptions for impairment tests at the end of 2013 were as follows:

Cash-generating units	Aluprof S.A. (a part of the Aluminium Systems Segment)	Other companies in the Aluminium Systems Segment	Other segments*
The basis for recoverable amount	Value in use	Value in use	Value in use
Goodwill	17 102	48	411
Value of intangible assets with indefinite useful lives (trademarks)	22 500	0	0
Impairment	Not found	Not found	Not found
Source of data	Forecast	Forecast	Forecast
Estimate basis	5-year cash flow forecast	5-year cash flow forecast	5-year cash flow forecast
Marginal growth rate	0%	0%	0%
Applied discount rate(1)	11.57%	11.57%	11.57%

[(1)] The applied discount rate is based on the pre-tax discount rate defined in IAS 36.

* Collective figures for the FPS and the EPS; the tests were carried out for each segment separately.

Complementary information and explanations (in thousand PLN)

12.8. Costs of materials and energy, and the value of goods and materials sold

	01.01.2014 - 31.12.2014 (audited)	**01.01.2013 - 31.12.2013** (audited)
Consumption of materials	(973 673)	(858 564)
Energy consumption	(58 575)	(66 387)
Value of resold materials and goods	(95 751)	(103 653)
Result from hedging transactions	871	(5 289)
Costs of materials and energy, and the value of goods and materials sold	**(1 127 128)**	**(1 033 893)**

13. Income tax

Main components of tax deduction for the year ended on 31 December 2014 and 31 December 2013:

Income tax structure	**01.01.2014 - 31.12.2014** (audited)	**01.01.2013 - 31.12.2013** (audited)
Current tax	(29 391)	(24 687)
Deferred tax	(3 437)	44 096
Income tax recognised in the income statement	**(32 828)**	**19 409**
Current income tax charged to other comprehensive income	**0**	**0**

The reconciliation of the income tax on the gross financial result prior to taxation at the statutory tax rate with the income tax calculated at the Group’s effective tax rate for the year ended on 31 December 2014 and 31 December 2013:

Effective tax rate	**%**	**01.01.2014 - 31.12.2014** (audited)	**%**	**01.01.2013 - 31.12.2013** (audited)
Gross financial result		**201 859**		**134 074**
Tax at the national rate of 19%	19%	(38 353)	19%	(25 474)
Effect of differences in tax rates of subsidiaries operating in other countries	0%	309	0%	5
Impact of tax losses	0%	0	0%	347
Change in the estimate of deferred income tax asset related to the operations in the SEZ (for the authorisation effective until August 2016)	-5%	10 913	-12%	16 453
Change in the estimate of deferred income tax asset related to the operations in the SEZ (for the authorisations effective until the end of 2026)	0%	(895)	-24%	32 113
Impact of tax-exempt revenue and non-tax costs	2%	(4 802)	3%	(4 035)
Tax deduction recognised in the income statement	**16%**	**(32 828)**	**-14%**	**19 409**

Complementary information and explanations (in thousand PLN)

13.1. Deferred income tax

	01.01.2014	Deferred income tax in the income statement	Deferred income tax in other comprehensive income	Cumulative translation adjustment	31.12.2014
Assets	**86 206**	**(3 737)**	**619**	**(5)**	**83 083**
Employee benefits (remunerations)	1 155	79	0	0	1 234
Provisions for employee benefits (holidays, bonuses, pensions and disability benefits)	2 428	1 230	541	0	4 199
Other provisions and accruals	3 588	(1 233)	0	0	2 355
Revaluation write-downs for receivables	3 508	1 423	0	(2)	4 929
Revaluation write-downs for inventories	3 677	359	0	(3)	4 033
Revaluation write-downs for non-current assets	3 087	(56)	0	0	3 031
Negative valuation of financial instruments	0	4	62	0	66
Currency translation differences from the revaluation of items in foreign currencies (receivables, liabilities, loans)	316	271	0	0	587
CIT abatement due to the operations in SEZ	59 085	(5 603)	0	0	53 482
Tax loss to be deducted in the future (realised)	3 733	(2 295)	0	0	1 438
Derivative financial instruments	509	0	16	0	525
The difference between the carrying amount and the tax value of property, plant and equipment	3 993	2 363	0	0	6 356
Other	1 127	(279)	0	0	848
Set-off for presentation purposes	*(17 030)*				*(18 999)*
Deferred income tax assets in the balance sheet	**69 176**				**64 084**
Provision	**55 698**	**(300)**	**(34)**	**9**	**55 373**
The difference between the carrying amount and the tax value of property, plant and equipment	50 143	275	0	9	50 427
Valuation of investment properties	1 222	(8)	0	0	1 214
Valuation of construction works on the basis of the percentage of completion	1 549	(1 307)	0	0	242
Currency translation differences from the revaluation of items in foreign currencies (receivables, liabilities, loans)	136	544	0	0	680
Positive valuation of financial instruments	336	(131)	(131)	0	74
Cash flow hedge	50	(2)	97	0	145
Other	2 262	329	0	0	2 591
Set-off for presentation purposes	*(17 030)*				*(18 999)*
Deferred income tax liability in the balance sheet	**38 668**				**36 374**

Complementary information and explanations (in thousand PLN)

	01.01.2013	Deferred income tax in the income statement	Deferred income tax in other comprehensive income	31.12.2013
Assets	**42 037**	**43 615**	**554**	**86 206**
Employee benefits (remunerations)	1 047	108	0	1 155
Provisions for employee benefits (holidays, bonuses)	2 657	(324)	95	2 428
Other provisions and accruals	1 453	2 135	0	3 588
Revaluation write-downs for receivables	3 252	256	0	3 508
Revaluation write-downs for inventories	3 676	1	0	3 677
Revaluation write-downs for non-current assets	2 833	254	0	3 087
Currency translation differences from the revaluation of items in foreign currencies (receivables, liabilities, loans)	204	112	0	316
CIT abatement due to the operations in SEZ	22 309	36 776	0	59 085
Tax loss to be deducted in the future (realised)	1 307	2 426	0	3 733
Derivative financial instruments	93	(43)	459	509
The difference between the carrying amount and the tax value of property, plant and equipment	3 180	813	0	3 993
Other	26	1 101	0	1 127
Set-off for presentation purposes	*(14 098)*			*(17 030)*
Deferred income tax assets in the balance sheet	**27 939**			**69 176**
Provision	**56 342**	**(481)**	**(163)**	**55 698**
The difference between the carrying amount and the tax value of property, plant and equipment	50 444	(301)	0	50 143
Valuation of investment properties	1 301	(79)	0	1 222
Valuation of construction works on the basis of the percentage of completion	2 150	(601)	0	1 549
Currency translation differences from the revaluation of items in foreign currencies (receivables, liabilities, loans)	150	(14)	0	136
Positive valuation of financial instruments	498	(342)	180	336
Cash flow hedge	376	17	(343)	50
Other	1 423	839	0	2 262
Set-off for presentation purposes	*(14 098)*			*(17 030)*
Deferred income tax liability in the balance sheet	**42 244**			**38 668**

According to the Group's estimates, the following amounts recognised above were of long-term nature:

	31.12.2014 (audited)	**31.12.2013** (audited)
Deferred income tax assets due to tax exemption related to SEZ	39 420	44 517
Deferred income tax assets due to provisions and accruals	1 119	522
Deferred income tax assets due to tax losses	0	175
Deferred income tax liability due to investment properties	(1 214)	(1 222)
Deferred income tax liability due to property, plant and equipment	(50 345)	(50 299)
Total long-term assets (liabilities)	**(11 020)**	**(6 307)**

Other amounts and items of deferred income tax asset and liability other than the ones mentioned above are of short-term nature.

Complementary information and explanations (in thousand PLN)

The table below presents the periods and amounts of the settlement of tax losses for which the Group did not recognise any deferred income tax asset:

Items for which no deferred income tax asset was recognised	**31.12.2014** (audited)	**31.12.2013** (audited)
Loss from 2009; deduction by the end of 2015	2 304	2 304
Loss from 2010; deduction by the end of 2016	580	581
Loss from 2011; deduction by the end of 2016	0	0
Loss from 2012; deduction by the end of 2017	0	0
Loss from 2013; deduction by the end of 2018	2	375
Loss from 2013; deduction by the end of 2019	261	0
CIT abatement due to the operations in SEZ to be used until 8 August 2016	51 979	46 968
Total non-recognised deferred income tax assets	**55 126**	**50 228**

The companies of the Group have unsettled tax losses from previous years. Due to uncertainty regarding the possibility of their deduction in subsequent years, no deferred income tax assets were created for such losses. The period for the settlement of tax losses in Poland is 5 years from the year of suffering the loss; however, not more than 50% of the loss in a given year (for other countries, in accordance with the law of a given country). In addition, some companies of the Group operate on the basis of authorisations in special economic zones and, according to the law, taxable income of such companies due to the operations in such zones is exempt from income tax in the validity period of a given authorisation. The exemption limit depends on the capital expenditure made under particular authorisations. Taking into account limited validity periods of authorisations and the forecasts of profits to be generated by these companies, the estimated deferred income tax asset due to operations in special economic zones is lower than the maximum level of available public assistance.

The reconciliation of the change in deferred income tax asset (liability) charged to net profit and other comprehensive income.

	2014 (audited)	**2013** (audited)
Assets (liability) as at 01.01.2014 / 01.01.2013	**30 508**	**(14 305)**
Change in the asset (liability) due to the valuation of derivative financial instruments charged to other comprehensive income	112	625
Actuarial valuation	541	92
Deferred tax charged to the result for the period	(3 437)	44 096
Cumulative translation adjustment	(14)	0
Assets (liability) as at 31.12.2014 / 31.12.2013	**27 710**	**30 508**

13.2. Tax exemptions related to operations in Special Economic Zones

Alupol Packaging S.A. (the Flexible Packaging Segment) and Aluform Sp. z o.o. (the Extruded Products Segment) operate in the area of Katowice Special Economic Zone on the basis of an authorisation. As a result, the companies, as regards their income from the operations defined in the said authorisations, may take advantage of corporate income tax exemptions. The maximum level of exemptions (public assistance limit) depends on the amount of eligible capital expenditure made under each authorisation to operate in an economic zone. The deadlines to take advantage of tax exemptions are determined in particular authorisations and these are 8 August 2016 for authorisations obtained prior to 2006 and 31 December 2026 for the remaining authorisations.

Particular authorisations are described in note 10.32.2 to these financial statements.

Complementary information and explanations (in thousand PLN)

The table below presents the amounts of available discounted public assistance (public assistance limit):

Amounts of available discounted public assistance (public assistance limit)	**31.12.2014** (audited)	**31.12.2013** (audited)
The authorisations to operate in SEZ expiring on 8 August 2016	81 480	85 440
The authorisations to operate in SEZ expiring on 31 December 2026	23 763	23 543
TOTAL	**105 243**	**108 983**

Pursuant to respective regulations, the public assistance limit is determined on the basis of discounted expenditure made to purchase property, plant and equipment as part of obtained authorisations. The discount is applied as of the date of obtaining an authorisation, using the discount rate published by the Office of Competition and Consumer Protection. The public assistance limit for authorisations expiring on 8 August 2016 is 75% of eligible expenditure. The public assistance limit for authorisations expiring on 31 December 2026 is 40% of eligible expenditure.

Particular authorisations are described in note 10.32.2 to these financial statements.

The table below presents the amounts of used discounted public assistance:

Amounts of used discounted public assistance	**31.12.2014** (audited)	**31.12.2013** (audited)
The authorisations to operate in SEZ expiring on 8 August 2016	37 661	33 701
The authorisations to operate in SEZ expiring on 31 December 2026	0	0
TOTAL	**37 661**	**33 701**

Pursuant to respective regulations, nominal amounts of obtained tax exemptions are discounted as of the date of obtaining the authorisation for which they are settled, using the discount rate published by the Office of Competition and Consumer Protection. Such discounted amounts cannot exceed public assistance limits.

The table below shows the value of used nominal public assistance:

Value of used nominal public assistance (the value of used tax exemptions)	**31.12.2014** (audited)	**31.12.2013** (audited)
The authorisations to operate in SEZ expiring on 8 August 2016	84 411	69 592
The authorisations to operate in SEZ expiring on 31 December 2026	0	0
TOTAL	**84 411**	**69 592**

13.3. Income tax receivables (liabilities)

Income tax receivables (liabilities) comprise the differences between paid tax advances and the current income tax for the given year. The majority of the Group's companies pay tax advances in a simplified way amounting to 1/12th of the tax due in the tax return submitted in the previous year. In 2014, the majority of the Capital Group's companies paid advances amounting to 1/12th of the tax due for 2013 (in 2013: 1/12th of the tax due for 2012).

	31.12.2014 (audited)	**31.12.2013** (audited)
Current tax receivables	2 162	4 171
Income tax liabilities	(10 191)	(10 861)

Complementary information and explanations (in thousand PLN)

14. Earnings/(loss) per share

Below, we present the data related to the profit and the number of shares used to calculate basic and diluted earnings per share:

	01.01.2014 - 31.12.2014 (audited)	**01.01.2013 - 31.12.2013** (audited)
Net profit attributable to the parent's shareholders	169 031	153 483
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9 374 746	9 261 876
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share*	9 392 451	9 336 972
Basic earnings per ordinary share from the basic profit for the period attributable to the parent's shareholders (in PLN)	18.03	16.57
Diluted earnings per share from the basic profit for the period attributable to the parent's shareholders (in PLN)	18.00	16.44

In 2014, eligible persons acquired the rights to purchase 68,700 shares from the third part of the 2009 programme for 125.57 PLN. In addition, during 2014, the eligible persons subscribed for: 4,350 shares from the third part of the 2006 programme and 52,200 shares from the second part of the 2009 programme and 12,750 shares from the third part of the 2009 programme. The said figures were taken into consideration in the calculation of the weighted average number of shares and of the weighted average number of potential shares.

In 2013, eligible persons acquired the rights to purchase 68,700 shares from the second part of the 2009 programme for 117.63 PLN. In addition, during 2013, the eligible persons subscribed for: 13,375 shares from the third part of the 2009 programme and 68,700 shares from the first part of the 2009 programme and 16,500 shares from the second part of the 2009 programme. The said figures were taken into consideration in the calculation of the weighted average number of shares and of the weighted average number of potential shares.

The period of exercising the rights to acquire shares will have expired after 36 months from the date of acquiring the rights. See note 23.1 for more information about the options programme.

The average market price for the Company's share during 2014 was 235.36 PLN (2013: 165.42 PLN).

The potential number of ordinary shares associated with the employee options programme increasing the number of shares and assumed for the calculation of diluted earnings per share is 17,705 shares (previous year: 75,096).

15. Dividends paid and proposed for payment

	Year ended on 31 December 2014	Year ended on 31 December 2013
Dividend from ordinary shares declared for the previous year and paid in the period:	93 808	55 721
TOTAL	**93 808**	**55 721**

In 2014, the Group paid dividend amounting to 93,808 thousand PLN (10 PLN per share). Declared dividend amounted to 93,815 thousand PLN. In 2013, the Group paid dividend amounting to 55,721 thousand PLN (6 PLN per share).

