

At the balance day the Company had the following credits, loans and opened credit lines:

Financing entity	Currency of the credit	Amount of the credit / limit	Value of the credit as of		Interest rate conditions	Due date	Collateral
			in currency	In thousands of PLN			
Bank Millenium S.A.	PLN	10 000 PLN	9 834 PLN	9 834 PLN	WIBOR1M+bank margin	2015-12-31	1. Capped mortgage up to 53.397.000 PLN – KW OL10/00097764/2 with the assignment of rights under the insurance policy of the property, on which mortgage was established 2. Assignment of contractual receivables
	PLN	10 000 PLN	8 230 PLN	8 230 PLN	WIBOR1M+bank margin	2017-12-18	
	PLN	5 000 PLN	3 190 PLN	3 190 PLN	WIBOR1M+bank margin	2015-12-15	
	PLN	8 000 PLN	5 820 PLN	5 820 PLN	WIBOR1M+bank margin	2015-12-15	
mBank S.A.	PLN	11 000 PLN	2 466 EUR	10 510 PLN	PLN: WIBOR ON+ bank margin	2015-11-20	1. Joint mortgage up to 25,5 mln PLN on properties that are in perpetual usufruct of the Issuer, located in Lublin and the buildings situated on them, owned by the Company KWL11/00180343/9, OL1K/00012743/6, 2. a statement of the Issuer on a voluntary submission to enforcement 3. assignment of rights under the insurance policy 4. blank promissory note with a promissory note agreement
	EUR				EUR: LIBOR ON +bank margin		
	PLN	3 000 PLN	3 000 PLN	3 000 PLN	PLN: WIBOR1M+bank margin		
	EUR	600 EUR	600 EUR	2 557 PLN	EURIBOE 1M+bank margin		
mBank S.A.	EUR	2 600 EUR	1 838 EUR	7 833 PLN	EUR: EURIBOR 1M+bank margin	015-04-29	1. joint mortgage up to 3.9 mln PLN KW Nr PO1N/00014427/2, PO1N/00017663/9, PO1N00018940/2, PO1N/00018941/9, PO1N/00020140/1, PO1N/00020142/5. 2. lien on inventories based on the pledge agreement nr 05/007/12 as of 20.04.2012-4.031.200 PLN 3. blank promissory note 4. assignment to the Bank of claims due under the contract with Getin Bank S.A.
mBank S.A.	USD	4 000 USD	3 789 USD	13 289 PLN	USD: LIBOR1M+bank margin	2015-03-30	1. assignment to the Bank of claims owed to Ursus S.A. for on the Ethiopian contract due to deliveries of tractors for 50 million USD
mBank S.A.	PLN	3 304 PLN	2 726 PLN	2 726 PLN	WIBOR1M+bank margin	2017-09-30	1. contractual mortgage on the property in Lublin KW nr LU11/00180343/9 up to 4.960.000 PLN 2. assignment of rights under the insurance policy of the property, on which mortgage was established
Bank Millenium S.A.	PLN	-	18 PLN	18 PLN			Payment cards
Agencja Rozwoju Przemysłu S.A.	PLN	20 000 PLN	20 000 PLN	20 000 PLN	WIBOR1M+bank margin	2016-06-30	1. property mortgage located in Biedaszki Małe in Kętrzyn municipality, included in the land and mortgage register Nr OL1K/00012743/6, 2. lien on inventories of the Issuer located in the registered office of the Company in Lublin and branches in Opalenica, Dobre Miasto and Biedaszki Małe, 3. lien on the right of the trademark registration URSUS ie. number of protective right 260749, 241814, 241813, 241812, 54394, 56476, 47098, 4. transfer of rights from property insurance contracts covered by the registered pledges and the mortgage in favor of ARP S.A. 5. surety of the company POL-MOT Holding SA seated in Warsaw, together with a declaration of submission to enforcement, 6. own blank promissory note with a promissory note agreement and declaration of submission to enforcement.
BS DOLHOBYCZÓW	PLN	1 500		1 498 PLN		0,10 30.05.2015	Power of attorney to the bill, promissory note with a promissory note agreement, assignment of receivables attributable to the GDF SUEZ, contractual joint mortgage in the amount of 1 billion set for the various claims of one borrower to KW no ZA1H/00073125/5, KW ZA1H/00073553/4 conducted by the District Court in Hrubieszów and KW ZA1T/00071485/3 conducted by the District Court in Tomaszów Lubelski.

In the periods covered by the financial statement, there were no breaches of loan agreement provisions.

