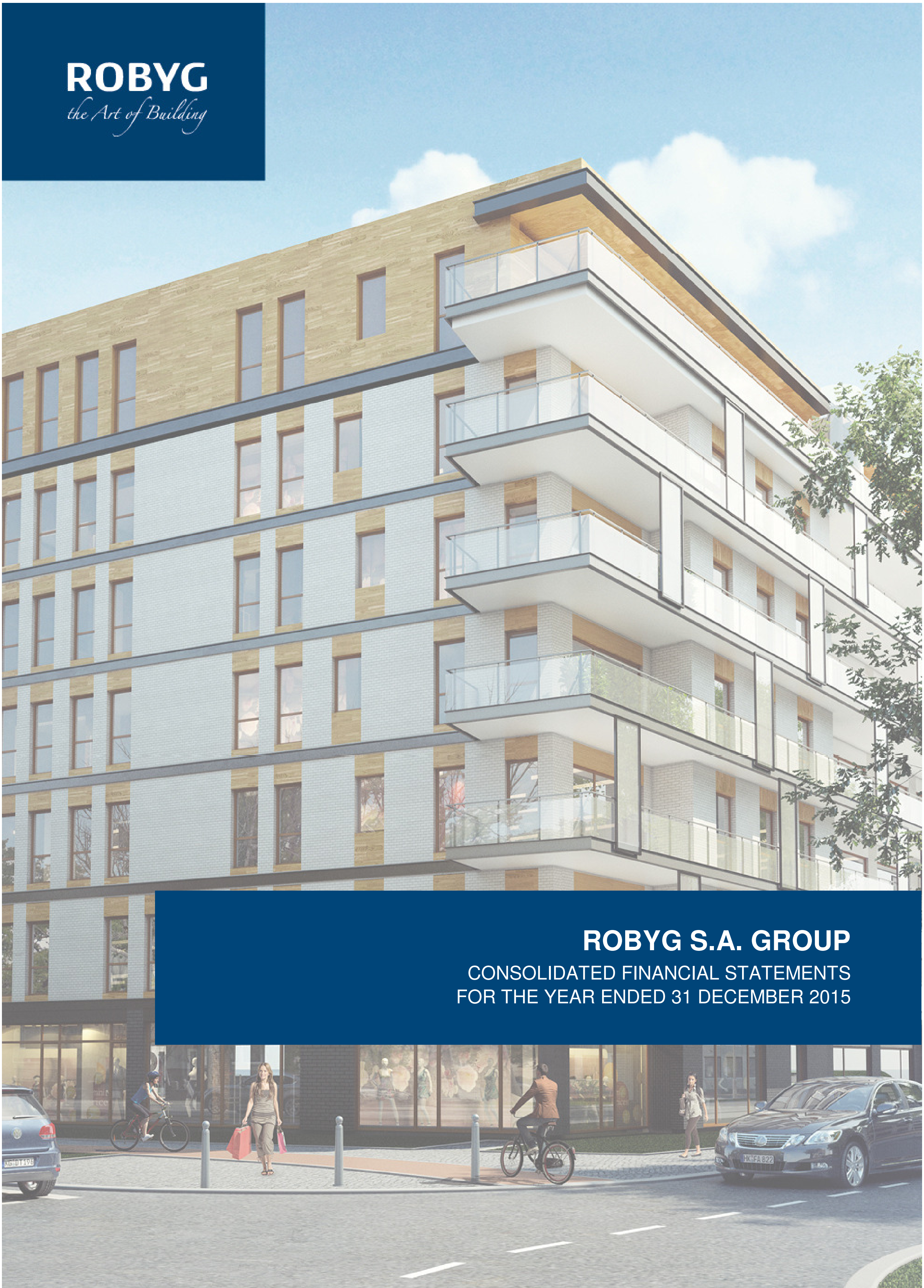
ROBYG
the Art of Building



ROBYG S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(in PLN thousands)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Revenues	9.1	480 375	409 325
Cost of sales	9.2	(403 358)	(336 335)
Post-tax share of the profit or loss of the joint ventures accounted for using the equity method	28.5	30 554	26 354
Other income	9.3	2 289	12 505
Selling and marketing expenses	9.7	(16 262)	(13 780)
Administrative expenses	9.7	(28 014)	(25 364)
Other expenses	9.4	(6 538)	(9 745)
Impairment write-off of inventory to net realizable value	19.2	-	(2 500)
Operating profit		**59 046**	**60 460**
Finance income	9.5	6 701	8 641
Finance costs	9.6	(16 169)	(17 059)
Profit before tax		**49 578**	**52 042**
Income tax expense	10.1	31 986	(5 515)
Net profit for the year		**81 564**	**46 527**
Attributable to:			
Equity holders of the parent		79 744	44 084
Non-controlling interest		1 820	2 443
		81 564	**46 527**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Cash flow hedges	30.1	26	(1 775)
Foreign currency translation differences		(471)	-
Total comprehensive income for the period, net of tax		**81 119**	**44 752**
Attributable to:			
Equity holders of the parent		79 299	42 309
Non-controlling interest	22.4	1 820	2 443
		81 119	**44 752**
Earnings per share (in PLN per share):	11		
- basic, for profit for the year attributable to ordinary equity holders of the parent		0.30	0.17
- basic, for profit from continuing operations attributable to ordinary equity holders of the parent		0.30	0.17
- diluted, for profit for the year attributable to ordinary equity holders of the parent		0.30	0.17
- diluted, for profit from continuing operations attributable to ordinary equity holders of the parent		0.30	0.17

(in PLN thousands)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2015

	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	13	27 892	22 105