The parent company's Management Board intends to pay dividend from profit for 2014 amounting to 11 PLN per share. As estimated by the Management Board, taking into consideration potential shares, the dividend will amount to 103,504 thousand PLN (for 9,449,488 shares) and will be financed partially from retained earnings. Under the loan agreement, the payment of the dividend exceeding 60% of the consolidated net profit requires the consent of BNP Paribas Bank Polska S.A.

Complementary information and explanations (in thousand PLN)

16. Property, plant and equipment

Property, plant and equipment	31.12.2014 (audited)	31.12.2013 (audited)
Gross value of property, plant and equipment	**1 401 642**	**1 348 051**
Land (including the right of perpetual usufruct)	26 032	26 074
Buildings and structures	393 821	375 796
Plant and machinery	711 317	696 843
Energy-related assets	12 143	12 132
Means of transport	29 912	29 848
Other property, plant and equipment	187 537	181 744
Property, plant and equipment under construction	40 880	25 614
Depreciation of property, plant and equipment	**533 755**	**490 339**
Land (including the right of perpetual usufruct)	0	0
Buildings and structures	81 678	77 400
Plant and machinery	305 459	273 263
Energy-related assets	5 182	4 428
Means of transport	16 279	15 961
Other property, plant and equipment	125 157	119 287
Revaluation write-downs for property, plant and equipment	**15 942**	**15 664**
Land	0	0
Buildings and structures	888	888
Plant and machinery	13 721	13 779
Energy-related assets	13	13
Means of transport	5	11
Other property, plant and equipment	1 315	675
Property, plant and equipment under construction	0	298
Net value of property, plant and equipment	**851 945**	**842 048**
Land (including the right of perpetual usufruct)	26 032	26 074
Buildings and structures	311 255	297 508
Plant and machinery	392 137	409 801
Energy-related assets	6 948	7 691
Means of transport	13 628	13 876
Other property, plant and equipment	61 065	61 782
Property, plant and equipment under construction	40 880	25 316

Complementary information and explanations (in thousand PLN)

Property, plant and equipment	**01.01.2014** (audited)	**Increases**	**Decreases**	**Shifts**	**Other**	**Currency translation differences**	**31.12.2014** (audited)
Gross value of property, plant and equipment	**1 348 051**	**101 435**	**(32 598)**	**0**	**(162)**	**(15 084)**	**1 401 642**
Land	26 074	0	0	0	0	(42)	26 032
Buildings and structures	375 796	0	(3 877)	29 544	0	(7 642)	393 821
Plant and machinery	696 843	0	(5 927)	27 388	78	(7 065)	711 317
Energy-related assets	12 132	0	0	11	0	0	12 143
Means of transport	29 848	0	(3 287)	3 667	0	(316)	29 912
Other property, plant and equipment	181 744	0	(19 209)	25 259	(240)	(17)	187 537
Property, plant and equipment under construction	25 614	101 435	(298)	(85 869)	0	(2)	40 880
Depreciation of property, plant and equipment	**490 339**	**79 044**	**(29 827)**	**0**	**(1 344)**	**(4 457)**	**533 755**
Land	0	0	0	0	0	0	0
Buildings and structures	77 400	10 131	(3 364)	0	(876)	(1 613)	81 678
Plant and machinery	273 263	40 533	(5 620)	0	(58)	(2 659)	305 459
Energy-related assets	4 428	754	0	0	0	0	5 182
Means of transport	15 961	3 208	(2 713)	0	(6)	(171)	16 279
Other property, plant and equipment	119 287	24 418	(18 130)	0	(404)	(14)	125 157
Revaluation write-downs for property, plant and equipment	**15 664**	**975**	**(697)**	**0**	**0**	**0**	**15 942**
Land	0	0	0	0	0	0	0
Buildings and structures	888	0	0	0	0	0	888
Plant and machinery	13 779	0	(58)	0	0	0	13 721
Energy-related assets	13	0	0	0	0	0	13
Means of transport	11	0	(6)	0	0	0	5
Other property, plant and equipment	675	975	(335)	0	0	0	1 315
Property, plant and equipment under construction	298	0	(298)	0	0	0	0
Net value of property, plant and equipment	**842 048**	**21 416**	**(2 074)**	**0**	**1 182**	**(10 627)**	**851 945**
Land	26 074	0	0	0	0	(42)	26 032
Buildings and structures	297 508	(10 131)	(513)	29 544	876	(6 029)	311 255
Plant and machinery	409 801	(40 533)	(249)	27 388	136	(4 406)	392 137
Energy-related assets	7 691	(754)	0	11	0	0	6 948
Means of transport	13 876	(3 208)	(568)	3 667	6	(145)	13 628
Other property, plant and equipment	61 782	(25 393)	(744)	25 259	164	(3)	61 065
Property, plant and equipment under construction	25 316	101 435	0	(85 869)	0	(2)	40 880

Complementary information and explanations (in thousand PLN)

Property, plant and equipment	01.01.2013 (audited)	Increases	Decreases	Shifts	Reversal	Currency translation differences	31.12.2013 (audited)
Gross value of property, plant and equipment	**1 250 623**	**115 132**	**(16 377)**	**0**	**0**	**(1 327)**	**1 348 051**
Land	26 075	0	0	0	0	(1)	26 074
Buildings and structures	358 989	0	(1 357)	18 778	0	(614)	375 796
Plant and machinery	632 610	0	(7 085)	71 965	0	(647)	696 843
Energy-related assets	11 794	0	(192)	530	0	0	12 132
Means of transport	28 011	0	(2 256)	4 158	0	(65)	29 848
Other property, plant and equipment	166 234	0	(5 487)	20 997	0	0	181 744
Property, plant and equipment under construction	26 910	115 132	0	(116 428)	0	0	25 614
Depreciation of property, plant and equipment	**429 767**	**75 655**	**(14 705)**	**0**	**0**	**(378)**	**490 339**
Land	0	0	0	0	0	0	0
Buildings and structures	66 523	12 216	(1 201)	0	0	(138)	77 400
Plant and machinery	241 578	38 264	(6 370)	0	0	(209)	273 263
Energy-related assets	3 851	577	0	0	0	0	4 428
Means of transport	14 899	2 945	(1 855)	0	0	(28)	15 961
Other property, plant and equipment	102 916	21 653	(5 279)	0	0	(3)	119 287
Revaluation write-downs for property, plant and equipment	**14 026**	**2 183**	**0**	**0**	**(545)**	**0**	**15 664**
Land	0	0	0	0	0	0	0
Buildings and structures	1 189	0	0	(301)	0	0	888
Plant and machinery	12 147	1 842	0	301	(511)	0	13 779
Energy-related assets	13	0	0	0	0	0	13
Means of transport	50	11	0	(50)	0	0	11
Other property, plant and equipment	627	32	0	50	(34)	0	675
Property, plant and equipment under construction	0	298	0	0	0	0	298
Net value of property, plant and equipment	**806 830**	**37 294**	**(1 672)**	**0**	**545**	**(949)**	**842 048**
Land	26 075	0	0	0	0	(1)	26 074
Buildings and structures	291 277	(12 216)	(156)	19 079	0	(476)	297 508
Plant and machinery	378 885	(40 106)	(715)	71 664	511	(438)	409 801
Energy-related assets	7 930	(577)	(192)	530	0	0	7 691
Means of transport	13 062	(2 956)	(401)	4 208	0	(37)	13 876
Other property, plant and equipment	62 691	(21 685)	(208)	20 947	34	3	61 782
Property, plant and equipment under construction	26 910	114 834	0	(116 428)	0	0	25 316

The ‘Increases’ item for gross amounts comprises acquisitions, and the ‘Increases’ item for depreciation is related to the depreciation of particular groups of property, plant and equipment. The column ‘Shifts’ presents the values of property, plant and equipment put into use in the reporting period.

Changes of estimates concerning useful lives

In the reporting period, the Group liquidated property, plant and equipment with the value of 2,285 thousand PLN (cf. 1,802 thousand PLN in the previous year). Liquidations of property, plant and equipment resulted directly from the sale of property, plant and equipment or faster wear of property, plant and equipment than expected when compared to their useful lives.

In addition, in 2014, the Group, on the basis of its individual assessment, changed useful lives of selected components of property, plant and equipment; as a result, depreciation costs decreased by 2,867 thousand PLN.

Complementary information and explanations (in thousand PLN)

Limitations in the handling of property, plant and equipment

As at 31 December 2014, property, plant and equipment representing the group of land with the value of 252 thousand PLN and property, plant and equipment representing the group of buildings and structures with the value of 18,770 thousand PLN (last year: property, plant and equipment representing the group of land with the value of 252 thousand PLN and property, plant and equipment representing the group of buildings and structures with the value of 11,777 thousand PLN) constituted the security for the loan borrowed from BNP Paribas.

The information about loans secured with property, plant and equipment is to be found in note 29.

In addition, under the agreements concerning the co-financing of projects from the funds of the European Union, the Group cannot, in the period of 5 years starting from 31.12.2011, dispose of or otherwise transfer the ownership of property, plant and equipment with the value of 98,337 thousand PLN (previous year: 102,482 thousand PLN), composed of:

In Grupa Kęty S.A.:

- buildings and structures with the value of: 34,793 thousand PLN (previous year: 36,116 thousand PLN).
- plant and machinery with the value of: 41,402 thousand PLN (previous year: 43,175 thousand PLN).
- means of transport with the value of: 130 thousand PLN (previous year: 137 thousand PLN)
- other property, plant and equipment with the value of: 2,801 thousand PLN (previous year: 3,843 thousand PLN)

In Aluprof S.A.:

- buildings and structures with the value of: 8,777 thousand PLN
- plant and machinery with the value of: 6,547 thousand PLN
- other property, plant and equipment with the value of: 3,887 thousand PLN

The information about received subsidies to property, plant and equipment can be found in note 32.

Capitalisation of finance costs

In 2014, the Group capitalised interest related to the financing of the purchase of property, plant and equipment amounting to 261 thousand PLN (previous year: 659 thousand PLN).

Contractual liabilities

Contractual liabilities related to the purchase of non-current assets by segments	**31.12.2014** (audited)	**31.12.2013** (audited)
Extruded Products Segment	8 203	930
Flexible Packaging Segment	7 220	18 787
Aluminium Systems Segment	6 296	1 407
Building Services Segment	2	0
Building Accessories Segment	691	283
Joint expenditure	314	0
TOTAL	**22 726**	**21 407**

At the end of 2014, the most important items of the said liabilities were related to:

- the construction of new production and storage halls in the Aluminium Systems Segment;

- the purchase and assembly of new production devices in the Flexible Packaging Segment;

- the purchase of machinery in the Extruded Products Segment.

At the end of 2013, the most important items of the said liabilities were related to:

Complementary information and explanations (in thousand PLN)

- the construction of new production and storage halls in the Aluminium Systems Segment;

- the purchase and assembly of new production devices in the Flexible Packaging Segment;

- the purchase of machinery in the Extruded Products Segment.

Impairment losses

The companies within particular operating segments are cash-generating units for impairment tests (details of the companies of the Group and their business segments are included in note 2). As at 31 December 2014, there were indicators of the impairment of non-current assets located in Ukraine and owned by Alupol LLC (in the case of Aluprof Ukraina, the assets are intangible). The impairment tests for property, plant and equipment carried out at the level of particular cash-generating units did not show any necessity of creating revaluation write-downs for non-current assets (see the table below).
As at 31 December 2013, the impairment tests for property, plant and equipment carried out at the level of particular cash-generating units showed the necessity of creating revaluation write-downs for property, plant and equipment in the case of one of the cash-generating units. As a result, the Group established revaluation write-downs amounting to 1,870 thousand PLN. Established revaluation write-downs were related to the write-down for a group of rolling mills in the Flexible Packaging Segment.

The tables below present the information about the impairment tests for non-current assets located in the companies based in Ukraine:

	31.12.2014	**31.12.2013**
Cash-generating units	**Alupol LLC**	**Alupol LLC**
The basis for recoverable amount	Value in use	Value in use
Book value of non-current assets	15 779	26 579
Recoverable amount determined under IAS 36	17 017	31 732
Revaluation write-down in a given year to recoverable amount	0	0
Source of data	Forecast	Forecast
Estimate basis	5-year cash flow forecast	5-year cash flow forecast
Marginal growth rate (1)	5%	2%
Applied discount rate (2)	31.11 %	22.70 %

1) In 2014, the rate of 5% is the nominal growth rate at the level of expected inflation rate for Ukraine (0% in real terms)
2) The applied discount rate is based on the pre-tax discount rate defined in IAS 36.

	31.12.2013
Cash-generating units	**A group of rolling mills in the Flexible Packaging Segment**
The basis for recoverable amount	Value in use
Book value	3 538
Recoverable amount determined under IAS 36	1 668
Revaluation write-down in a given year to recoverable amount	1 870
Source of data	Forecast
Estimate basis	3-year cash flow forecast
Marginal growth rate	0%
Applied discount rate	11.57%

1) The applied discount rate is based on the pre-tax discount rate defined in IAS 36.

Property, plant and equipment utilised pursuant to finance lease agreements

As at 31 December 2014 and 31 December 2013, the Group did not use any material property, plant and equipment under any finance lease agreements.

Land used under the right of perpetual usufruct

The Group uses land on which industrial building are situated pursuant to the right of perpetual usufruct of land. The area of the land used under the right of perpetual usufruct as at 31.12.2014 and 31.12.2013 amounts to 637,283 square meters. In 2014, annual fees for the right of perpetual usufruct of land amounted to 568 thousand PLN (568 thousand PLN in 2013). The Group recognises the obtained rights of perpetual usufruct as land and discloses them in the consolidated financial statements as property, plant and equipment.

Property, plant and equipment carried at revalued amount

The Group holds a concession to transmit and distribute electrical energy. Since 1 January 2011, the Group has changed the valuation method for property, plant and equipment related to the transmission of electrical energy. By then, the Group had valued the said assets at purchase price. To more faithfully reflect the fair value of the said assets, the Group changed the valuation of energy-related assets to the model of valuation at a revalued amount according to IAS 16.31. The revalued amount was determined with the replacement value method using the cost approach, the replacement value method and index method technique. The valuation was classified at Level 3 of the fair value hierarchy under IFRS 13. The valuation was based on nationwide pricing catalogues, having regard for the regional division. The valuation was carried out by an independent expert.

As a result, as at 01.01.2011, the value of energy-related assets increased by 5,454 thousand PLN, which accounted for the increase in the fair value of the energy-related assets over their book value. At the same time, the revaluation capital increased by 4,418 thousand PLN and the deferred income tax liability increased by 1,036 thousand PLN. The Group settled the change in the accounting policy as regards the model of the valuation at a revalued amount for the group of energy-related assets according to IAS 8.17 in the books for 2011, i.e. in the year in which the change was made.

Pursuant to the Code of Commercial Companies, the amounts of the capital from the revaluation of property, plant and equipment cannot be allocated to the payment of the dividend for shareholders.

According to its accounting policy, the Group will revalue energy-related assets in the periods of 5 years. The next valuation of energy-related assets is scheduled on 1 January 2016.

The energy-related assets comprise buildings, structures and systems related to the transmission of electrical energy and power grids with transformers.

The value of energy-related assets determined at the purchase price, less depreciation charges and impairment losses amounts to 3,028 thousand PLN (31 December 2012: 4,176 thousand PLN).