Future minimum lease payments under these agreements and the current value of net minimum lease payments are as follows:

Liabilities from leasing contracts and lease agreements with purchase option

	31.12.2014	31.12.2013
The nominal value of minimum payments		
Within 1 year	1 830	2 710
In the period from 1 to 5 years	1 484	2 509
Over 5 years		
Total liabilities under finance lease - Total minimum lease payments	3 314	5 219
Financial costs of finance lease liabilities	230	551
Valuation of leases in currencies		-
Current value of minimum lease payments		
Within 1 year	1 887	2 410
In the period from 1 to 5 years	1 372	2 258
Over 5 years		
Total value of minimum lease payments	3 259	4 668

38. Trade and other (short-term) liabilities

	31.12.2014	31.12.2013
Other long-term liabilities	4 289	1 413
Other financial liabilities		
Other liabilities		
Non-financial accruals constitute liabilities of revenues	4 289	1 413
All other long-term liabilities	4 289	1 413
	31.12.2014	31.12.2013
Liabilities due to supplies and services towards related entities	2 964	8 433
Liabilities due to supplies and services	2 964	2 353
Other financial liabilities	-	6 080
Other non-financial liabilities		
Liabilities due to supplies and services towards other entities	103 405	45 116
Liabilities due to supplies and services	68 325	33 820
liabilities due to remunerations	1 832	1 712
liabilities due to dividends		
Other financial liabilities		
Budget liabilities due to other reasons than current income tax	6 624	3 268
Received payments		
Special funds (20 point in additional information)		
Other non-financial liabilities	4 311	3 317
Accrual of income	22 313	2 999
Acrua of costs		
All liabilities due to supplies and services and other short-term liabilities	106 369	53 549
All liabilities due to supplies and services and other liabilities	110 658	54 962

Rules and conditions of payment of the above financial liabilities:

Liabilities due to supplies and services are interest-free and usually are settled in terms of 14-45 days. Other liabilities are interest-free with average deadline payment of 1-3 months.

The amount resulted from the differences between the liabilities and charges due to VAT taxes paid to proper tax authorities in monthly periods.

Government grants

Revenues due to grants:

Grants received from assets						
Goal of grant	Condition of government grants on 1.01.2014	Increase in period 1.01.2014 – 31.12.2014	Written down grants in other operating income in period 1.01.2014 – 31.12.2014	Returns of grants in period 1.01.2014 – 31.12.2014	Other decreases of grants in period 1.01.2014 – 31.12.2014	Condition of government grants on 31.12.2014
Grant for AT PHARE	8		(6)			2
Grant PORPW	1 413	1 413				2 826
Grant POIG	264	65				329
	-					-
	-					-
Total	1 685	1 478	(6)	-	-	3 157

39 . Liabilities and contingent receivables

Contingent liabilities

Non.

Contingent receivables

Non.

Investment liabilities

The Group plans to incur expenditure for tangible fixed assets in 2015 in the amount of 17.100 PLN. The amount will be intended to the purchase of new machines and devices, equipment and modernization of buildings. Moreover expenditures for researches and development were planned and informatization of the Company in the amount of 6.500 PLN.

Court cases

The Group did not started, and does not run before a Court, organ proper for arbitral procedure and before public administrative bodies concerning liabilities or claims of the Issuer or entity dependent from him, the total value of which is at least 10% of equity of the Company. The Issuer does not conduct procedures concerning liabilities or claims, the total value of which is at least 10% of equity of the Company respectively.

Warranties

On the day of 31 December 2014 the parent Company gave the following warranties:

Financer	Goal	Currency	Amount of the warranty in thousand PLN	Deadline
mBank S.A.	Warranty	PLN	6 496	2016-04-30
Bank Millenium S.A.	Warranty	PLN	773	2015-03-31
mBank S.A.	Warranty	EUR	1 500	2015-03-01
mBank S .A .	Warranty	EUR	996	2015-03-31

Tax settlements

Tax settlements and other regulated areas of activity (e.g. customs and exchange issues) can be controlled by administrative authorities entitled to impose high penalties and sanctions. Lack of reference to long-term and well-established legal regulations in Poland 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. Due to these phenomena the tax risk in Poland is much higher than in the countries where tax systems are more developed. The tax settlements might be the subject of control in the period of five years starting from the year when the tax was settled. As a result of performed controls, previous tax settlements of the Company may be increased by additional tax liabilities.

According to the Company for the day of 31 December 2013 there was no need to create reserves on identified and quantifiable tax risk.