Investment properties and investment properties under construction	15	67 020	121 550
Goodwill	16.1	21 488	21 488
Other intangible assets	16.2	583	593
Investments in joint ventures and associates accounted for using the equity method	28.5	50 072	52 809
Other long-term receivables	20.1	26 001	3 204
Deferred tax asset	10.3	59 020	26 343
Land designated for development	19.1	121 737	57 921
		373 813	306 013
Current assets			
Inventories	19.1	594 697	522 596
Trade and other receivables	20.2	120 496	63 952
Income tax receivables		1 072	1 007
Prepayments		1 878	3 821
Balance of individual escrow accounts and other short-term financial assets	18	38 885	58 012
Cash and cash equivalents	21	347 776	185 807
		1 104 804	835 195
TOTAL ASSETS		**1 478 617**	**1 141 208**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	22		
Share capital	22.1	26 309	26 209
Share premium	22.2	309 965	309 965
Reserve capital	22.3	8 770	7 569
Foreign currency translation differences		(471)	-
Hedge reserve	22.3	(1 749)	(1 775)
Retained earnings		154 209	104 606
		497 033	446 574
Non-controlling interest	22.4	**27 141**	**30 221**
Total equity		**524 174**	**476 795**
Non-current liabilities			
Interest-bearing loans and borrowings	24	469 827	309 864
Derivatives	30.1	1 394	1 765
Other liabilities	26	17 366	12 159
Advances from the customers		1 185	1 830
Deferred income tax liabilities	10.3	8 507	13 870
		498 279	**339 488**
Current liabilities			
Trade and other payables	26	109 002	75 771
Interest-bearing loans and borrowings	24	133 424	82 970
Derivatives	30.1	764	425
Income tax payable		473	313
Accruals		12 024	8 610
Advances from the customers		191 411	139 537
Provisions	25	9 066	17 299
		456 164	324 925
Total liabilities		**954 443**	**664 413**
TOTAL EQUITY AND LIABILITIES		**1 478 617**	**1 141 208**

Summary of significant accounting policies and other explanatory notes included on pages 8 to 60 are an integral part of these consolidated financial statements.

(in PLN thousands)