17. Leases

17.1. Liabilities due to operating lease – the Group as a lessee

The Group is not a party to any important operating lease agreements.

17.2. Receivables from operating lease – the Group as a lessor

The Group is an owner of an office building the premises of which are rented to third parties. Standard rental and lease agreements with the Group as one of the parties thereto are concluded for an indefinite period of time and provide for a one-month notice of termination.

In 2014, the Group’s income from rental and lease agreements concerning office rooms amounted to 1,066 thousand PLN (2013: 1,118 thousand PLN).

17.3. Liabilities due to finance lease and lease agreements with a purchase option

As at 31.12.2014, the Group was not a party to any significant sale and lease back contract as a lessee. As at 31.12.2013, the Group was not a party to any significant sale and lease back contract as a lessee.

As of 31 December 2014, the future minimum fees due to finance lease agreements were as follows:

Complementary information and explanations (in thousand PLN)

Payment year	31.12.2014		31.12.2013	
	Instalments	**Interest**	**Instalments**	**Interest**
Up to 1 year	91	23	22	6
Over 1 year	97	14	90	11
Total	**188**	**37**	**112**	**17**

18. Investment properties

	01.01.2014 - 31.12.2014 (audited)	**01.01.2013 - 31.12.2013** (audited)
Gross value at the beginning of period	**12 649**	**13 175**
Acquisition	0	0
Transfer to/from property, plant and equipment	10	101
Change of goodwill resulting from valuation	(261)	(627)
Gross value at the end of period	**12 398**	**12 649**
Net value of investment properties		
Net value at the beginning of period:	**12 649**	**13 175**
Net value at the end of period:	**12 398**	**12 649**

The investment properties as of the balance sheet date are related to the administration and office building rented or leased to third parties, and a residential building acquired in 2012.

The usable area of the administration and office building is 5,019.5 square meters.

The Group revaluates investment properties at the end of each financial year. The last revaluation took place on 31 December 2014.

The carrying amount of investment properties is based on fair values determined on the basis of the valuation conducted by a qualified independent expert experienced in the scope of the valuation of investment properties (fair value hierarchy – 3). The approach applied by the expert was based on compared market prices of rents in accordance with the income method and straight capitalisation of gross revenue technique. The rent assumed for the valuation amounted to 34.13 PLN and the level of vacancies to 20%.

The administration and office building owned by a subsidiary Aluprof S.A. is rented to third parties. The value of this building was determined by the expert at 11,541 thousand PLN (2013: 11,793 thousand PLN) at the assumed capitalisation rate of 11% (2013: 12%). In order to conduct the valuation, data related to market prices for comparable real properties were applied.

In the reporting period, the Group generated income from the rental of the administration building to external entities amounting to 918 thousand PLN (2013: 962 thousand PLN). The aforementioned income was recognised in the income statement in 'sales revenue'.

Standard rental agreements for the real properties of Aluprof S.A. are concluded for an indefinite period of time and provide for the possibility of their termination by each of the parties thereto against a one-month notice period.

In 2014, the direct costs related to the maintenance of the real property amounted to 723 thousand PLN (2013: 627 thousand PLN).

Complementary information and explanations (in thousand PLN)

19. Intangible assets (except for goodwill)

Intangible assets	31.12.2014 (audited)	31.12.2013 (audited)
Gross value of intangible assets	**107 324**	**100 971**
Development costs	6 090	5 034
Computer software	28 347	26 001
Aluprof trademark	22 500	22 500
Database of customers	43 927	43 927
ROMB trademark	1 900	1 900
MHF trademark	2471	0
Other intangible assets	598	488
Intangible assets not put into use	1 491	1 121
Amortisation of intangible assets	**52 557**	**47 028**
Development costs	4 275	3 832
Computer software	21 746	19 823
Database of customers	26 108	23 180
Other intangible assets	428	193
Revaluation write-downs for intangible assets	**1 928**	**1 912**
Development costs	12	12
Computer software	16	0
ROMB trademark	1 900	1 900
Net value of intangible assets	**52 839**	**52 031**
Development costs	1 803	1 190
Computer software	6 585	6 178
Aluprof trademark	22 500	22 500
Database of customers	17 819	20 747
ROMB trademark	0	0
MHF trademark	2 471	0
Other intangible assets	170	295
Intangible assets not put into use	1 491	1 121

Complementary information and explanations (in thousand PLN)

Intangible assets	01.01.2014	Increases	Decreases	Shifts	Other	Currency translation differences	31.12.2014
Gross value of intangible assets	**100 971**	**6 221**	**(154)**	**0**	**213**	**73**	**107 324**
Production technologies, patents	5 034	0	0	1 041	0	15	6 090
Computer software	26 001	0	(153)	2 291	213	(5)	28 347
Aluprof trademark	22 500	0	0		0	0	22 500
Database of customers	43 927	0	0	0	0	0	43 927
ROMB trademark	1 900	0	0	0	0	0	1 900
MHF trademark	0	0	0	2 431	0	40	2 471
Other intangible assets	488	0	0	87	0	23	598
Intangible assets not put into use	1 121	6 221	(1)	(5 850)	0	0	1 491
Amortisation of intangible assets	**47 028**	**5 652**	**(140)**	**0**	**9**	**8**	**52 557**
Production technologies, patents	3 832	359	0	0	78	6	4 275
Computer software	19 823	2 240	(140)	0	(172)	(5)	21 746
Aluprof trademark	0	0	0	0	0	0	0
Database of customers	23 180	2 928	0	0	0	0	26 108
ROMB trademark	0	0	0	0	0	0	0
Other intangible assets	193	125	0	0	103	7	428
Revaluation write-downs for intangible assets	**1 912**	**16**	**0**	**0**	**0**	**0**	**1 928**
Production technologies, patents	12	0	0	0	0	0	12
Computer software	0	16	0	0	0	0	16
ROMB trademark	1 900	0	0	0	0	0	1 900
Net value of intangible assets	**52 031**	**553**	**(14)**	**0**	**204**	**65**	**52 839**
Production technologies, patents	1 190	(359)	0	1 041	(78)	9	1 803
Computer software	6 178	(2 256)	(13)	2 291	385	0	6 585
Aluprof trademark	22 500	0	0	0	0	0	22 500
Database of customers	20 747	(2 928)	0	0	0	0	17 819
ROMB trademark	0	0	0	0	0	0	0
MHF trademark	0	0	0	2 431	0	40	2 471
Other intangible assets	295	(125)	0	87	(103)	16	170
Intangible assets not put into use	1 121	6 221	(1)	(5 850)	0	0	1 491

Complementary information and explanations (in thousand PLN)

Intangible assets	01.01.2013	Increases	Decreases	Shifts	Currency translation differences	31.12.2013
Gross value of intangible assets	**98 938**	**2 975**	**(939)**	**0**	**(3)**	**100 971**
Production technologies, patents	5 031	0	(70)	73	0	5 034
Computer software	23 216	0	(861)	3 646		26 001
Aluprof trademark	22 494	0	0	6	0	22 500
Database of customers	43 927	0	0	0	0	43 927
ROMB trademark	1 900	0	0	0	0	1 900
Other intangible assets	1 575	0	0	(1 084)	(3)	488
Intangible assets not put into use	795	2 975	(8)	(2 641)	0	1 121
Amortisation of intangible assets	**42 655**	**5 302**	**(929)**	**0**	**0**	**47 028**
Production technologies, patents	3 596	306	(70)	0	0	3 832
Computer software	18 674	2 008	(859)	0	0	19 823
Aluprof trademark	0	0	0	0	0	0
Database of customers	20 252	2 928	0	0	0	23 180
ROMB trademark	0	0	0	0	0	0
Other intangible assets	133	60	0	0	0	193
Revaluation write-downs for intangible assets	**1 912**	**0**	**0**	**0**	**0**	**1 912**
Production technologies, patents	12	0	0	0	0	12
ROMB trademark	1 900	0	0	0	0	1 900
Net value of intangible assets	**54 371**	**(2 327)**	**(10)**	**0**	**(3)**	**52 031**
Production technologies, patents	1 423	(306)	0	73	0	1 190
Computer software	4 542	(2 008)	(2)	3 646	0	6 178
Aluprof trademark	22 494	0	0	6	0	22 500
Database of customers	23 675	(2 928)	0	0	0	20 747
ROMB trademark	0	0	0	0	0	0
Other intangible assets	1 442	(60)	0	(1 084)	(3)	295
Intangible assets not put into use	795	2 975	(8)	(2 641)	0	1 121

Amortisation of intangible assets

All amortisation charges for intangible assets are recognised in full in 'Depreciation/Amortisation' item of operating costs in the income statement. Aluprof and ROMB trademarks, due to the indefinite useful life, are not amortised. The Group carries out annual impairment tests for these trademarks.

Significant intangible assets

Significant intangible assets comprise Aluprof trademark with the net value of 22,500 thousand PLN and the market and relations with Aluprof's customers with the net value of 17,819 thousand PLN (the aforementioned intangible assets were generated as a result of taking over the control of Aluprof). Their value was determined based on an independent expert's valuation.

Other intangible assets comprise primarily the computer software purchased.

Impairment losses

The Group carried out impairment tests for intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives comprise Aluprof, MHF and Romb trademarks. The impairment tests carried out as at 31 December 2014 and 31 December 2013 did not show the impairment of Aluprof and MHF trademarks. Romb trademark was subject to a 100% impairment loss in 2011. Aluprof trademark and MHF trademark are assigned to the cash-generating unit called 'Aluminium Systems Segment' and the description of assumptions for the impairment test that was carried out are presented in note 12.7.

Contractual liabilities

As at 31.12.2014 and as at 31.12.2013, the Group did not have any contractual liabilities related to the acquisition of intangible assets.

20. Business combinations

In June 2014, a subsidiary Aluprof S.A. established its subsidiary in Denmark. The company acquired the business involving the production and assembly of aluminium joinery in Denmark from another entity.

The acquired business was carried out under the brand: "Marcus Hansen Fasader AS". In 2013, this company generated sales revenue of 4,138 thousand PLN and net result of 483 thousand PLN.

The acquisition of the business of Marcus Hansen Fasader AS aims at the increase in the sale of aluminium systems in Denmark.

The settlement of the fair value of all identified assets and liabilities as of the company acquisition day was as follows:

Components of assets and liabilities	Fair value of acquired assets and liabilities (in '000' PLN)
Property, plant and equipment	992
Marcus Hansen Fasader AS brand	2431
Other intangible assets	290
Inventories	569
Construction contracts in progress	1 809
Leases	41
Employee-related liabilities	(438)
Other liabilities	(622)
Acquired net assets	5072
Total acquisition price (paid in cash)	4 163
Negative goodwill as a result of the acquisition	909

The main intangible asset resulting from the acquisition comprises 'Marcus Hansen Fasader AS' brand with the fair value of 2,431 thousand PLN. The brand was evaluated at the acquisition date by an independent appraiser. The Group assumed an indefinite useful life for the brand.

As at 31.12.2014, the final settlement (particularly the settlement of acquired non-current assets and intangible assets) did not change materially in comparison to the aforementioned temporary settlement as at the acquisition date. The components of assets and liabilities recognised at the acquisition date were settled during the year.

Following the taking over of the control of MHF business, the Group's revenue in 2014 was higher by 7,528 thousand PLN and the consolidated net profit attributable to the parent's shareholders decreased by 431 thousand PLN. The results of the company by the date of the acquisition by Grupa Kęty in June 2014 were immaterial from the point of view of the evaluation of these financial statements.

Complementary information and explanations (in thousand PLN)

21. Investments in associates

On 11.09.2014, a subsidiary Aluprof System USA, Inc with its registered office in the USA entered into a joint venture agreement with two US partners and a new company was established for this purpose, i.e. Aluprof USA, LLC with its registered office in New York. The initial capital of the new company amounts to 220 thousand USD, and Grupa Kęty, through its subsidiary Aluprof System USA, Inc., will have 45.5% of shares in that new company.

As at the reporting date, the Group contributed 100.1 thousand USD to the new joint venture.

The company will be involved in the distribution of aluminium systems. The establishment of the company is an element of the Group's strategy of systematically increasing the share of export sale in total sale in all segments of the Group. In the Aluminium Systems Segment (ASS), this strategy is implemented additionally through the establishment of subsidiaries on the markets to which products are exported, which allows the Group to better adjust the products offer to the specific nature of particular markets and meet the technical and legal requirements on particular markets more precisely.

In the Group's financial statements, this company is recognised using the equity method.

22. Other investments

(A) Long-term

	31.12.2014	31.12.2013
Gross value of long-term investments, including:	**1 348**	**997**
- available for sale	1 348	997
Shares and interests	997	997
Interests in associates	351	0
Revaluation write-down for long-term investments, including:	**1 097**	**986**
- available for sale	1 097	986
Shares and interests	986	986
Interests in associates	111	0
Net value of long-term investments, including:	**251**	**11**
- available for sale	251	11
Interests or shares in other entities	11	11
Interests in associates	240	0

In addition:

(B) Short-term

	31.12.2014	31.12.2013
Cash loans	87	24

23. Employee benefits

23.1. Employee shares programmes

The Group has been implementing three option programmes for the management staff:

the programmes from 2006, from 2009 and from 2012.

23.1.1 The 2006 programme

In 2006, the Company within the Capital Group of Grupa Kęty S.A. commenced the implementation of the options programme for the management staff.

Its basic assumptions are as follows:

The programme is divided into three parts: 91,600 options for the purchase of shares of Grupa Kęty S.A. in each part.

The individual parts commence in 2006, 2007 and 2008 accordingly.

The period in which eligible employees were entitled to acquire shares under this programme ended in 2012.

23.1.2 The 2009 programme

Furthermore, in October 2009, Grupa Kęty S.A. launched the implementation of a new options programme for the management staff.

The basic assumptions of the programme are as follows:

a) for a 25% part for a given year, attaining the 'return on shares' index at the minimum level equal or higher than the change rate of the WIG index calculated for the same period as the 'return on shares' index;

b) for a 25% part for a given year, attaining the 'return on shares' index at the level of at least 9 percentage points higher than the change rate of the WIG index calculated for the same period as the 'return on shares';

c) for a 25% part for a given year, attaining the 'EBITDA per share increase' index at the level of 40%;

d) for a 25% part for a given year, attaining the 'net earnings per share increase' index at the level of 48%.

The 'return on shares' calculated for the first part corresponds to the quotient of the average share price of Grupa Kęty S.A. in the first quarter of 2012 increased with the value of dividends paid by the Company in the period from 1 April 2009 to 31 March 2012 and the average share price of the Company at Warsaw Stock Exchange in the first quarter of 2009. For the second part, the quotient of the average share price of Grupa Kęty S.A. in the first quarter of 2013 increased with the value of dividends paid by the Company in the period from 1 April 2010 to 31 March 2013 and the average share price of the Company at Warsaw Stock Exchange in the first quarter of 2010. For the third part, the quotient of the average share price of Grupa Kęty S.A. in the first quarter of 2014 increased with the value of dividends paid by the Company in the period from 1 April 2014 to 31 March 2014 and the average share price of the Company at Warsaw Stock Exchange in the first quarter of 2011. 'EBITDA per share increase' calculated for the first part means the quotient of the consolidated EBITDA per share attained by the Capital Group in 2011 and the consolidated EBITDA per share attained by the Capital Group in 2008. For the second part, the quotient of the consolidated EBITDA per share attained by the Capital Group in 2012 and the consolidated EBITDA per share attained by the Capital Group in 2009. For the third part, the quotient of the consolidated EBITDA per share attained by the Capital Group in 2013 and the consolidated EBITDA per share attained by the Capital Group in 2010. 'Net earnings per share increase' calculated for the first part means the quotient of the consolidated net earnings per share attained by the Capital Group in 2011 and the consolidated net earnings per share attained by the Capital Group in 2008. For the second part, the quotient of the consolidated net earnings per share attained by the Capital Group in 2012 and the consolidated net earnings per share attained by the Capital Group in 2009. For the third part, the quotient of the consolidated net earnings per share attained by the Capital Group in 2013 and the consolidated net earnings per share attained by the Capital Group in 2010.