40. Information about related entities

Table below presents total amounts of the transactions concluded with related entities in the given financial year

01.01.2014 - 31.12.2014			
Revenue from sale to related entities	Revenue from sale	Income from sale of goods and materials	Income from sale of tangible assets, intangible assets, investment real estates and others
- to associated entities - subsidiaries which are not subject of consolidation - members of key managing staff and supervisors - other related entities	10 263	155	
All income from sale to related entities	10 263	155	-
01.01.2014 - 31.12.2014			
Purchase from related entities	Purchase of services	Purchase of goods and materials	Purchase of tangible assets, intangible assets, investment real estates
- from associated entities - from subsidiaries which are not subject of consolidation - from members of key managing staff and supervisors - from other related entities	5 548	10 185	
All purchases from related entities	5 548	10 185	-

Charges from related entities	31.12.2014	31.12.2013
- from associated entities		
- from subsidiaries which are not subject of consolidation		
- from members of key managing staff and supervisors		
- from other related entities	11 003	2 554
All charges from related entities	11 003	2 554

Liabilities towards related entities	31.12.2014	31.12.2013
- towards associated entities		
- towards subsidiaries which are not subject of consolidation		
- towards members of key managing staff and supervisors		
- towards other related entities	2 792 245	8 329
All liabilities towards related entities	2 792 245	8 329

41. REMUNERATION OF SENIOR MANAGEMENT OF THE COMPANY

	01.01.2014-31.12.2014	01.01.2013-31.12.2014
Short-term employee benefits (remunerations and overheads)	4 344	4 870
Jubilee bonuses and retirement benefits	0	42
Benefits due to dissolution	65	128
Employee benefits in the form of shares	0	0
All amount of remuneration paid to senior management	4 409	5 040

Remuneration paid to members of the Management Board and members of the Board of Directors of the Company was as follows:

	01.01.2014- 31.12.2014	01.01.2013-31.12.2013
Management Board	1 539	2 316
Board of Directors	181	184
Management Board – subsidiaries or associates	0	0
Board of Directors - subsidiaries or associates	0	0
All	1 720	2 500

42. GOALS AND RULES OF MANAGEMENT OF FINANCIAL RISK

Main financial instruments used by the Company include bank credits, financial leasing contracts, leasing contracts with a purchase option and cash. Main goal of the financial instruments is gaining cash for activity of the Company. The Company has also other financial instruments, such as charges and liabilities due to supplies and services that arise directly during conducted activity. The rule used by the Company currently and during all period under review is not to engage in instruments trading.

Main kinds of risk resulting from financial instruments of the Company include interest rate risk, risk connected with liquidity, currency risk and credit 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.

INTEREST RATE RISK

The Company has liabilities due to credits for which the interests are calculated on the basis of variable interest rate. Therefore there is a risk of increase the interest rates in relation to the date of conclusion of agreement. Information about assets and liabilities exposed on the interest rate risk were presented in additional information. Considering that the Company had in the reporting period both assets and liabilities bearing interest at variable rates (which balanced the risk) and for insignificant volatility of interest rates in past periods. Moreover for a lack of anticipations of dramatic changes of interest rates in subsequent accounting periods the Company did not used protections of interest rates recognizing that the risk of interest rate is insignificant.

Regardless the current situation the Company monitors the level of exposure on the interest rate risk and the anticipations of interest rates and does not exclude protection activities in the future.

In following table the balances value of financial instruments exposed on the interest rate risk of the Company is presented divided into age categories.

Fixed interest rate	01.01.2014 - 31.12.2014						Total
	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	
Loan bond							-
Liabilities due to financial leasing and lease agreement with a purchase option	1 887	842	347	183	-		3259
Obligations %							-
Bank credit in the amount of PLN							-
Redeemable preference shares convertible into ordinary shares							-
Total	1887	842	347	183	-		3259
Variable interest rate	<1 year	1-2 y.	2-3years	3-4 y.	4-5 y.	>5 years	Total
Cash assets	656						656
Credits on a current account	24 015	6 070					30 085
Bank credit in the amount of 20.000 000 PLN	13 320	6 680					20 000
Bank credit in the amount of 2.726 000 PLN	991	1 735					2 726
Bank credit in the amount of 5.557 000 PLN	5 557						5 557
Bank credit in the amount of 7.833 000 PLN	7 833						7 833
Bank credit in the amount of 13.288 000 PLN	13 288						13 288
Bank credit in the amount of 5.820 000 PLN	5 820						5 820
Bank credit in the amount of 3.190 000 PLN	3 190						3 190
Share in a credit taken by joint venture							
Protected bank credit							
Loan protected at interest of % (USD)*							
Swap contract for change of interest rates*							
Total	74 671	14 485		-	-		89 156