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 December 2015

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities			
Profit before taxation		49 578	52 042
Adjustments for:			
Depreciation/Amortisation	9.7	1 760	1 368
Valuation of investment property and investment property under construction	15	3 063	(11 767)
Share based payment	23	-	2 130
Interest income	9.5	(6 701)	(8 641)
Interest expense	9.6	16 169	17 059
Change in provisions		(8 233)	6 050
Profit/loss on sales of property, plant and equipment		173	(79)
Share in profit of joint ventures accounted for using the equity method	28.5	(30 554)	(26 354)
Dividend received from joint ventures	28.5	16 830	12 700
Share capital increase in joint ventures		(2 346)	-
Deferred profit on sales to joint ventures		6 931	4 789
Working capital adjustments:			
Change in inventories and land designated for development		(75 291)	(2 531)
Change in receivables		(45 728)	(30 695)
Change in payables except loans and borrowings		35 097	27 083
Change in the balance of cash paid to the restricted developers accounts		29 153	(48 765)
Change in accruals, advances from the customers and prepayments		56 586	(5 903)
Loans granted to associates and joint ventures		(40 572)	(10 170)
Repayment of loans granted to joint-ventures		32 689	56 926
Loans received (bills of exchange issued to) from associates and joint-ventures	28	25 000	-
		14 026	**(16 800)**
Interest received		4 156	4 442
Income tax paid		(5 777)	(12 763)
Net cash flows from operating activities		**61 983**	**26 921**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(5 711)	(3 278)
Proceeds from sale of property, plant and equipment and intangibles		1 872	3 099
Acquisition of subsidiaries and joint ventures, net of cash acquired		(59)	-
Payments for the purchase of investment fund units		(10 000)	-
Additions to investment property and investment property under construction		(683)	(9 908)
Net cash flows from investing activities		**(14 581)**	**(10 087)**
Cash flows from financing activities			
Proceeds from the issue of shares		100	1 075
Payment of finance lease liabilities		(2 653)	(804)
Proceeds from loans and borrowings		332 428	158 186
Proceeds from bonds issuance	24	170 000	120 000
Repayment of loans and borrowings		(228 083)	(194 244)
Repayment of bonds	24	(86 000)	(75 000)
Dividends paid	12	(28 940)	(20 967)
Dividends paid to non-controlling interest	12	(3 750)	(5 000)
Payment for the acquisition of non-controlling interest		-	(25)
Loans granted to non-controlling interest and joint venture partners		(14 216)	-
Interest and commissions paid		(23 778)	(22 142)
Payment of the security deposit to the bank		(1 911)	(133)
Return of the security bank deposit		1 945	12 227
Net cash flows from financing activities		**115 142**	**(26 827)**
Net increase/(decrease) in cash and cash equivalents		162 544	(9 993)
Net foreign exchange difference		53	-
Cash and cash equivalents at the beginning of the period	21	183 880	193 873
Cash and cash equivalents at the end of the period, of which:	21	346 477	183 880
- restricted cash	21	17 625	14 655

(in PLN thousands)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Note	Attributable to equity holders of the parent							Non-controlling interests	Total equity
		Share capital	Share premium	Reserve capital	Foreign currency translation differences	Hedge reserve	Retained earnings	Total		
At 1 January 2015		**26 209**	**309 965**	**7 569**	**-**	**(1 775)**	**104 606**	**446 574**	**30 221**	**476 795**
Profit for the year		-	-	-	-	-	79 744	**79 744**	1 820	**81 564**
Other comprehensive income		-	-	-	(471)	26	-	**(445)**	-	**(445)**
Total comprehensive income for the period		**-**	**-**	**-**	**(471)**	**26**	**79 744**	**79 299**	**1 820**	**81 119**
Share capital increase		100	-	-	-	-	-	**100**	-	**100**
Previous period profit appropriation		-	-	1 201	-	-	(1 201)	**-**	-	**-**
Dividend	12	-	-	-	-	-	(28 940)	**(28 940)**	(4 900)	**(33 840)**
At 31 December 2015	**22**	**26 309**	**309 965**	**8 770**	**(471)**	**(1 749)**	**154 209**	**497 033**	**27 141**	**524 174**

Summary of significant accounting policies and other explanatory notes included on pages 8 to 60 are an integral part of these consolidated financial statements.