The right to acquire share options will arise following the satisfaction of the programme conditions.

The purchase price of the shares from the new issue will equal the average price of the share of Grupa Kęty S.A. for the period from January to March in the years 2006-2008 for individual parts.

Stronger motivation of a larger group of employees to increase the shareholder value and the introduction of a factor making it possible to retain the Capital Group's key employees for a longer time are the main objectives of the new programme.

Complementary information and explanations (in thousand PLN)

Parameter 'c', i.e. the increase in EBITDA, was not accomplished for the first, second and third parts of the programme launched in 2009.

As a result, under this programme, the Company's employees acquired the right to subscribe for 39,450 share options from each part of the programme. The remaining share options were granted to employees of other companies of the Capital Group.

The purchase price of the shares from the new issue will equal the average price of the share of Grupa Kęty S.A. for the period from January to March in the years 2006-2008 for individual parts.

23.1.3 The 2012 programme

On 24 September 2012, the Capital Group launched the implementation of a new options programme for the management staff. The principles and conditions of the programme are identical as for the 2009 programme, except for:

-the number of share options in particular parts which will amount to 61,500.

The conditions of the 2012 programme are as follows:

- parameter 'a', i.e. return on shares, at the level of WIG index or higher;
- parameter 'b', i.e. return on shares, at the level +9% against WIG index or higher;
- parameter 'c', i.e. EBITDA increase, by 52% or more against the basis year;
- parameter 'd', i.e. net earnings per share increase, by 64% or more against the basis year.

The number of options for particular programmes is as follows:

parameter 'a' − 9,225 options (15% of the total programme)

parameter 'b' – 15,375 options (25% of the total programme)

parameters 'c' and 'd' – 18,450 options for each parameter (30% of the total programme for each parameter)

The first, second and third part of the 2012 programme were launched in each year in the period from 2012 to the end of 2014.

The Management Board assumes that non-market parameters 'c' and 'd' will not be accomplished for these parts of the programme.

Three-year employment period in the Capital Group calculated separately for each part from the launch date of a given part is the common condition for all aforementioned programmes.

Fair values of the options programme as at the date of granting rights were estimated by an independent appraiser.

Fair values as at the date of the programme launch	Fair value	Valuation date
First part of the 2006 programme	3 429	31-07-2006
Second part of the 2006 programme	6 496	31-08-2007
Third part of the 2006 programme	1 496	11-08-2008
First part of the 2009 programme	3 878	30-09-2009
Second part of the 2009 programme	2 218	30-09-2010
Third part of the 2009 programme	1 344	23-09-2011
First part of the 2012 programme	1 285	24-09-2012
Second part of the 2012 programme	2 837	24-09-2013
Third part of the 2012 programme	6 342	24-09-2013
Total	**29 325**	

The Group monitors the probability of attaining the non-market parameters on an ongoing basis and takes them into account in the number of share options assumed for the valuation of particular parts as of the balance sheet date.

Complementary information and explanations (in thousand PLN)

The period of acquiring the rights for the first part of the 2006 programme ended on 31 July 2009. Only condition ‘c’, i.e. EBITDA increase, was accomplished. As a result, eligible employees acquired the right to subscribe for 16,750 shares at 123.63 PLN per share. The period of acquiring the rights to share options under the second part of the 2006 programme ended on 31 August 2010. Due to the failure to meet the programme conditions, the shares from the second part of the 2006 programme were not granted.

The period of acquiring the rights for the third part of the 2006 programme ended on 11 August 2011. Only parameter ‘a’, i.e. change in the share market price, was accomplished. As a result, eligible employees acquired the right to subscribe for 18,475 shares at 125.44 PLN per share.

The period of acquiring the rights for the first part of the 2009 programme ended on 30 September 2012. Parameters ‘a’, ‘b’ and ‘d’ were accomplished. As a result, eligible employees acquired the right to subscribe for 68,700 shares at 66.54 PLN per share.

The period of acquiring the rights for the second part of the 2009 programme ended on 30 September 2013. Parameters ‘a’, ‘b’ and ‘d’ were accomplished. As a result, eligible employees acquired the right to subscribe for 68,700 shares at 117.63 PLN per share.

The period of acquiring the rights for the second part of the 2009 programme ended on 30 September 2014. Parameters ‘a’, ‘b’ and ‘d’ were accomplished. As a result, eligible employees acquired the right to subscribe for 68,700 shares at 117.63 PLN per share.

The Group recognises the programme costs proportionally to the period of acquiring rights to options granted to the Company’s employees.

The amounts recognised below increased remuneration costs in the period as well as the Group’s equity.

Costs of the options programme	**2014**	**2013**
Second part of the 2009 programme	0	381
Third part of the 2009 programme	230	481
First part of the 2012 programme	170	158
Second part of the 2012 programme	329	111
Third part of the 2012 programme	285	0
Total options costs in the period	**1 014**	**1 131**

Future costs of share options programmes are as follows:

Future costs of the options programme	**2015**	**2016**	**2017**
First part of the 2012 programme	124	0	0
Second part of the 2012 programme	329	247	0
Third part of the 2013 programme	813	813	542
Total future options costs	**1 266**	**1 060**	**542**

The fair value of employee shares programmes is estimated as of the options granting day based on a binominal model. The table below presents the values assumed for the launch of particular parts of the programme.

Complementary information and explanations (in thousand PLN)

	First part of the 2009 programme	**Second part of the 2009 programme**	**Third part of the 2009 programme**	**First part of the 2012 programme**	**Second part of the 2012 programme**	**Third part of the 2012 programme**
Date of granting options	30 September 2009	30 September 2010	23 September 2011	24 September 2012	24 September 2013	8 September 2014
Expected dividends	12.70 PLN	15 PLN	15 PLN	15 PLN	15 PLN	30 PLN
Assumed volatility index for the underlying instrument	23%	23%	24%	25%	23%	21%
Historical volatility index (%)	47%	35%	35%	35%	32%	31%
Risk-free interest rate (%)	5.75%	5.19%	5.33%	4.30%	3.71%	2.30%
Forecasted period of options validity (in months)	68 months	68 months	68 months	68 months	68 months	68 months
Weighted average share price (PLN)	66.54	117.63	125.57	117.10	117.10	117.10

The forecasted period of options validity is determined on the basis of historical data and does not need to explicitly imply the possible ways of exercising them. The assumed volatility index reflects the assumption that the historical volatility index indicates future trends which, naturally, may actually be completely different.

Upon the measurement of the fair value, no other characteristics concerning the granting of options were taken into consideration.

Tabular compilation of information about managerial options:

31-12-2014	**First part of the 2009 programme**	**Second part of the 2009 programme**	**Third part of the 2009 programme**	**First part of the 2012 programme**	**Second part of the 2012 programme**	**Second part of the 2012 programme**
Number of granted options	91 600	91 600	91 600	61 500	61 500	61 500
Number of options expired due to the failure to comply with the condition of being employed for three years from the programme launch date	0	0	0	0	0	0
Number of options which do not meet non-market parameters: C and D	22 900	22 900	45 800	36 900	36 900	36 900
Number of options assumed for valuation	68 700	68 700	45 800	24 600	24 600	24 600
Programme launch date	30 September 2009	30 September 2010	23 September 2011	24 September 2012	24 September 2013	8 September 2014
Date of acquiring rights to options	30 September 2012	30 September 2013	30 September 2014	30 September 2015	30 September 2016	30 September 2017
Programme termination date	30 September 2015	30 September 2016	30 September 2017	30 September 2018	30 September 2019	30 September 2020
Total programme period	36 months	36 months	36 months	36 months	36 months	36 months
The remaining period to acquire rights	Period ended	Period ended	Period ended	9 months	21 months	33 months
Option exercise price	66.54 PLN per share	117.63 PLN per share	125.57 PLN per share	117.10 PLN per share	117.10 PLN per share	117.10 PLN per share

Complementary information and explanations (in thousand PLN)

23.2. Retirement benefits and jubilee bonuses

	31.12.2014 (audited)	31.12.2013 (audited)
Long-term provision for jubilee bonuses, retirement benefits and death in service benefits	5 799	3 724
TOTAL	**5 799**	**3 724**

The Group pays jubilee bonuses to the employees with a specific seniority. Furthermore, the Group pays to retiring employees retirement benefits in amounts determined pursuant to the collective labour agreement.

As a result, based on the valuation carried out by professional actuaries, the Group establishes a provision for the present value of liability due to retirement benefits, disability benefits and jubilee bonuses.

Jubilee bonuses

In December 2007, Grupa Kęty S.A., Alupol Packaging S.A., Alupol Packaging Kęty, Aluform, Dekret amended the collective labour agreement. Pursuant to the aforementioned change, the companies ceased to pay jubilee bonuses on 1 January 2013.

Metalplast Stolarka sp. z o.o. will have paid jubilee bonuses which depend (in terms of their value) on the years of service until 31.12.2016.

On 1 September 2014, Aluprof S.A. (the Aluminium Systems Segment) decreased the value of paid jubilee bonuses by 50%, and on 1 September 2016, the company will cease to pay jubilee bonuses.

ROMB S.A. (the Building Accessories Segment) ceased to pay jubilee bonuses in 2011.

Retirement benefits and disability benefits

In September 2012, Grupa Kęty S.A., Alupol Packaging S.A., Alupol Packaging Kęty Sp. z o.o., Aluform Sp. z o.o., Dekret Sp. z o.o. amended the collective labour agreement. According to the amendment, the companies ceased to pay retirement and disability benefits pursuant to existing rules. From this moment, retirement and disability benefits will be paid pursuant to the Labour Code in the amount of one-month remuneration.

By the time of the amendment, the benefits were based on the basic remuneration received by a given employee on the day of becoming qualified for a given benefit.

The amount of the benefit depended on the employment periods as well as other periods decisive for the qualification for the benefit. In order to determine the employment periods, the same principles as for jubilee bonuses were applied. The amount of the benefit equalled:

- less than 15 years of employment – the amount of one-month remuneration calculated as a cash equivalent for holiday;
- 15 and more years of employment – as for the jubilee bonuses without the limiting amount.

In 2011, Metalplast Karo Złotów (the Building Accessories Segment) decreased the amounts of retirement and disability benefits to the amounts provided for in the Labour Code.

Basic actuarial estimates as at the balance sheet date

	2014	2013
Discount rate as at 31 December	2.60%	4.50%

Assumptions concerning the increase in future remunerations as at 31 December 2014:

	2015	2016	2017	2017-2022	Other years
Extruded Products Segment	3%	3%	3%	2.5%	2.5%
Flexible Packaging Segment	5%	5%	5%	5%	2.5%
Aluminium Systems Segment	1.2%	1.8%	1.2%	1.4%	2.5%
Building Services Segment	3.1%	5.9%	6.6%	5.6%	2.5%
Building Accessories Segment	3%	3%	4%	4%	2.5%
Other companies	3%	3%	3%	2.5%	2.5%

Complementary information and explanations (in thousand PLN)

Assumptions concerning the increase in future remunerations as at 31 December 2013:

	2014	2015	2016	Other years
Extruded Products Segment	2.5%	3%	2.5%	2.5%
Flexible Packaging Segment	5%	5%	5%	2.5%
Aluminium Systems Segment	2.5%	2.5%	2.5%	2.5%
Building Services Segment	1%	2.5%	2.5%	2.5%
Building Accessories Segment	5%	3%	2.5%	2.5%
Other segments	3%	3%	2.5%	2.5%

The short-term part of the provision for jubilee bonuses and retirement benefits is recognised in other short-term provisions.
The provisions for retirement and disability benefits, and for jubilee bonuses were calculated using an individual method, for each employee separately. The provision was calculated using the present value of the Company's future long-term liabilities due to the retirement and disability benefits. The provision calculated in such a way is discounted according to the actuarial methodology. The actuarial discount is the product of the financial discount and the probability for a given employee to reach the retirement age during the employment in the Company. The aforementioned probability was determined using the Multiple Decrement Model, where the following three risks were taken into account:

- the possibility of dismissal;
- the risk of the total disability to work;
- the risk of death.

The financial discount rate was determined on the basis of market rates of return from Treasury bonds, whose currency and maturity dates are the same as the currency and the estimated maturity of obligations related to employee benefits.

23.3. Actuarial gains/losses

The table below presents the statement of changes in liabilities due to employee benefits by particular items:

2014	Retirement benefits	Disability benefits	Jubilee bonuses	Death in service benefits	Total
2014-01-01	**3 486**	**301**	**1 013**	**151**	**4 951**
Costs of current employment	138	37	54	9	238
Interest costs	138	14	41	7	200
Actuarial losses (gains) charged to other comprehensive income	2 643	5	0	196	2 844
Actuarial losses (gains) charged to net financial result	0	0	(648)	0	(648)
Costs of past employment	94	0	461	0	555
(Payments)	(576)	(68)	(223)	(11)	(878)
2014-12-31	**5 923**	**289**	**698**	**352**	**7 262**
short-term	885	30	532	16	1 463
long-term	5 038	259	166	336	5 799

Complementary information and explanations (in thousand PLN)

2013	Retirement benefits	Disability benefits	Jubilee bonuses	Death in service benefits	Total
2013-01-01	**3 408**	**298**	**1 179**	**358**	**5 243**
Costs of current employment	104	1	92	0	197
Interest costs	150	12	47	0	209
Actuarial losses (gains) charged to other comprehensive income	430	58	0	0	488
Actuarial losses (gains) charged to net financial result	0	0	161	0	161
(Payments)	(606)	(68)	(466)	0	(1 140)
(Reversals)	0	0	0	(207)	(207)
2013-12-31	**3 486**	**301**	**1 013**	**151**	**4 951**
short-term	865	29	333	0	1 227
long-term	2 621	272	680	151	3 724

The table below presents the analysis of the sensitivity of the valuation of the liability to the change of basic actuarial assumptions.