01.01.2013 - 31.12.2013							
Fixed interest rate	<1 year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
Loan bond							-
Liabilities due to financial leasing and the lease agreement with a purchase option	2 410	1 500	615	123	21		4 668
Obligations__ %							-
Bank credit in the amount of PLN							-
Redeemable preference shares convertible into ordinary shares							-
All	2 410	1 500	615	123	21		4 668
Variable interest rate	<1 year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
Cash assets	1 172						1 172
Credits on a current account	27 692	2 160	2 160	3 910			35 922
Bank credit in the amount of 3.640 000 PLN	1 062	970	970	638			3 640
Bank credit in the amount of 5.488 000 PLN	5 488						5 488
Bank credit in the amount of 7.678 000 PLN	7 678						7 678
Bank credit in the amount of 786 000 PLN	786						786
Bank credit in the amount of 9.927 000 PLN	9 927						9 927
Share in a credit taken by joint venture							
Protected bank credit							
Loan protected at interest of % (USD)*							-
Contract swap for change of interest rates*							
Contract swap to the change of interest rates*							
Total	53 805	3 130	3 130	4 548	-	-	64 613

CURRENCY RISK

The Company is exposed to the risk of currency course changes in the light of significant sale of products in foreign currency and bearing costs of production mostly in national currency. Currency risk is connected mostly with changes of level of USD and EUR course.

On the balance day 31 December 2014 charges in currency were 51.655PLN which was 57.77% of total charges due to supplies and services. In the comparative period 31 December 2013 the values were 10.249 PLN and 36,58 % respectively.

The balance of receivables in currency on the balance day 31 December constituted:

Receivables id USD in amount (converted to PLN) 36.051PLN
 Receivables in EUR in amount (converted to PLN) 15.492PLN
 Other currency receivables (converted into PLN) 112.000PLN

On the balance day 31 December 2014 liabilities in currency were 11.538PLN which was 16.18% of all liabilities due to supplies and services. In the comparative period 31 December 2013 the values were 8.504 PLN and 23,51 % respectively. The balance of liabilities in currency on the balance day 31 December 2014 constituted:

Receivables in USD in amount (converted to PLN) 65.000PLN
 Receivables in EUR in amount (converted to PLN) 11.453PLN
 Other currency liabilities (converted into PLN) 19.000PLN

OTHER PRICE RISK

The Company is not exposed on significant other price risk connected with financial instruments but there is price risk of prices of the Company's products and raw materials. The Company's products are not ofered commonly at commodity exchanges which prevents the implementation of protection strategies.

Analysis of sensitivity on market risk

Potentially possible changes in terms of market risk the Company evaluated as follows: 1,0% change in terms of interest rate PLN (increase or decrease of interest rate), 0,75% change in terms of interest rate USD (increase or decrease of interest rate), 0,75% change in terms of interest rate EUR (increase or decrease of interest rate), 0,75% change in terms of interest rate SEK (increase or decrease of interest rate), 0,75% change in terms of interest rate GBP (increase or decrease of interest rate), 30% change of currency course PLN/EUR (increase or decrease of interest rate), 30% change of currency course PLN/SEK (increase or decrease of interest rate).

Influence of potentially possible changes on financial result and the capital of the Company is presented in the following table:

Position in financial statement	Value of position in tvs. PLN	Interest rate risk		Currency risk		Other price risk		ALL :
		+ 100 pb PLN	- 100 pb PLN	+ 30%	- 30%	+ 8%	- 8%	
		+ 75 pb EUR	- 75 pb EUR					
		+75 pb SEK	- 75 pb SEK					
		+ 75 pb GBP	- 75 pb GBP					
		+ 75 pb USD	- 75 pb USD					
Financial assets								
Cash on interest bearing accounts (currency)	656	6	-6	15	-15	0	0	22
Charges with recipients (currency)	89 414	765	-765	15 497	-15 497	0	0	16 262
Shares in subsidiary	0	n/d	n/d	n/d	n/d	n/d	n/d	n/d
Financial liabilities								
Derivatives – appointed as the protection of cash flows (currency options)	0	0	0	0	0	0	0	0
Liabilities due to supplies and services	71 289	684	-684	3 461	-3 461	0	0	4145
Bank credits and loans	88 504	800	-800	10 257	-10 257	0	0	11056
Liabilities due to financial leasing (currency)	3259	28	-28	467	-467	0	0	495
ALL:	253 122	2283	-2283	29 697	-29 97	0	0	31 981