(in PLN thousands)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Note	Attributable to equity holders of the parent						Non-controlling interests	Total equity
		Share capital	Share premium	Reserve capital	Hedge reserve	Retained earnings	Total		
At 1 January 2014		**26 052**	**308 654**	**5 277**	**-**	**78 546**	**418 529**	**34 702**	**453 231**
Profit for the year		-	-	-	-	44 084	44 084	2 443	46 527
Other comprehensive income		-	-	-	(1 775)	-	(1 775)	-	(1 775)
Total comprehensive income for the period		**-**	**-**	**-**	**(1 775)**	**44 084**	**42 309**	**2 443**	**44 752**
Share based payment	23	-	-	-	-	2 130	2 130	-	2 130
Tax relating to costs recognised in previous periods directly in equity	10.1	-	393	-	-	-	393	-	393
Share capital increase		157	918	-	-	-	1 075	-	1 075
Previous period profit appropriation		-	-	2 292	-	(2 292)	-	-	-
Dividend	12	-	-	-	-	(20 967)	(20 967)	(5 000)	(25 967)
Acquisition of non-controlling interests	17	-	-	-	-	3 105	3 105	(1 924)	1 181
At 31 December 2014	**22**	**26 209**	**309 965**	**7 569**	**(1 775)**	**104 606**	**446 574**	**30 221**	**476 795**

Summary of significant accounting policies and other explanatory notes included on pages 8 to 60 are an integral part of these consolidated financial statements.

Significant accounting policies and other explanatory notes (in PLN thousands)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

1. GENERAL INFORMATION

1.1. Corporate information

ROBYG S.A. Capital Group (the "Group") is composed of ROBYG S.A. (the "Company") and its subsidiaries. Entities constituting the Group are listed in Note 1.2, the Group's joint ventures are listed in Note 1.3 and the Group's associates are listed in Note 1.4 below.

The Group was created in April 2008 as a result of reorganisation process, which included a contribution in kind of a number of entities to ROBYG S.A. and a purchase or set up of some entities by ROBYG S.A. The details regarding the contribution in kind process were described in the annual consolidated financial statements of ROBYG S.A. Group for the year ended 31 December 2008.

The Group is currently operating primarily in the development and sales of real estate.

The basic corporate information about ROBYG S.A. is as follows:

- ROBYG S.A. has its registered office in Poland, Warsaw (02-972), al. Rzeczypospolitej 1.
- ROBYG S.A. was established based on Articles of Association on 14 March 2007.
- ROBYG S.A. was entered in the Register of Entrepreneurs kept by the District Court, XIII Economic Department of the National Court Register, Entry No. KRS 0000280398.
- ROBYG S.A. was assigned statistical REGON number 140900353.

1.2. Composition of the Group

Details related to the Group entities as at 31 December 2015 and as at 31 December 2014 are presented in the table below:

Entity name	Business activities	% held by the Group in share capital of an entity as at 31 December 2015	% held by the Group in share capital of an entity as at 31 December 2014
ROBYG S.A.	Holding and financing activities.	n/a	n/a
ROBYG Development 1 Sp. z o.o.	Holding activities.	100.00 %	100.00 %
ROBYG Development 1 spółka z ograniczoną odpowiedzialnością Sp. k.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Development 2 Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Park Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k (previously: Robyg Morena Sp. z o.o.)	Real estate development and sales of units on its own behalf.	100.00 % (1)	100.00 %
ROBYG City Apartments Sp. z o.o.	Real estate development and sales of units on its own behalf.	75.00 %	75.00 %
ROBYG City Apartments 2 Sp. z o.o.	Real estate development and sales of units on its own behalf.	75.00 %	75.00 %
ROBYG Marina Tower Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Osiedle Zdrowa 1 Sp. z o.o.	Holding activities.	100.00 %	100.00 %
ROBYG Osiedle Zdrowa 1 spółka z ograniczoną odpowiedzialnością Sp. k.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
M3 ROBYG Osiedle Zdrowa 1 spółka z ograniczoną odpowiedzialnością Sp. k.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Jabłoniowa Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Jabłoniowa 2 Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Marketing i Sprzedaż Sp. z o.o.	Selling and marketing of the units built by the Group companies, public relation activities of the Group	100.00 %	100.00 %
ROBYG Zarządzanie Sp. z o.o.	Project management and supporting services.	100.00 %	100.00 %

Significant accounting policies and other explanatory notes (in PLN thousands)