2014	Financial discount rate		Planned increases in the bases	
Change	**-1 p.p.**	**+ 1 p.p.**	**-1 p.p.**	**+ 1 p.p.**
Retirement benefits	808	(636)	(344)	363
Disability benefits	30	(25)	(15)	25
Jubilee bonuses	5	(6)	0	0
Death in service benefits	36	(30)	(30)	21
Total change in provision	**879**	**(697)**	**(389)**	**409**

24. Inventories

	31.12.2014 (audited)	**31.12.2013** (audited)
Materials	124 863	92 112
Work in progress	93 962	62 420
Finished products	84 025	79 119
Trade goods	5 633	5 661
TOTAL	**308 483**	**239 312**

In 2014, the Group created revaluation write-downs for inventories amounting to 5,137 thousand PLN (previous year: 6,869 thousand PLN) and reversed a revaluation write-down for inventories amounting to 5,657 thousand PLN (previous year: 3,421 thousand PLN). The reversal of the write-down resulted from the sale of inventories covered by the write-down:

Revaluation write-downs for inventories are as follows:

Revaluation write-down	**31.12.2014** (audited)	**31.12.2013** (audited)
Materials	7 611	8 110
Work in progress	479	562
Finished products	4 851	3 940
Trade goods	1 445	2 632
Total revaluation write-downs for inventories	**14 386**	**15 244**

Complementary information and explanations (in thousand PLN)

As at 31 December 2014 and 31 December 2013, inventories did not secure loans.

Below, we present the information about the value of inventories recognised as cost at the time of their sale:

	01.01.2014 - 31.12.2014 (audited)	**01.01.2013 - 31.12.2013** (audited)
Value of sold products	1 135 546	978 991
Value of resold materials and goods	95 751	103 653
TOTAL	**1 231 297**	**1 082 644**

25. Long-term receivables

	31.12.2014 (audited)	**31.12.2013** (audited)
Advance payments for the purchase of property, plant and equipment	10 190	6 493
VAT receivables	0	1 634
Building security deposits	5 429	3 244
Lease receivables	1 823	1 086
Total other long-term	**17 442**	**12 457**

Advance payments for property, plant and equipment comprise down payments made for the purchase of property, plant and equipment.

In addition, the Group, through its subsidiaries, operates in other countries.

Pursuant to the law and practice of tax authorities in Ukraine, VAT refunds were not applied. As a result, having regard for the planned current sale, the Group decided to account for a part of VAT receivables as long-term receivables. At the end of the present year, the write-down for VAT amounted to 3,932 thousand PLN (previous year: 5,986 thousand PLN).

As performance bond for construction services for a part of construction contracts, the Company submits security deposits. In the event of any defects that the Company fails to eliminate pursuant to such a bond, the customer may retain the security deposit and use it to repair such defects. Each security deposit has a strictly defined validity period. If no defects occur, the full amount of the security deposit is returned as per the agreement.

Aluprof S.A. is a party to lease agreements under which the company gave passenger cars to be used for a consideration for the period of four years. In its assets, the Group recognises the receivable equal to the total amount of lease fees payable to the Group less unrealised finance income.

Complementary information and explanations (in thousand PLN)

26. Trade and other receivables

	Note	31.12.2014 (audited)	31.12.2013 (audited)
Gross receivables:		**454 615**	**441 534**
Trade receivables		413 876	375 766
Settlements related to transactions hedging the aluminium price		6 136	3 086
Valuation of construction contracts		13 547	38 783
Receivables from employees		164	146
Other		7 353	4 597
Total gross financial receivables (under IFRS 7)		**441 076**	**422 378**
Public law receivables (except for the income tax)		7 065	14 063
Prepayments (trade-related) for suppliers		4 307	3 352
Prepaid expenses		2 167	1 741
Total gross non-financial receivables		**13 539**	**19 156**
Revaluation write-down for financial receivables:		**52 719**	**52 031**
Trade receivables		50 818	50 050
Other		1 901	1 981
Net receivables:		**401 896**	**389 503**
Trade receivables		363 058	325 716
Settlements related to transactions hedging the aluminium price		6 136	3 086
Valuation of construction contracts		13 547	38 783
Receivables from employees		164	146
Other		5 452	2 616
Total net financial receivables (under IFRS 7)	**35(b)**	**388 357**	**370 347**
Public law receivables (except for the income tax)		7 065	14 063
Down payments (trade-related) for suppliers		4 307	3 352
Prepaid expenses		2 167	1 741
Total net non-financial receivables		**13 539**	**19 156**

The conditions of related party transactions are presented in note 34.2 of the complementary information and explanations.

Trade receivables do not bear interest and usually have 30- up to 90-day maturity.

The Group has implemented an appropriate policy related to sales only to verified customers and applies receivables insurance related to export. Consequently, according to the management's opinion, there is no additional credit risk exceeding the level established by the revaluation write-down for uncollectible receivables applicable to the Group's trade receivables.

As at 31 December 2014, trade receivables amounting to 50,818 thousand PLN (50,050 thousand PLN as at 31 December 2013) were deemed uncollectible and, hence, written off.

Changes in the revaluation write-down for trade receivables were as follows:

	Year ended on 31 December 2014	Year ended on 31 December 2013
At the beginning of the period	**50 050**	**45 229**
Increase	11 045	11 172
Utilisation	(10 277)	(6 351)
At the end of the period	**50 818**	**50 050**

Complementary information and explanations (in thousand PLN)

Below, we present the analysis of trade receivables which, as at 31 December 2014 and 31 December 2013, were overdue, but were not deemed impaired:

	Total	Not overdue	Overdue, but not impaired			
			up to 3m	up to 6m	up to 12m	over 12m
31 December 2014	363 058	285 921	72 675	2 249	1 730	483
31 December 2013	325 716	224 404	90 957	6 078	590	3 687

Overdue receivables not covered by revaluation write-downs are insured or subject to other securities. As a result, the Group expects that they will be paid. In the Group's opinion, the credit quality of the receivables which are overdue but not covered by revaluation write-downs described above is good.

27. Cash and cash equivalents

Cash at bank bears interest at variable interest rates; the level of such rates depends on the interest rate of one-day bank term deposits. Short-term term deposits are made for periods of various length from one day to one month depending on the Group's current demand for cash, and bear interest at applicable interest rates.

Fair value of cash and cash equivalents is presented in the table below.

	31.12.2014 (audited)	**31.12.2013** (audited)
Bank deposits (current accounts) and short-term deposits	64 817	53 013
Cash in hand	115	112
Other cash	1 498	21 996
Cash recognised in the balance sheet	**66 430**	**75 121**

As at 31 December 2014, the Group had unused granted credit funds amounting to 180,842 thousand PLN with regard to which all conditions precedent had been complied with (142,805 thousand PLN as at 31 December 2013).

28. Share capital and reserve capitals

28.1. Share capital

	31.12.2014 (audited)	**31.12.2013** (audited)
Share capital, including:	**67 352**	**67 138**
Value registered in the National Court Register	23 452	23 238
Revaluation in accordance with IAS 29	43 900	43 900
The number of shares registered in the National Court Register	*9 380 788*	*9 295 413*

Nominal value of shares

All issued shares have the nominal value of 2.50 PLN and were fully paid up. Due to the requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies*, the Company's share capital was subject to revaluation as of the day of the first application of the IFRS. The increase in the share capital due to the revaluation as of the balance sheet date amounted to 43,900 thousand PLN.

On 15 February 2005, the court registered the decrease in the Company's share capital through the redemption of 1,575,117 shares with the value at cost of 71,108 thousand PLN acquired by the Company with the purpose of redeeming them by way of a public notice in 2002. The redemption took place by decreasing the share capital by 13,965 thousand PLN, share premium by 43,453 thousand PLN and retained earnings by 13,690 thousand PLN.

On 30 May 2005, the court registered the increase in the Company's share capital through the issue of 300,000 series D shares taken up by eligible persons in August 2004 under the Company's incentive programme initiated in 2003.

After these changes, the nominal value of the registered share capital amounted to 23,064 thousand PLN. Share capital is divided into 9,225,663 shares with the nominal value of 2.50 PLN each.

Complementary information and explanations (in thousand PLN)

During 2014, the National Court Register registered the increase in the capital from the subscription of 68,700 series F employee shares and 16,675 series E employee shares.

During 2013, the National Court Register registered the increase in the capital from the subscription of 68,700 series F employee shares and 1,050 series E employee shares.

The Company's shareholders are entitled to dividend in the declared amount, if such amount is declared. One ordinary share entitles its holder to one vote at the Company's General Meeting of Shareholders.

Rights of shareholders

All shareholders have equal rights and there are no preference shares.

28.2. Share premium

	31.12.2014 (audited)	31.12.2013 (audited)
Share premium value	14 512	4 563
Share premium value	**14 512**	**4 563**

During 2014, 65,375 shares with the nominal value of 214 thousand PLN and with the issue value of 10,162 thousand PLN were registered in the National Court Register.

During 2013, 69,750 shares with the nominal value of 174 thousand PLN and with the issue value of 4,737 thousand PLN were registered in the National Court Register.

28.3. Non-registered capital from the issue of shares

	31.12.2014 (audited)	31.12.2013 (audited)
Value of non-registered shares at issue price	1 601	3 479
Value of non-registered shares at issue price	**1 601**	**3 479**

As at 31.12.2014, eligible persons subscribed for 12,750 shares with the nominal value of 32 thousand PLN and at the issue price of 1,601 thousand PLN. The said shares were not registered by the National Court Register.

28.4. Capital from the valuation of property, plant and equipment

	31.12.2014 (audited)	31.12.2013 (audited)
Fair value of property, plant and equipment	3 919	4 177
Deferred income tax liability	(745)	(795)
Capital from the valuation of property, plant and equipment at period end	**3 174**	**3 382**

In 2011, the Group changed the valuation model for non-current assets from the group of energy-related assets to the revaluation at fair value model. Note 16 contains more information about this.

28.5. Capital from valuation of share based payments

The Group has implemented programmes of granting share options under which certain members of the management staff and of top management were granted options to subscribe for the Company's shares (more information about the programme of managerial options can be found in note 23.1 of the complementary information and explanations).

	31.12.2014 (audited)	31.12.2013 (audited)
Capital at the beginning of the period	10 230	9 099
Costs of the period	1 014	1 131
Capital from valuation of share based payments at period end	**11 244**	**10 230**

Complementary information and explanations (in thousand PLN)

The capital reflects the fair value of the options granted to the Group's employees, proportionally to the period of acquiring rights, according to the valuation as at the programme launch date.

28.6. Capital from the valuation of hedging instruments

	31.12.2014 (audited)	**31.12.2013** (audited)
Futures hedging cash flows due to the purchase of aluminium	(1 297)	(1 753)
Forwards hedging cash flows due to exchange rate changes	711	985
Deferred tax	111	145
Capital from the valuation of hedging instruments at period end	**(475)**	**(623)**

28.7. Result from cash flow hedging transactions

The Group applies hedge accounting to transactions hedging future cash flows due to the purchase of aluminium. The result on such transactions constitutes a separate item of equity as long as the item being hedged influences the result.

The related capital is presented below:

	31.12.2014 (audited)	**31.12.2013** (audited)
Result on futures hedging cash flows	772	(835)
Result on forwards hedging cash flows due to exchange rate changes	666	0
Result from cash flow hedging transactions at period end	**1 438**	**(835)**

28.8. Retained earnings

	31.12.2014 (audited)	**31.12.2013** (audited)
Profit from previous years	964 055	904 782
Transfer from the capital from the revaluation due to the depreciation of assets measured at fair value	1 126	918
Net actuarial gains (losses)	(2 304)	(395)
Net profit attributable to the parent's shareholders for the period	169 031	153 483
Retained earnings at period end	**1 131 908**	**1 058 788**

28.9. Cumulative translation adjustment

Reserve capital from currency translation differences

The balance of the reserve capital from currency translation differences is adjusted having regard for currency translation differences resulting from the translation of financial statements of foreign subsidiaries.

	31.12.2014 (audited)	**31.12.2013** (audited)
Cumulative translation adjustment	(27 522)	(20 744)

29. Liabilities related to loans and credits, and other long-term liabilities

29.1. Interest bearing bank loans and credits and liabilities due to finance lease

Maturity period	**31.12.2014** (audited)	**31.12.2013** (audited)
Current	211 855	245 394
From 1 to 2 years	13 509	14 662
From 2 to 5 years	9 798	24 651
Total	**235 162**	**284 707**

Complementary information and explanations (in thousand PLN)

2014:

LONG-TERM

Borrower	Lender	Loan currency	Security	31.12.2014
Grupa Kęty S.A.	BNP PARIBAS Bank Polska S.A.	PLN	First capped mortgage on real properties owned by Grupa KĘTY S.A. and APK Sp. z o.o. up to 50 million PLN, including the assignment of rights from insurance policies for the said real properties up to 35 million PLN. Collective mortgage on the Company's real properties up to 36 million PLN. The assignment of rights from the insurance policy for the said real property amounting to 36 million PLN.	20 904
Alupol Packaging S.A.	Bank PEKAO S.A.	PLN	Mortgage on real properties up to 13,660 thousand PLN, including the assignment of rights from the insurance policy for the said real property.	2 306
	Long-term loans			**23 210**
Aluprof Romania	Liabilities due to finance lease	RON		97
	Total lease			**97**
			TOTAL	**23 307**

SHORT-TERM

Borrower	Lender	Loan currency	Security	31.12.2014
Grupa Kęty S.A.	Bank PKO BP	PLN, EUR, USD	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	1 682
Grupa Kęty S.A.	BNP PARIBAS Bank Polska S.A.	PLN	Short-term part of long-term loans – the same securities as in the case of the long-term loan. Blank promissory note and statement on the submission to bank execution.	18 553
Grupa Kęty S.A.	ING Bank Polska	EUR, PLN	Statement on the submission to bank execution	9
Grupa Kęty S.A.	Bank PeKaO S.A.	EUR, USD, CHF	An authorisation to use accounts plus the statement on the submission to bank execution.	71 645
Grupa Kęty S.A.	Bank Societe Generale	EUR	Blank promissory note	15 768
Alupol Packaging S.A.	Bank PKO BP	PLN, EUR	Mortgage on real properties up to 13,660 thousand PLN. Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	6 380
Alupol Packaging S.A.	BNP Paribas	PLN	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	5 117
Alupol Packaging S.A.	PEKAO S.A.	PLN, EUR, USD	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	3 748
Alupol Packaging Kęty sp. z o.o.	Bank PKO BP	PLN, EUR, USD	Joint and several liability of the companies of the Capital Group.	4 206
Aluprof S.A.	PEKAO S.A.	PLN, EUR, USD	Establishing mortgage on real properties used by the Company under the right of perpetual usufruct. The statement on the submission to execution and an authorisation to use bank accounts.	27 267
Aluprof S.A.	Societe Generale S.A.	GBP, USD, EUR	Blank promissory note	1 456
Aluprof S.A.	BNP Paribas	PLN, EUR	Blank promissory note	499
Aluprof S.A.	BPH S.A.	EUR	Authorization for current accounts	7 619
Metalplast Stolarka Sp. z o.o.	Bank PEKAO S.A.	PLN, EUR, USD	The statement on the submission to execution and an authorisation to use bank accounts.	12 659

Complementary information and explanations (in thousand PLN)

Metalplast Stolarka Sp. z o.o.	BNP Paribas	PLN	The statement on the submission to execution and a blank promissory note.	9 816
Metalplast Stolarka Sp. z o.o.	ING Bank Polska	PLN, USD	The statement on the submission to execution and an authorisation to use bank accounts.	21 393
Alu Trans System Sp. z o.o.	PKO BP	PLN	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	3 947
	Short-term loans			**211 764**
Aluprof Romania, Marius Hansen Facader A/S	Liabilities due to finance lease	CZK, DKK		91
	Total lease			**91**
			TOTAL	**211 855**