1. Cash and its equivalents include cash remunerated on bank account exposed in USD, EUR, GBP, SEK, PLN with a value of:

USD = 4 000 ; PLN = 14 000 (PLN/USD 31.12.2014= 3,5072)
 EUR = 8 000; PLN = 36 000 (PLN/EUR 31.12.2014 = 4,2623)
 GBP = 0,3 000; PLN = 1,4 000. (PLN/GBP 31.12.2014 = 5,4648)
 SEK = 0,6 000; PLN = 0,3 000 (PLN/SEK 31.12.2014 = 0,4532)
 PLN = 604 000
 Total 656 000 PLN Variable interest rate

Sensitivity to changes +/- 75pb market interest rates in USD: +/- [14 000 PLN \times 0,75%] = 0.000 PLN
 Sensitivity to changes +/- 75pb market interest rates EUR: +/- [36 000 PLN \times 0,75%] = 0.000.PLN
 Sensitivity to changes +/- 75pb market interest rates in GBP: +/- [1,4 000 PLN \times 0,75%] = 0.000 PLN
 Sensitivity to changes +/- 75pb market interest rates in SEK: +/- [0,3 000 PLN \times 0,75%] = 0.000 PLN
 Sensitivity to changes +/- 100pb market interest rates in PLN: +/- [604 000 PLN \times 1%] = 6.000 PLN
 Sensitivity to changes +/- 30% rate of exchange USD - PLN: +/- [4 000 USD \times 3,5072 \times 30%] = 4.000 PLN
 Sensitivity to changes +/- 30% rate of exchange EUR d-PLN: +/- [8 000 EUR \times 4,2623 \times 30%] = 11.000 PLN
 Sensitivity to changes +/- 30% rate of exchange GBP - PLN: +/- [0,6 000 GBP \times 5,4648 \times 30%] = 0.000 PLN
 Sensitivity to changes +/- 30% rate of exchange SEK - PLN: +/- [0,3 000 SEK \times 0,4532 \times 30%] = 0.000 PLN

2. Receivables include:

USD = 10.279 thsd.; PLN = 36.051 thsd. (PLN/USD as of 31.12.2014 = 3,5072)

EUR = 3.635 thsd.; PLN = 15.492 thsd. (PLN/EUR as of 31.12.2014 = 4,2623)

SEK = 38 thsd.; PLN = 18 thsd. (PLN/SEK as of 31.12.2014 = 0,4532)

GBP = 17 thsd.; PLN = 95 thsd. (PLN/GBP as of 31.12.2014 = 5,4648)

PLN = 37.759 thsd.

Total: 89.414 thsd. PLN

Sensitivity to a change of +/- 30% in the USD to PLN exchange rate: +/- [10.279 thsd. USD x 3,5072 x 30%] = 10.815 thsd. PLN

Sensitivity to a change of +/- 30% in the EUR to PLN exchange rate: +/- [3.635 thsd. EUR x 4,2623 x 30%] = 4.648 thsd. PLN

Sensitivity to a change of +/- 30% in the SEK to PLN exchange rate: +/- [38 thsd. SEK x 0,4532 x 30%] = 5 thsd. PLN

Sensitivity to a change of +/- 30% in the GBP to PLN exchange rate: +/- [17 thsd. GBP x 5,4649 x 30%] = 28 thsd. PLN

3. Shares in subsidiary – valuation AT cost of acquisition.

4. Derivative instruments – designated as at fair value through profit and loss is the currency options to be applied to the security needs of project cash flows in EUR and USD.

5. Liabilities include:

EUR = 2 687 thsd.; PLN = 11 453 thsd. (PLN/EUR as of 31.12.2014 = 4,2523)

GBP = 3 thsd.; PLN = 19 thsd. (PLN/GBP as of 31.12.2014 = 5,4648)

USD = 19 thsd.; PLN = 65 thsd. (PLN/USD as of 31.12.2014 = 3,5072)

PLN = 59.751 thsd.