2013

LONG-TERM

Borrower	Lender	Loan currency	Security	31.12.2013
Grupa Kęty S.A.	BNP PARIBAS Fortis	PLN	Registered pledge on 60.3% of shares of Aluprof S.A., first capped mortgage on real properties up to 50 million PLN, surety under the civil law granted by Alupol Packaging Kęty Sp. z o.o. up to 50 million PLN, surety under the civil law granted by Aluprof S.A. up to 25 million PLN. Mortgage on the Company's real property with the book value of 12,028 thousand PLN. The assignment of rights from the insurance policy for the said real property amounting to 35 million PLN and the borrower's statement on the submission to bank execution.	20 809
Alupol Packaging S.A.	Bank PEKAO S.A.	PLN	Mortgage on real properties up to 13,660 thousand PLN.	8 414
Aluprof Bielsko S.A.	Bank PEKAO S.A.	PLN	Establishing mortgage on real properties used by the Company under the right of perpetual usufruct.	10 000
	Long-term loans			**39 223**
Aluprof Romania	Liabilities due to finance lease	RON		90
	Total lease			**90**
			TOTAL	**39 313**

SHORT-TERM

Borrower	Lender	Loan currency	Security	31.12.2013
Grupa Kęty S.A.	Bank PKO BP	PLN, EUR, USD	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	24 105
Grupa Kęty S.A.	BNP Paribas Polska	PLN	Short-term part of long-term loans – the same securities as in the case of the long-term loan. Blank promissory note and statement on the submission to bank execution.	11 890
Grupa Kęty S.A.	ING Bank Polska	EUR, PLN	Statement on the submission to bank execution	2
Grupa Kęty S.A.	Bank PeKaO S.A.	EUR, USD, CHF	An authorisation to use accounts plus the statement on the submission to bank execution.	51 453

Complementary information and explanations (in thousand PLN)

Grupa Kęty S.A.	Bank Societe Generale	EUR	Blank promissory note	14 400
Alupol Packaging S.A.	Bank PKO BP	PLN, EUR	Mortgage on real properties up to 13,660 thousand PLN. Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	32 746
Alupol Packaging S.A.	BNP Paribas	PLN	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	19 978
Alupol Packaging S.A.	PEKAO S.A.	PLN, EUR, USD	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	880
Aluprof S.A.	PEKAO S.A.	PLN, EUR, USD	Establishing mortgage on real properties used by the Company under the right of perpetual usufruct. The statement on the submission to execution and an authorisation to use bank accounts.	17 566
Aluprof S.A.	Societe Generale S.A.	GBP, USD, EUR	Blank promissory note	2 949
Aluprof S.A.	BNP Paribas	PLN, EUR	Blank promissory note	9
Metalplast Stolarka Sp. z o.o.	Bank PEKAO S.A.	PLN, EUR, USD	The statement on the submission to execution and an authorisation to use bank accounts.	9 492
Metalplast Stolarka Sp. z o.o.	BNP Paribas	PLN	The statement on the submission to execution and a blank promissory note.	9 955
Metalplast Stolarka Sp. z o.o.	ING Bank Polska	PLN, USD	The statement on the submission to execution and an authorisation to use bank accounts.	46 100
Alu Trans System Sp. z o.o.	PKO BP	PLN	Joint and several liability of the following companies: Grupa KĘTY S.A., Alupol Sp. z o.o., Aluprof S.A., Aluform Sp. z o.o., Alu Trans System Sp. z o.o. up to 195,000 thousand PLN.	3 847
	Short-term loans			**245 372**
Aluprof Czechy, Aluprof Romania	Liabilities due to finance lease	CZK, RON		22
	Total lease			**22**
			TOTAL	**245 394**

All the Group's loans bear interest at variable interest rates determined on market terms on the basis of WIBOR/EURIBOR/LIBOR rates plus the bank's margin.

30. Provisions and accruals

	31.12.2014 (audited)	**31.12.2013** (audited)
Long-term provisions	**760**	**834**
warranty repairs	760	834
Short-term provisions:	**1 512**	**1 224**
provision for jubilee bonuses and retirement benefits	1 462	1 224
warranty repairs	50	0
Short-term accruals:	**21 332**	**18 360**
provision for the costs of unused holiday	5 002	3 699
costs of annual bonus	12 020	8 871
costs of environmental protection and land reclamation	344	707
costs of damages	2 560	2 560
for incurred costs	10	256
for costs of auditing financial statements	206	210
other items	1 190	2 057

Complementary information and explanations (in thousand PLN)

30.1. Changes in provisions and accruals

	As at 01.01.2014	Increases	Utilisation	Currency translation differences	As at 31.12.2014
Long-term provisions	**834**	**526**	**(600)**	**0**	**760**
warranty repairs	834	526	(600)	0	760
Short-term provisions	**1 224**	**822**	**(534)**	**0**	**1 512**
provision for jubilee bonuses and retirement benefits	1 224	772	(534)	0	1 462
warranty repairs	0	50	0	0	50
Short-term accruals:	**18 360**	**18 502**	**(15 403)**	**(127)**	**21 332**
provision for the costs of unused holiday	3 699	4 780	(3 477)	0	5 002
costs of annual bonus	8 871	11 948	(8 807)	8	12 020
environmental protection costs	707	344	(707)	0	344
costs of damages	2 560	0	0	0	2 560
for incurred costs	256	10	(256)	0	10
for costs of auditing financial statements	210	206	(210)	0	206
other items	2 057	1 214	(1 946)	(135)	1 190

	As at 01.01.2013	Increases	Utilisation	Currency translation differences	As at 31.12.2013
Long-term provisions	**1 092**	**600**	**(858)**	**0**	**834**
warranty repairs	832	600	(598)	0	834
other	260	0	(260)		0
Short-term provisions	**1 362**	**745**	**(883)**	**0**	**1 224**
provision for jubilee bonuses and retirement benefits	1 362	745	(883)	0	1 224
Short-term accruals:	**13 818**	**16 019**	**(11 472)**	**(5)**	**18 360**
provision for the costs of unused holiday	2 730	3 561	(2 592)	0	3 699
costs of annual bonus	7 917	8 870	(7 911)	(5)	8 871
environmental protection costs	0	15	0	0	15
cogeneration costs	0	692	0	0	692
costs of damages	0	2 560	0	0	2 560
for incurred costs	1 006	0	(750)	0	256
for costs of auditing financial statements	219	210	(219)	0	210
other items	1 946	111	0	0	2 057

31. Trade and other liabilities

31.1. Long-term liabilities

As a performance bond for construction services for a part of construction contracts, the Company submits security deposits. In the event of any defects that the supplier fails to eliminate pursuant to a bond, the Group may retain the security deposit and use it to repair such defects.

	31.12.2014 (audited)	**31.12.2013** (audited)
Building security deposits	1 981	1 390

Complementary information and explanations (in thousand PLN)

31.2. Short-term trade and other liabilities

	Note	31.12.2014 (audited)	31.12.2013 (audited)
Short-term liabilities:		**237 653**	**185 173**
Trade liabilities towards non-related parties		175 158	138 317
Liabilities due to the purchase of property, plant and equipment		20 924	8 919
Total financial liabilities (under IFRS 7)	**35(b)**	**196 082**	**147 236**
Public law liabilities (except for the income tax liabilities)		21 466	20 836
Prepayments (trade-related) from customers		4 968	5 863
Remuneration liabilities		10 345	8 683
Other liabilities		4 792	2 555
Total non-financial liabilities		**41 571**	**37 937**

Principles and conditions of the payment of the aforementioned financial liabilities:

The conditions of related party transactions are presented in note 34.2 of the complementary information and explanations. Trade liabilities do not bear interest and are usually settled within 30-60 days. Other liabilities do not bear interest and their average payment period is one month.
The said liabilities are not secured with the Company's assets.

32. Deferred income

	31.12.2014 (audited)	31.12.2013 (audited)
Long-term subsidies	38 897	40 352
Total long-term subsidies	**38 897**	**40 352**
Short-term subsidies	2 092	2 728
Total short-term subsidies	**2 092**	**2 728**

The majority of received subsidies are related to the projects co-financed under assistance programmes of the European Union and to the co-financing of development costs.
The Group is carrying out three large projects co-financed from the EU's funds related to the purchase and construction of property, plant and equipment:

The first project is related to the co-financing under the measure: "4.5 Support for investment of considerable importance to the economy in Priority Axis 4 'Investments in innovative undertakings' under Operational Programme Innovative Economy". The project is to be implemented in the period: 2009-2011.
Eligible costs: 12,900,000 PLN, where 50% is subsidised. Under this programme, by the end of December 2014, the Group received subsidies amounting to 6,389 thousand PLN (31.12.2013: 6,389 thousand PLN).
In addition, the Group is obliged to carry out business activities defined by it in the application until 31.12.2016.
The project aimed at the establishment in the Group of its own Research and Development Centre. The project resulted in the launch of formalised and centralised R&D activities in the Company. The new Research and Development Centre also affects the current operations of the Group mainly through the optimisation of conducted R&D processes and the diversification of the production.
The main measurables for the project are as follows:
The value of purchased new property, plant and equipment/intangible assets used to implement the project = 12,900,000.00
The number of purchased new property, plant and equipment/intangible assets used to implement the project = 21
The number of implemented technologies
The number of new jobs
The number of new products
The number of new services
The number of new products and produced technologies introduced to the market

The implementation of organisational or marketing innovation
The establishment of proprietary R&D department
The number of new R&D projects carried out by the beneficiary
The number of enterprises from the SME sector cooperating with the Applicant
The number of employees with higher education among new employees
The number of hired graduates from schools of higher education
The number of subcontractors selected using environmental criteria
As at the balance sheet date, the Group met all conditions for the subsidy. The Group must meet the said conditions on average for 5 years from the date of project completion.

The second project is related to the co-financing under the measure: "4.4 New investments of high innovation potential in Priority Axis 4 'Investments in innovative undertakings' under Operational Programme Innovative Economy". The project is to be implemented in the period: 2009-2011.
Eligible costs: 69,609,000 PLN, where 50% is subsidised. Under this programme, by the end of December 2014, the Group received subsidies amounting to 33,942 thousand PLN (31.12.2013: 33,942 thousand PLN).
In addition, the Group is obliged to carry out business activities defined by it in the application until 31.12.2017.
The project was related to the purchase, assembly and launch of an innovative aluminium profiles production line.
The project comprised the construction of a production hall and the purchase of an innovative production line along with associated devices.
The main measurables for the project are as follows:
An innovative aluminium profiles production line = 1
A set of devices accompanying the innovative aluminium profiles production line = 1
Production hall = 1
The number of new jobs
The number of new products
The implementation of organisational or marketing innovation
The establishment of proprietary R&D department or the establishment of permanent cooperation with an R&D unit
The value of export revenue generated solely from the sale of products (goods and services) resulting from the project
An increase in revenue resulting from the implementation of the project
An increase in output
As at the balance sheet date, the Group met all conditions for the subsidy. The Group must meet the said conditions on average for 5 years from the date of project completion.

The third project is related to the co-financing for the Aluminium Systems Segment under the measure: *"4.4 New investments of high innovation potential in Priority Axis: 'Investments in innovative undertakings' under Operational Programme Innovative Economy."* The project is to be implemented in the period: 2007-2013. Eligible costs: 15,049 thousand PLN, where 50% is subsidised. Under this programme, by the end of December 2014, the Group received subsidies amounting to 6,085 thousand PLN (31.12.2013: 6,085 thousand PLN).
Under the EU's Operational Programme Innovative Economy 2007-2013, the Group established a new production and storage hall along with an office and amenity building in the plant in Opole, and launched a manufacturing process based on innovative concepts.
Owing to the purchase and assembly of the innovative production line, the Group is able to manufacture, in a fully automated production process, various types of aluminium boxes, including oval and semi-oval ones.
In addition, the Group is obliged to carry out business activities defined by it in the application until 31.12.2017.
Output indicators:
Production hall
An innovative line for the production of aluminium boxes for roller-blinds
A set of high-storage racks
A set of devices accompanying the innovative line for the production of aluminium boxes for roller-blinds
Staff facilities for employees operating production lines
The assembly of solar collectors
Result indicators:
The number of new jobs = 9 in total, including 2 jobs for women with one of them in the R&D department
The number of new products = 3

Complementary information and explanations (in thousand PLN)

The implementation of organisational or marketing innovation
The establishment of permanent cooperation with an R&D unit
An increase in revenue resulting from the implementation of the project
Percentage increase in revenue from the export of trade goods resulting from the implementation of the project = 21.02%
An increase in output = 4.46%
Annual reduction of the demand for conventional heat energy = 6,214 kWh p.a.
Reduced CO_2 emissions to air = 1,864 kg p.a.

As at the balance sheet date, the Group met all conditions for the subsidy. The Group must meet the said conditions on average for 5 years from the date of project completion.

33. Contingent liabilities

Item	31.12.2014	31.12.2013
Bank guarantee for LC Corp Sky Tower concerning the proper performance of the contract*	3 593	3 593
Building bank guarantees granted by Metalplast Stolarka sp. z o.o.**	33 760	43 899
Total granted guarantees	**37 353**	**47 492**

* The Group executes construction works in Sky Tower skyscraper in Wrocław. The guarantee expires on 31.01.2015.

**Building guarantees are related to the proper implementation of construction services contracts, and validity dates depend on the terms and conditions of particular contracts.

Apart from aforementioned liabilities, there are no other contingent liabilities.

33.1. Tax accounts

Tax accounts as well as other areas of activity subject to the applicable regulations (e.g. customs and exchange issues) can be controlled by administrative authorities entitled to impose high penalties. The lack of reference to well-established legal regulations in Poland and Ukraine, where the Group has significant assets, results in inconsistencies and inaccuracies in the regulations in force. Differences in opinions with regard to the interpretation of tax regulations both in tax authorities and between individual governmental bodies and enterprises cause uncertainty and conflicts. As a result, the tax risk in Poland and Ukraine is much higher than usual tax risk in the countries where tax systems are more developed.

Tax accounts may be subject to audits in the period until the date when such tax accounts are lapsed according to tax regulations (5 years in Poland) starting from the end of the year in which a given tax was paid. As a result of the control procedures, the Group's current tax settlements may be increased with additional tax liabilities. According to the Group, as of 31 December 2014, there was no risk justifying the creation of provisions for tax settlements.

Complementary information and explanations (in thousand PLN)

34. Shareholding structure and related party transactions

34.1. Shareholding structure

The shareholding structure of Grupa Kęty S.A. is as follows:

Entity	Number of shares 31-12-2014	Interest in capital	Number of shares 31-12-2013	Interest in capital
Aviva OFE Aviva BZ WBK	1 691 276	18.00%	1 691 276	18.14%
ING OFE	1 610 534	17.15%	1 610 534	17.27%
OFE PZU "Złota Jesień"	921 000	9.80%	921 000	9.88%
PTE Allianz Polska	499 748	5.32%	-	-
OFE Bankowy PKO BP	-	-	586 929	6.30%
Others	4 670 980	49.73%	4 513 749	48.41%
Total	**9 393 538**	**100%**	**9 323 488**	**100%**

The number of shares as at 31.12.2014 comprises 12,750 shares subscribed for by eligible persons in December 2014 and admitted to trade at the stock exchange by the National Depository for Securities (KDPW) in January 2015.