Total: 71.289 thsd. PLN

Sensitivity to a change of +/- 30% in the EUR to PLN exchange rate: +/- [2.687 thsd. EUR x 4,2623 x 30%] = 3.436 thsd. PLN

Sensitivity to a change of +/- 30% in the GBP to PLN exchange rate: +/- [3 thsd. GBP x 5,4648 x 30%] = 6 thsd. PLN

Sensitivity to a change of +/- 30% in the USD to PLN exchange rate: +/- [19 thsd. USD x 3,5072 x 30%] = 20 thsd. PLN

6. Credits include

The loan bears interest rate at a variable rate, expressed in PLN in the amount of 54.315 thsd. PLN

Sensitivity to a change of +/- 100 basis points in market interest rates in PLN: +/- [54.315 thsd. PLN x 1 %] = 543 thsd. PLN

Loans bearing an interest rate at a variable rate, expressed in EUR in the amount of 4.903 thsd. EUR

Sensitivity to a change of +/- 75 basis points in market interest rates in EUR: +/- [4.903 thsd. EUR x 0,75%] = 157 thsd. PLN

Sensitivity to a change of +/- 30% in EUR to PLN exchange rate: +/- [4.903 thsd. EUR x 4,2623 x 30%] = 6.270 thsd. PLN

Loans bearing interest at a variable interest rate, expressed in USD in the amount of 3.789 thsd. USD

Sensitivity to a change of +/- 75 basis points in market interest rates in USD: +/- [3.789 thsd. USD x 0,75%] = 100 thsd. PLN

Sensitivity to a change of +/- 30% in the USD to PLN exchange rate: +/- [3.789 thsd. USD x 3,5072 x 30%] = 3.987 thsd. PLN

7. Liabilities from finance leases (currency) include:

EUR = 365 thsd.; PLN = 1.557 thsd. (PLN/EUR as of 31.12.2014 = 4,2623)

PLN = 1.702 thsd.

Total: 3.259 thsd. PLN

Sensitivity to a change of +/- 30% in the EUR to PLN exchange rate: +/- [365 thsd. EUR x 4,2623 x 30%] = 467 thsd. PLN

Sensitivity to a change of +/- 75 basis points in market interest rate in EUR: +/- [1.557 thsd. PLN x 0,75%] = 16 thsd. PLN

Sensitivity to a change of +/- 100 basis points in the market interest rate in PLN: +/- [1.702 thsd. PLN x 1%] = 13 thsd. PLN

The Company has estimated the possible changes in market risk, as follows:
 1% change in the PLN interest rate (increase or decrease in the interest rate),
 0.75% change in the USD interest rate (increase or decrease in the interest rate),
 0.75% change in the SEK interest rate (increase or decrease in the interest rate),
 0.75% change in the EUR interest rate (increase or decrease in the interest rate),
 0.75% change in the GBP interest rate (increase or decrease in the interest rate),
 30% change in the PLN/USD interest rate (increase or decrease in the interest rate),
 30% change in the PLN/EUR interest rate (increase or decrease in the interest rate),
 30% change in the PLN/SEK interest rate (increase or decrease in the interest rate),
 30% change in the PLN/GBP interest rate (increase or decrease in the interest rate).
 The above determined values were determined on an annual basis.

The sensitivity analysis carried out by the Company does not consider the impact of taxation.
 Potential impact of possible changes to the income statement and equity of the Company are presented below:

CREDIT RISK

The Group is exposed to credit risk, defined as the risk that the creditors do not fulfill their obligations and thus cause the Company to incur losses.
 The maximum exposure to credit risk is 104.355 thousand PLN at the balance sheet date and has been estimated as the carrying value of receivables.

01.01.2014-31.12.2014			Overdue receivables that are impaired				
The age structure of financial claims	The nominal value of the receivables	Unexpired receivables that have not lost value	< 30 days	31-90 days	91-180 days	181-360 days	>360 days
trade receivables	89 414	72 291	6 842	2 763	3 698	1 946	1 875
other receivables	14 941	14 941					
01.01.2013-31.12.2013			Overdue receivables that are impaired				
The age structure of financial claims	The nominal value of the receivables	Unexpired receivables that have not lost value	<30days	31-90 days	91-180 days	181-360 days	>360 days
trade receivables	28 020	18 085	4928	1050	1823	1816	318
other receivable	1 705	1 705					

In the opinion of Management Board of the Group there is no important concentration of credit risk because the Company has many recipients. In view of those above in the opinion of the Company the credit risk was depicted in financial statement through creation of current write-offs.

Credit risk connected with bank deposits, derivatives and other investments is considered as insignificant because the Company concluded transactions with institutions of the established financial position.

In the Company there are no significant concentrations of credit risk.

RISK CONNECTED WITH LIQUIDITY

The Group is exposed to the risk of loss of liquidity understood as the risk of loss of capacity to regulate liabilities in specified terms.
 The risk results from potential limitation in access to financial markets that can cause a lack of possibilities to gain new financing or refinancing own debts. In the estimation of the Company's Management Board great value of cash on balance sheet day, available credit lines and good financial condition of the Company cause that the risk of loss of liquidity is low.

The analysis of financial liabilities in intervals is depicted below. Depicted amounts are undiscounted cash flows that are maximal risk exposure of the Group.

Age structure of financial liabilities

01.01.2014 - 31.12.2014		due liabilities in the period				
Age structure of financial liabilities	total liabilities	up to 30 days	from 31 to 90 days	from 91 to 180 days	from 180 to 360 days	above 361 (see note below)
Liabilities due to supplies and services	71 289	42 364	25660	2565	203	719
Credits and loans	88504	4897	12527	13 445	43146	14485
Other financial liabilities	3259	95	192	290	616	1372
All	163 052	47 366	38379	16300	43966	16576

Liabilities required above 361 days	1-2y.	2-3 y.	3-4 y.	4-5 y.	>5y	Total
Liabilities due to supplies and services	719			-		719
Credits and loans	14485					14485
Other financial liabilities	842	347	183			1372
All	16046	347	183	-	-	16576

Assurances established by the Company – fair value	31.12.2014	Conditions of protections	31.12.2013	Conditions of protection
- real estates		99 245	84 459	
- financial asset				
- others		52 370	35 531	
Total		151 615	119 990	

Balance sheet value of chargeable liabilities but unpaid	31.12.2014	31.12.2013
- bank credits	-	14
- loans - others		
Total value of chargeable liabilities but unpaid		14

43. CAPITAL MANAGMENT

The Company manages the capital in order to maintain the capacity to continue its operations, including the realization of planned investments, in a manner enabling it to generate returns for the shareholders and benefits to other stakeholders.

In accordance with market practice the Company monitors the capital among others on the basis of own equity index and the indicator credits, loans and other sources of financing/EBITDA.

Own equity index is calculated as a relation of net value of fixed assets (equity less intangible assets) to balance sheet value.

Indicator of credits, loans and other financial sources/EBITDA is calculated as a relation between credits, loans and other financial sources and EBITDA. Credits, loans and other financial sources mark total amount of liabilities due to credits, loans and leasing and EBITDA is a profit from operations after the addition of amortization.

Indicator of credits, loans and other financial sources/EBITDA is calculated as a relation between credits, loans and other financial sources and EBITDA. Credits, loans and other financial sources mark total amount of liabilities due to credits, loans and leasing and EBITDA is a profit from operations after the addition of amortization.

	31.12.2014	31.12.2013
Own equity	99 846	56 613
Minus: intangible assets	(11 266)	(11 266)
Net value of tangible fixed assets	68 968	56 762
Total alanse sheet	310 754	187 982
Own equity index	0,22	0,30
Profit from operations Plus: amortization	20 352 6 480	(20 821) 6 603
EBIDTA	26 832	(14 218)
Credits, loans and other sources of financing	91 767	68 110
Indicator: Credits, loans and other sources of financing /EBIDTA	0,29	-0,21

44. Financial instruments

Financial assets

	31.12.2014	31.12.2013
Evaluated in fair value through financial result. Intended to be marketed. Classified to valuation in fair value by financial result.	-	-
Derivatives remaining in hedging relationships.		
Investments kept to maturity.		
Loans and receivables (including cash and its equivalents)		
Financial asset available for sale	106 046	32 343
	<u>106 046</u>	<u>32 343</u>
Proven in the report on the financial situation as:		
Other financial assets	105 390	31 171
Receivables due to supplies and services and other receivables.		
Other financial asset.	656	1 172
Cash and its equivalents.		
	<u>106 046</u>	<u>32 343</u>

Financial liabilities

	31.12.2014	31.12.2013
Valued in fair value through financial result Dedicated to trading	(53)	(33)
Classified for valuation in fair value through financial result		
Derivatives remaining in protective connections	202 474	23 105
Amortized cost of financial guarantee contract		
Loans and charges classified for valuation in fair value through financial result		
Cumulated changes of fair value attributable to changes of credit risk		
Cumulated changes of fair value attributable to changes of credit risk provided in accounting period		