34.2. Conditions of related party transactions

All related party transactions are concluded at market prices.

Apart from the transactions described in note 34, the Group did not carry out any other related party transactions.

34.3. Other transactions with members of the Management Board

The Group did not conduct any transactions with the members of the Management Board apart from those specified in notes 34.4 and 34.5.

34.4. Remuneration of the Group's top management

Management Board of the parent company:	2014	2013
Costs of short-term employee benefits	1 568	1 440
Costs of the provision for annual bonuses and other benefits	2 757	2 700
Total costs of remunerations of the members of the Management Board	**4 325**	**4 140**
The valuation of the costs of options for treasury shares due when the programme is implemented*	450	433
Total payments to the members of the Management Board	**4 775**	**4 573**

* The details of the programme are described in note 23.1. If the market conditions for the allocation of options are not fulfilled, despite the recognition of the costs of the programme, eligible persons will not acquire the right to subscribe for shares.

In addition, there are no agreements between the parent company and managing persons which provide for a compensation in the case of their resignation or dismissal from their positions with no important reason or where their dismissal is related to the Issuer's merger by acquisition, except for the conditions included in the term of notice and conditions included in non-competition agreements.

By top management, the Group means management boards of subsidiaries and proxies of the parent company.
Remunerations and benefits under the options programme due to the members of the Management Board, top management and members of the Company's Supervisory Board are as follows:

Complementary information and explanations (in thousand PLN)

	12 months of 2014	**12 months of 2013**
Management Board of the parent company*	4 775	4 573
Top management*	8 106	7 769
Supervisory Board	551	536
TOTAL	**13 432**	**12 878**

* The presented remunerations cover the costs of provisions for annual bonuses for the management staff and share options costs recognised in the income statement. The details of the share options programme are described in note 23.1. Pursuant to the principles of the programme and IFRS 2, the costs of share options constitute the valuation of the options programme as at the date of its launch. The costs of options are recognised in the income statement on a straight line basis throughout the validity period of the programme, i.e. 36 months. According to IFRS 2, the costs presented in such a way constitute the cost of remunerations for the Company, but do not reflect the value of possible benefits that employees may obtain in the future on this account. Employees' possible benefits depend on the level of share prices in the future as compared to the acquisition price resulting from the conditions for particular parts of the options programme.

In addition, there are no agreements between Grupa KĘTY S.A. and managing persons which provide for a compensation in the case of their resignation or dismissal from their positions with no important reason or where their dismissal is related to the Issuer's merger by acquisition, except for the conditions included in the term of notice and conditions included in non-competition agreements.

34.5. Participation of the top management in the employee shares programme

As described in details in note 23.1, the Company has implemented an options programme for the management staff.

Under the programme, the members of the Management Board hold options entitling them to purchase 30,450 shares from the first part of the 2009 programme, to purchase 30,450 shares from the second part of the 2009 programme, and options to purchase 30,450 shares from the third part of the 2009 programme (fulfilled conditions 'a', 'b' and 'd'). By the end of 2014, the members of the Management Board subscribed for shares from the first and the second part of the 2009 programme.

In addition, after meeting the programme conditions, the members of the Management Board will acquire the right, according to the terms and conditions of the programme, to purchase up to 27,280 options from the first part and up to 27,280 shares from the second part of the 2012 programme as well as up to 28,000 shares from the third part of the 2012 programme. The costs of benefits related to share options granted to the members of the Management Board recognised in the income statement for 12 months of 2014 amounted to 450 thousand PLN (504 thousand PLN for 12 months of 2013).

The options for the shares of Grupa Kęty S.A. were granted to members of the top management. The costs of options for the top management charged to the result amounted in 12 months of 2014 to 564 thousand PLN (634 thousand PLN in 12 months of 2013).

35. Objectives and principles of financial risk management

Basic risks which may affect the Group's financial result include: the risk of changes of the prices of basic raw materials, interest rate risk, currency risk, credit risk and extraordinary events risk. The Management Board verifies and agrees on the principles of the management of each of the aforementioned risks and these principles are briefly discussed below. The Group also monitors the risk of market prices applicable to all financial instruments managed by it. The Group's accounting principles related to derivative instruments are discussed in note 10.12 of complementary information and explanations.

The basic objectives of the company's financial risk management process are as follows:

- ensuring financial liquidity;
- limiting the direct impact of interest rates, exchange rates and the primary aluminium prices on the company's results;
- limiting the negative impact of extraordinary events.

(a) Sensitivity analysis

Complementary information and explanations (in thousand PLN)

By managing interest rate risk and currency risk, the Group aims to reduce the impact of short-term fluctuations on the Group's profits. However, persisting changes of exchange rates and interest rates will have an impact on the Group's profits.

The tables below present the estimates of the Company's risks related to changes in interest rates and exchange rates of the main currencies.

For items affecting the income statement

Risk	Change	Change of gross profit – 2014	Change of gross profit – 2013
Increase in interest rates	1%	2 352	2 953
Increase in EUR/PLN exchange rate	5%	818	1 290
Increase in USD/PLN exchange rate	5%	(1 661)	(98)
Increase in USD/UHR exchange rate	10%	(2 452)	(2 056)

For items affecting equity

Risk	Change	31.12.2014	31.12.2013
Increase in EUR/PLN exchange rate for hedging instruments	5%	(4 778)	(4 611)
Increase in USD/PLN exchange rate for hedging instruments	5%	380	1 361
Increase in aluminium price for hedging instruments	5%	80	94

(b) Fair values

Below, we present the detailed information concerning fair values of financial instruments that can be estimated:

- Cash and cash equivalents, short-term bank term deposits and short-term bank loans. The fair value of the said instruments is close to their carrying amounts due to their short maturity.
- Trade receivables, other receivables, trade liabilities and other liabilities. The fair value of the said instruments is close to their carrying amounts due to their short-term nature.
- Long-term interest-bearing bank loans, bank credits and lease. The fair value of the said instruments is close to their carrying amounts due to the fluctuating nature of their interest rates as well as the market level.

Financial assets	Under IAS 39	31 December 2014	31 December 2013
Financial receivables	LR	388 357	370 347
Hedging instruments *		1 930	2 035
Cash	LR	66 430	75 121

Financial liabilities	Under IAS 39	31 December 2014	31 December 2013
Financial liabilities	OFLatAC	196 082	147 236
Hedging instruments *		2 523	2 700
Finance lease and bank loans	OFLatAC	235 162	284 707

* Derivative hedging instruments which meet the requirements of hedge accounting.

Abbreviations:

HtMI – Held-to-maturity investments
LR – Granted loans and receivables
OFLatAC – Other financial liabilities at amortised cost

Fair values of all financial assets and liabilities presented above are close to their carrying amounts.

Complementary information and explanations (in thousand PLN)

35.1. Risk related to changes in the prices of basic raw materials

35.1.1 Aluminium, aluminium scrap and aluminium film

Primary aluminium, ingots, aluminium scrap and aluminium film are the basic raw materials used by the Group. Primary aluminium is mainly purchased on the basis of annual contracts and the price is determined on a monthly basis individually for each delivery. Prices of aluminium scrap purchased on the market are not based on the price formulas directly related to the aluminium quotations at the London Metal Exchange; however, there is a significant correlation of the scrap prices with movements of metals at the London Metal Exchange. Aluminium film is purchased mainly on the basis of contracts and the price is determined individually for each delivery.
The risk of changes in the prices of basic raw materials is mitigated by futures for the purchase of aluminium. The information about the hedging of aluminium price can be found in note 36.1.1.

35.1.2 Plastics (polyethylene, polyester, polypropylene)

Plastics constitute one of the basic raw materials of the Flexible Packaging Segment within the Group. These raw materials are primarily purchased based on SPOT type orders at the fixed price from the suppliers from the list of qualified suppliers. There are no price formulas based on the stock exchange quotations of a given raw material. However, it does not mean the maintenance of constant prices for longer periods of time (exceeding the order period), as the suppliers respond to changes of the raw materials prices at the stock exchange as well as changes in the competitive environment by increasing the prices in the event of the increase in the raw materials prices or a significant increase in demand for a given product. Hence, also in this area, the Group faces the risk of changes of prices which is beyond its control.

35.1.3 Paper

Paper is another group of raw materials (several types of paper are purchased) important for the Flexible Packaging Segment. Prices of this raw material are regulated analogously to plastics, which means a similar exposure to price fluctuations.

35.2. Interest rate risk

The Group records a surplus of financial resources or uses borrowings through long- and short-term bank loans. Interest on bank term deposits and loans is variable and depends on interest rates applicable on the interbank market such as WIBOR (for loans in PLN), LIBOR and EURIBOR (for foreign currency loans). As a result, the company faces the risk of interest rates fluctuations, which may result in the decrease in the rate of return from financial term deposits or an increase in costs of borrowed loans.

Variable interest	**Maturity periods**		
31-12-2014	< year	1-2 years	2-3 years
Cash	66 430	0	0
Bank loans in PLN	(138 021)	(13 412)	(9 798)
Lease and bank loans in EUR	(54 659)	0	0
Bank loans in USD	(19 084)	0	0
Bank loans in GBP	0	0	0
Other loans in RON, DKK	(91)	(97)	0

Variable interest	**Maturity periods**		
31-12-2013	< year	1-2 years	2-3 years
Cash	75 121	0	0
Bank loans in PLN	(203 858)	(24 572)	(14 651)
Lease and bank loans in EUR	(35 909)	0	0
Bank loans in USD	(5 605)	0	0
Bank loans in GBP	0	0	0
Other loans in CZK, RON	(22)	(90)	0

Complementary information and explanations (in thousand PLN)

35.3. Liquidity risk

The Group monitors the risk of the lack of funds using the periodical liquidity planning tool. The tool takes into account maturity dates both for investments and financial assets (e.g. accounts of receivables, of other financial assets) and forecasted cash flows from operating activities.

The Group aims to maintain the balance between the continuity and flexibility of financing using various financing sources such as overdraft facilities, bank loans, bonds, preference shares, finance lease agreements and lease agreements with a purchase option.

The table below presents the Group's financial liabilities as at 31 December 2014 and as at 31 December 2013 according to maturity periods on the basis of contractual non-discounted payments.

31-12-2014	**Maturities**				
	On demand	Less than 3 months	From 3 months to 12 months	From 1 to 3 years	More than 3 years
Lease and bank loans	0	57 350	158 805	19 511	4 900
Other financial liabilities	9 745	183 531	2 806	0	0
Off-balance sheet liabilities	0	11 771	6 994	3 697	14 891
Derivative financial instruments	0	553	1 440	0	0
TOTAL	**9 745**	**253 205**	**170 045**	**23 208**	**19 791**

31-12-2013	**Maturities**				
	On demand	Less than 3 months	From 3 months to 12 months	From 1 to 3 years	More than 3 years
Lease and bank loans	0	51 717	199 884	40 492	0
Other financial liabilities	7 891	139 047	239	59	0
Off-balance sheet liabilities	0	8 846	8 427	6 918	23 301
Derivative financial instruments	0	919	3 376	0	0
TOTAL	**7 891**	**200 529**	**211 926**	**47 469**	**23 301**

35.4. Currency risk

The Group records revenue and expenses in three basic currencies (PLN, EUR and USD). Revenue and expenses in other currencies do not exert significant influence on the Group's risk. The balance of revenue and expenses in foreign currencies is positive for EUR and negative for USD, but the EUR surplus exceeds the USD deficit. It results in an exposure to changes in EUR/USD and PLN/EUR relations.

The Group's exposures to the currency risk as at the balance sheet date are presented in the table below:

	31.12.2014		31.12.2013	
	Amount in a foreign currency	**Amount translated to thousand PLN**	**Amount in a foreign currency**	**Amount translated to thousand PLN**
Cash in thousand EUR	8 406	35 830	2 091	8 671
Cash in thousand USD	429	1 504	1 167	3 516
Receivables in thousand EUR	31 067	132 417	25 052	103 895
Receivables in thousand USD	2 768	9 709	4 096	12 336
Lease and bank loans in thousand EUR	(12 824)	(54 659)	(8 808)	(36 530)
Lease and bank loans in thousand USD	(5 442)	(19 085)	(1 861)	(5 605)
Trade and other liabilities in thousand EUR	(22 809)	(97 219)	(11 630)	(48 231)
Trade and other liabilities in thousand USD	(7 230)	(25 356)	(4 055)	(12 213)
Liabilities in thousand UHR denominated in USD	(7 328)	(25 957)	(7 150)	(22 137)
Receivables in thousand UHR denominated in USD	409	1 442	534	1 582
Total exposure to risk - EUR	**3 840**	**16 369**	**6 705**	**27 805**
Total exposure to risk - USD	**(9 475)**	**(33 228)**	**(653)**	**(1 966)**
Total exposure to risk – UHR to USD	**(6 919)**	**(24 515)**	**(6 616)**	**(20 555)**

Information about the hedging of the Company's exchange position is presented in note 36.1.1

The Group, through its subsidiaries, also carries out business activities in Ukraine; as a result, the Group is subject to the risk of the depreciation of Ukrainian hryvnia (UHR) against convertible currencies.

35.5. Trade credit risk

Trade credit

In cooperation with the customers, the companies of the Group apply deferred payment terms with payment periods from several to several dozen days (trade credit). The credit is usually not secured by the borrower in a manner ensuring 100% guarantee of obtaining the funds. Consequently, the Group is exposed to the risk of complete or partial insolvency of a given customer or a significant delay of the liabilities payment.

Sale to reliable, tested customers helps minimise this risk. In addition, the Group insures the trade credit in professional companies providing such types of services. As at the balance sheet date, over 60% of the Group's trade receivables not covered by revaluation write-downs were insured.

There is no customer whose balance of receivables or liabilities would exceed 10% of receivables or liabilities disclosed in the balance sheet.

Cash

The Group cooperates only with the biggest Polish banks and, abroad, with the biggest banks in those foreign countries which are related in equity terms with the banks providing services to the Group in Poland. The banks have a high capital adequacy standing. To minimise the risk of the loss of liquidity, the Group uses the services of a few banks; in addition, the Group monitors the financial positions of the banks providing services to the Group on an ongoing basis.

35.6. Extraordinary events risk

35.6.1 Property damage risk

The Group is in possession of industrial property of considerable value. The property in question in exposed to a number of risks related to extraordinary events such as: fire, deluge, flooding, construction and assembly risk related to projects, etc. The Company's production assets are insured.

35.6.2 Profit loss risk

Not only can extraordinary events decrease the Group's assets, but also, to a considerable extent, its capability to generate profit. Such a situation can occur in the case of excluding the whole or a part of any of the Group's production plants from the production process.

Complementary information and explanations (in thousand PLN)

35.6.3 Risk of damage to third parties

Business activities are associated with the risk of causing damage to third parties. Such a case may occur as a result of direct damage done to the third party during their visit at the production facility which belongs to the Group as well as a result of defective operation of the products manufactured by the Group. Moreover, the shares of Grupa Kęty S.A. are quoted at Warsaw Stock Exchange. Damage caused to the company due to wrong decisions of the Management Board (and consequently, a possible decrease in the share price) may result in the shareholders' claims to remedy the damage or reimburse the profits lost by shareholders.