	202 421	123 072
<hr/>		
Proven in report on financial situation as:		
Long-term loans and bank credits	14 485	10 809
Liabilities due to supplies and services and other liabilities	110 658	54 962
Short-term loans bank credits	740 19	52 633
Other financial liabilities	3 259	4668
	202 421	123 072

Financial assets valued in fair value

	31.12.2014
Assets valuates in fair value through income statement	
Currency contracts – unsecured	-
Currency contracts – secured	
Integrated derivatives	
Assets available for sale	
Shares and subsidiaries	
Debt securities	

Financial liabilities valued in fair value

	31.12.2014
Liabilities valued in fair value through income statement	(53)
Currency term contracts – secured	
Contract forward	
Swaps	
Currency term contracts – unsecured	
Integrated derivatives	

44. **Reasons for occurrence of differences between balance changes of some positions and changes resulting from the account of cash flows.**

	01.01.2014 -31.12.2014	01.01.2013 -31.12.2013
Balance change of charges due to supplies and services and other charges Change of the state of charges due to dividends Change of the state of charges due to members of Capital Group Change in investment receivables	(63 271)	15 817
Change of state of charges due to income tax Change of state of advances for fixed assets and intangible assets Change in receivables (tax) Change in receivables (other)	(11 225)	(3 139)
Change of the state of charges in the account of cash flows	(74 496)	12 678
	01.01.2014 -31.12.2014	01.01.2013 -31.12.2013
Balance change of liabilities due to supplies and services and other liabilities Change of the state of liabilities due to dividends Change of the state of liabilities due to members of Capital Group Change of the state of investment liabilities	40 389 1 947	(8 178) 3 859
Change of the state of liabilities in account of cash flows	42 336	(4 319)
	01.01.2014 -31.12.2014	01.01.2013 -31.12.2013
Net accounting value of disposed tangible fixed assets, intangible assets Profit/loss on disposal of tangible fixed assets and intangible and legal assets Change of the state of charge due to income tax Change in investment receivables	598 (121)	491 (490)
Income from sale of tangible fixed assets, intangible assets	477	1
	01.01.2014 -31.12.2014	01.01.2013 -31.12.2013
Book value of increases of tangible fixed assets, intangible assets Costs of external financing Change of the state of advances to fixed assets and intangible assets Relocation from investment liabilities Change in investment liabilities Change in investment liabilities	19 101 (7 500) 1 947 (25 503)	10 407 (4 047) 3 361 155
Expenses on the purchase of tangible fixed assets, intangible assets	(11 955)	9 876

46. STRUCTURE OF EMPLOYMENT

Average employment in the Company in 2014 and 2013 was as follows:

	01.01.2014 - 31.12.2014	01.01.2013 - 31.12.2013
Board of Directors	5	5
Management of the company's entities	3	3
Administration	147	156
Sales Department	35	40
Production Division	380	408
Others	119	174
Total	689	785

Pursuant to the authorization resulting from the Art. 66 Section 4 of the Act of 29 September 1994 on accounting and 26 paragraph 19 point of the Statute of the Company the auditor was chosen by Board of Directors of the Company.

By means of the resolution 83/3014 of 18 April 2013 the Board of Directors of the Company chose as the auditor BDO Sp. z o.o. Company with its registered seat in Warsaw, ul. Postępu 12, entered in the list of entities entitled to audit of financial statements under the reference code 3355.

On 24 July 2014 the agreement with chosen entity was concluded and it covered with its scope the review of the financial statement of the Issuer for first six months of 2014 and the audit of the financial statement for 2014. The remuneration resulting from the above mentioned agreement is 85.000PLN net.

Annual financial statement for 2013 was audited by BDO Sp. z o.o. with its registered seat in Warsaw, ul. Postępu 12 entered in the list of entities entitled to audit of financial statements under the reference code 3355. Total cost of the audit was 85.000PLN net.

47. EVENTS AFTER BALANCE SHEET DAY

From 14 January 2015 the Board of Directors adopted a resolution on formal approval of member resignation of Mr. Tadeusz Ustyniuk and dismissal Mr. Tadeusz Ustyniuk from the function of a Member of the Management Board. Simultaneously the Board of Directors adopted a resolution which appointed Mr. Marek Włodarczyk as a Member of the Management Board through appointment him as the Member of Management Board of URSUS S.A. on 15 January 2015.

Lublin, 9 March 2015

Karol Zarajczyk -
President of the
Management Board

Jan Wielgus - Member
of Management Board

Wojciech Zachorowski -
Member of Management
Board

Marek Włodarczyk -
Member of Management
Board

Abdullah Akkus
-Member of
Management Board