35.6.4 Geopolitical risk in the countries in which the Group operates

The Group's activities and the Group's main assets are located mainly in Poland. In addition, the Group operates in other countries, including Ukraine. As at the balance sheet date, net assets accounted for in the consolidated financial statements were related to the operations of Alupol Ukraina LLC and they amounted to 17,256 thousand PLN(previous year: 36,278 thousand PLN) and the operations of Aluprof Ukraina, which, as at the balance sheet date, amounted to minus 11,435 thousand PLN (previous year: minus 7,283 thousand PLN).

The unstable political and economic situation in Ukraine results in the exposure of the said assets to the risk exceeding the usual economic risk. The Management Board has been analysing the situation of subsidiaries in Ukraine on an ongoing basis. Any possible future write-downs related to the deteriorating economic situation and potential military actions in Ukraine as events after the reporting period may be deducted from the result for 2015 or further years.

In addition, the Group cooperates with multiple partners from other countries as regards the purchase and sale of trade goods. Increasing geopolitical risk related to the unstable political situation in certain countries may have adverse impact upon the Group by breaking the supply chain for raw materials (mainly aluminium) or due to the loss of some customers. In addition, since 2013, the greater risk of the impairment of assets (receivables) in the case of the areas where political situation is unstable has increased as compared to previous years.

36. Derivative financial instruments

Financial assets	31.12.2014 (audited)	31.12.2013 (audited)
Currency forwards hedging cash flows	1 568	1924
Futures for the purchase of aluminium hedging cash flows	362	111
TOTAL FINANCIAL ASSETS	**1 930**	**2 035**
Financial liabilities	**31.12.2014** (audited)	**31.12.2013** (audited)
Currency forwards hedging cash flows	560	76
Futures for the purchase of aluminium hedging cash flows	1 963	2 624
TOTAL FINANCIAL LIABILITIES	**2 523**	**2 700**

Currency forwards and futures for the purchase of aluminium are measured either on the basis of the stock exchange quotations or, in the case of the lack of stock exchange quotations, by discounting values based on the forward rate resulting from the contract and deduction of the amount in the given currency translated at the current exchange rate.

In the event of the application of the discounted cash flows method, the estimated value of the future cash flows is based on the most reliable estimates of the Management Board, whereas the discount rate is the market interest rate for a similar instrument as of the balance sheet date. In the event of the application of other valuation models, the output data are based on the market data as of the balance sheet date.

36.1. Forwards and futures

The Company applies the principles of hedge accounting to mitigate the adverse impact of the currency risk and of the risk related to aluminium prices. As at the balance sheet date, the Company recognised in equity:

	31.12.2014 (audited)	31.12.2013 (audited)
Open currency forwards	1 008	1 848
Open futures for the purchase of aluminium	(1 601)	(2 513)
Exercised futures for the purchase of aluminium	772	(835)
TOTAL FINANCIAL LIABILITIES	**(80)**	**285**

The aforementioned items will affect the Company's result in 2015.

Complementary information and explanations (in thousand PLN)

36.1.1 Cash flow hedge

As at 31 December 2014, the Group had the following hedging contracts that were subject to hedge accounting principles. The items below were recognised as a component of equity:

Futures for the purchase of aluminium in USD

Exercise date	Fair value	Number of tons	Nominal value	Average USD price
2015-01-21	(36)	500	952	1 903.54
2015-02-18	(52)	1025	1 965	1 917.02
2015-03-18	(71)	1050	2 013	1 917.48
2015-04-15	(47)	900	1 718	1 908.51
2015-05-20	(27)	700	1 360	1 943.26
2015-06-17	(36)	675	1 305	1 932.77
2015-07-15	(36)	500	973	1 945.77
2015-08-19	(25)	250	494	1 974.44
2015-09-16	(25)	250	495	1 978.36
2015-10-21	(38)	300	602	2 008.31
2015-11-18	(44)	350	705	2 014.25
2015-12-16	(17)	150	302	2 011.75
TOTAL	**(454)**	**6 650**	**12 884**	**1 937.29**

Futures for the purchase of aluminium in PLN (after translation)

Exercise date	Fair value	Number of tons	Nominal value in PLN	Average PLN price
2015-01-21	(128)	500	3 338	6 676.11
2015-02-18	(183)	1 025	6 891	6 723.38
2015-03-18	(252)	1 050	7 061	6 724.99
2015-04-15	(165)	900	6 024	6 693.52
2015-05-20	(96)	700	4 771	6 815.38
2015-06-17	(128)	675	4 576	6 778.61
2015-07-15	(127)	500	3 412	6 824.20
2015-08-19	(87)	250	1 731	6 924.74
2015-09-16	(86)	250	1 735	6 938.52
2015-10-21	(134)	300	2 112	7 043.54
2015-11-18	(155)	350	2 472	7 064.38
2015-12-16	(60)	150	1 058	7 055.61
TOTAL	**(1 601)**	**6 650**	**45 181**	**6 794.45**

The Group hedges itself against commodity risk using futures, with the prices of aluminium at the London Metal Exchange as the underlying asset. These futures are standardised and provide for 25 tons of aluminium, whereas they are settled on the third Wednesday of each month.

Currency:

In 2014 and in 2013, the Group, to hedge the currency risk, used only forwards for the purchase/sale of currencies.

As the Group's currency position for EUR is long (which means the dominance of revenue denominated in this currency over expenses), whereas for USD, it is short (which means the dominance of expenses denominated in this currency over revenue), the hedging transactions were aimed at the sale of EUR and the purchase of USD. It took place through the direct sale of EUR for USD, sale of EUR for PLN.

Amounts and settlement dates for the transactions are not standardised and they are subject to individual agreements with a bank. However, the Group adopted a principle that the currency transactions aimed at hedging cash flows in a given month are concluded with the date of delivery on the last working day of a given month and closed (through the conclusion of opposite transactions) in a given month or realised through a delivery.

The table below presents a statement of transactions concluded by the Group.

Sale of EUR for USD

Delivery date	Fair value in '000' PLN	Amount in the underlying currency	Amount in quoted currency	Average exchange rate
2015-01-30	248	555	745	1.3420
2015-02-27	184	455	606	1.3309
2015-03-31	176	495	656	1.3247
2015-04-30	180	455	605	1.3293
2015-05-29	175	455	603	1.3262
2015-06-30	162	455	600	1.3186
2015-07-31	76	375	478	1.2755
2015-08-31	74	375	478	1.2751
2015-09-30	63	375	475	1.2673
2015-10-30	60	375	475	1.2659
2015-11-30	61	375	475	1.2675
2015-12-31	61	375	476	1.2682
TOTAL	**1 520**	**5 120**	**6 672**	**1.3031**

Sale of EUR for PLN

Delivery date	Fair value in '000' PLN	Amount in the underlying currency	Amount in quoted currency	Average exchange rate
2015-01-30	(11)	675	2 880	4.2673
2015-02-27	(19)	675	2 876	4.2601
2015-03-31	(27)	775	3 300	4.2587
2015-04-30	(20)	775	3 312	4.2741
2015-05-29	13	2 775	11 938	4.3018
2015-06-30	19	2 775	11 960	4.3098
2015-07-31	(11)	750	3 226	4.3019
2015-08-31	(362)	5 400	22 955	4.2507
2015-09-30	(11)	750	3 234	4.3117
2015-10-30	(11)	750	3 238	4.3171
2015-11-30	(2)	600	2 599	4.3325
2015-12-31	(2)	600	2 602	4.3374
TOTAL	**(444)**	**17 300**	**74 120**	**4.2844**

Sale of USD for PLN

Delivery date	Fair value in '000' PLN	Amount in the underlying currency	Amount in quoted currency	Average exchange rate
2015-08-31	(11)	83	283	3.4030
2015-10-31	(57)	2 171	7 630	3.5150
TOTAL	**(68)**	**2 254**	**7 913**	**3.5109**

The effectiveness of hedging transactions is monitored on an ongoing basis and there is no non-effective hedging whose result or part of the result should be recognised in the income statement.

Complementary information and explanations (in thousand PLN)

37. Revenue, costs and losses by categories of financial instruments

2014

	Hedging instruments	Own loans and receivables	Financial liabilities carried at amortised cost	**Total financial instruments**
Revaluation write-downs	0	(9 088)	0	**(9 088)**
Interest income (costs)	0	1 291	(6 448)	**(5 157)**
Profit (loss) from currency translation differences	(21)	1 778	(18 433)	**(16 676)**
Profit (loss) from hedging financial instruments	870	0	0	**870**
Total profit (loss)	**849**	**(6 019)**	**(24 881)**	**(30 051)**

2013

	Hedging instruments	Own loans and receivables	Financial liabilities carried at amortised cost	**Total financial instruments**
Revaluation write-downs	0	(5 930)	0	**(5 930)**
Interest income (costs)	0	1 815	(9 066)	**(7 251)**
Profit (loss) from currency translation differences	13	371	(2 843)	**(2 459)**
Profit (loss) from hedging financial instruments	(5 153)	0	0	**(5 153)**
Total profit (loss)	**(5 140)**	**(3 744)**	**(11 909)**	**(20 793)**

38. Capital management

The main aim of the Group's capital management process is to retain good credit rating and safe equity ratios which would support the Group's operating activities and increase shareholder value.

The Group manages the capital structure and, as a result of changes in economic conditions, amends it. To retain or adjust the capital structure, the Group may change the payment of dividend to shareholders, return the capital to shareholders or issue new shares. In the financial period ended on 31 December 2014 and 31 December 2013, no changes were introduced to objectives, principles and processes in this area.

The Group monitors equity using the leverage ratio which is the ratio of net debt to total equity increased with net debt. According to the Group's principles, the ratio should not exceed 50%. The Group's net debt includes interest-bearing borrowings, trade and other liabilities, less cash and cash equivalents.

	31 December 2014	**31 December 2013**
Interest-bearing loans and credits	235 162	284 707
Trade and other liabilities	239 634	186 563
Less cash and cash equivalents	(66 430)	(75 121)
Net debt	408 366	396 149
Equity	1 203 232	1 125 378
Equity and net debt	1 611 598	1 521 527
Leverage ratio	25.34%	26.04%

Leverage ratio = net debt / (net debt + equity)

39. Fair value measurement methods (fair value hierarchy)

The Group measures at fair value investment properties and derivative financial instruments.

Complementary information and explanations (in thousand PLN)

The carrying amount of investment properties is based on fair values determined on the basis of the valuation conducted by a qualified independent expert experienced in the valuation of investment properties. The approach applied by the expert was based on compared market prices of rents in accordance with the income method and straight capitalisation of gross revenue technique. Fair value of investment properties is classified at the so-called 'Level 3'.

The fair value of futures and forwards is calculated on the basis of the present net value of the future cash flows related to these contracts, quoted market prices of forwards calculated with the application of the present interest rates.

Fair value of currency forwards is determined by reference to the present forward rates for contracts with similar maturity.

As compared to the previous financial year, the Group did not change the method of measuring derivatives.

Derivatives are recognised as assets when their measurement is positive, and as liabilities when their measurement is negative. Gains and losses due to changes in the fair value of derivatives which do not meet the principles of hedge accounting are recognised in the financial result for the reporting year.

In the case of determining fair value on the basis of market quotations, it is classified at the so-called 'Level 1'. In the case of derivatives held by the Group, fair value is determined on the basis of other inputs that are observable either directly or indirectly. As a result, the value is classified at the so-called 'Level 2' of the fair value hierarchy.

Fair value hierarchy	**Fair value hierarchy level**	**31.12.2014** (audited)	**31.12.2013** (audited)
Assets			
Investment properties	3	12 398	12 649
Hedging derivatives	2	1 930	2 035
TOTAL ASSETS		**14 328**	**14 684**
Liabilities			
Hedging derivatives	2	2 523	2 700
TOTAL LIABILITIES		**2 523**	**2 700**

40. The auditor's remuneration

Figures in PLN	**2014**	**2013**
Remuneration for the audit of annual separate and consolidated financial statements	54 000 PLN	62 000 PLN
Remuneration for the audit of financial statements of subsidiaries	182 000 PLN	182 000 PLN
Remuneration for semi-annual reviews	30 000 PLN	30 000 PLN
Auditor's total remuneration for the period	**266 000 PLN**	**274 000 PLN**

Apart from the above-mentioned services, the Group did not take advantage of other services rendered by the auditor auditing the financial statements of the parent company.

41. Events after the reporting period

The Group, through its subsidiaries, operates in other countries. Significant operations are carried out in Ukraine. The Group has two companies in this country: Alupol Ukraina LLC, a production company, and Aluprof System Ukraina LLC, a trading company.

The unstable political and economic situation in Ukraine results in the exposure of the said assets to the risk exceeding the usual economic risk. The Management Board has been analysing the situation of subsidiaries in Ukraine on an ongoing basis. Any possible future write-downs related to the deteriorating economic situation and potential military actions in Ukraine as events after the reporting period may be deducted from the result for 2015 or further years.

As at the balance sheet date, net assets of Alupol Ukraina LLC amounted to 17,256 thousand PLN (previous year: 30,292 thousand PLN). As at the balance sheet date, net assets of Aluprof System Ukraina LLC were negative and amounted to minus 11,435 thousand PLN (previous year: minus 7,283 thousand PLN).

After the reporting period, the Ukrainian hryvnia depreciated by ca. 43% against convertible currencies, which adversely affected the results of the companies operating on this market. As at 31.12.2014, the Group carried out impairment tests for assets in Ukraine. The tests did not show any necessity of establishing revaluation write-downs for assets disclosed in these consolidated financial statements and owned by the companies located in Ukraine. If the said decrease occurred as at the balance sheet date, the Capital Group's result for 2014 would decrease by ca. 10.5 million PLN.

Moreover, after the reporting period, the market interest rates continued to increase. According to the Group's estimates, the interest rates as at the date of these financial statements are at the level of 39.0% (as at 31.12.2014, they were at the level of 31.11%). The application of the present interest rate for the impairment test adopted by the Company as at the date of the publication of these financial statements in Alupol Ukraina would not result in the necessity of recognising a revaluation write-down for these assets (the impairment test for assets in Ukraine is described in note 16).

In addition, in 2015, the Group obtained another authorisation No. 193 to carry out business activities in "Krakowski Park Technologiczny" Special Economic Zone. The said authorisation can be used on condition of making, by 31.12.2022, capital expenditure in the total amount of 150,000 thousand PLN and employing, by the same date, 100 employees. Pursuant to public assistance regulations, when the authorisation conditions are met, the Company will become entitled to income tax exemption up to 35% of discounted capital expenditure made under a given authorisation. The maximum level of eligible capital expenditure defined in the authorisation amounts to 195,000 thousand PLN.

Except for the aforementioned events, after the reporting period, there were no significant events which should be included in the consolidated financial statements for 2014.

Signatures of all Members of the Management Board

Dariusz Mańko	**Adam Piela**
President of the Management Board	*Member of the Management Board*
…………………………………………..	………………………………

Kęty, 17 March 2015

Signatures of the person responsible for the preparation of these consolidated financial statements

Andrzej Stempak
President of the Management Board
Dekret Centrum Rachunkowe Sp. z o.o.

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Kęty, 17 March 2015