Entity name	Business activities	% held by the Group in share capital of an entity as at 31 December 2015	% held by the Group in share capital of an entity as at 31 December 2014
ROBYG Construction Sp. z o.o.	Construction and building activities	100.00 %	100.00 %
ROBYG Construction Poland Sp. z o.o.	Holding activities	100.00 %	100.00 %
ROBYG Kameralna Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
P-Administracja Sp. z o.o.	Real estate management services.	100.00 %	100.00 %
Wilanów Office Center Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Business Park Sp. z o.o.	Offices and commercial space rental and management.	100.00 %	100.00 %
Jagodno Estates Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Morenova Sp. z o.o. (previously: Buforowa Sp. z o.o.)	Real estate development and sales of units on its own behalf.	100.00 % (2)	100.00 %
OVERKAM 7 QUBE Sp. z o.o.	Holding activities.	100.00 %	100.00 %
OVERKAM 7 QUBE spółka z ograniczoną odpowiedzialnością S.K.A.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
OVERKAM 7 QUBE spółka z ograniczoną odpowiedzialnością SPV 11 S.K.A.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
OVERKAM 7 QUBE spółka z ograniczoną odpowiedzialnością SPV 12 S.K.A.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
OVERKAM 7 QUBE spółka z ograniczoną odpowiedzialnością SPV 13 S.K.A.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
ROBYG Property Sp. z o.o.	Rental activities.	100.00 %	100.00 %
ROBYG Żoliborz Investment Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 %	100.00 %
SELENIUM spółka z ograniczoną odpowiedzialnością S.K.A.	Financing activities.	100.00 %	100.00 %
SELENIUM Sp. z o.o.	Holding activities.	100.00 %	100.00 %
ROBYG Słoneczna Morena Sp. z o.o.	Holding activities.	100.00 %	100.00 %
ROBYG I Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 % (3)	n/a
ROBYG Praga Investment I Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 % (4)	n/a
ROBYG Praga Investment II Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 % (5)	n/a
GW Development Sp. z o.o.	Real estate development and sales of units on its own behalf.	100.00 % (6)	n/a
ROBYG Mokotów Investment Sp. z o.o.	Real estate development and sales of units on its own behalf.	51.00 % (7)	51.00 %
ROBYG Green Mokotów Sp. z o.o. (previously: ROBYG Praga Investment Sp. z o.o.)	Real estate development and sales of units on its own behalf.	51.00 % (8)	100.00 %
BARIUM spółka z ograniczoną odpowiedzialnością S.K.A.	Financing activities.	51.00 % (9)	100.00 %
BARIUM Sp. z o.o.	Holding activities.	51.00 % (10)	100.00 %

(1) In 2Q 2015 ROBYG Morena Sp. z o.o. was transformed from a limited liability company to a limited partnership and, as a result, has changed its business name to ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k.;

(2) In 4Q 2015 Buforowa Sp. z o.o. has changed its name to ROBYG Morenova Sp. z o.o;

(3) This company was set up by the Company in 2Q 2015, with share capital of PLN 5 thousand. In 3Q 2015 the Company has signed a preliminary conditional agreement for the sale of 49% of shares to NCRE II Investments Ltd. The condition specified in the share sale agreement (which was the consent of the President of the Office for Competition and Consumer Protection for the creation of a joint venture by the Company and NCRE II Limited within ROBYG I Sp. z o.o.) has been met on 9 December 2015. The final contract for the transfer of the share ownership was concluded on 7 March 2016, however the ownership of the above described shares has not been transferred to NCRE II until the date of these consolidated financial statements;

(4) This company was set up by the Company in 3Q 2015, with share capital of PLN 5 thousand;

(5) This company was set up by the Company in 3Q 2015, with share capital of PLN 5 thousand. In 4Q 2015 the Company has signed a preliminary conditional agreement for the sale of 49% of shares to NCRE II Investments Ltd. The condition specified in the share sale agreement (which was the consent of the President of the Office for Competition and Consumer Protection for the creation of

Significant accounting policies and other explanatory notes (in PLN thousands)

a joint venture by the Company and NCRE II Limited within ROBYG Praga Investment II Sp. z o.o.) has been met on 13 January 2016. The final contract for the transfer of the share ownership was concluded on 7 March 2016, however the ownership of the above described shares has not been transferred to NCRE II until the date of these consolidated financial statements;
(6) In 2015 the Company has acquired 100% of shares in this company for the purchase price of PLN 5 thousand. In 3Q 2015 the Company has signed a preliminary conditional agreement for the sale of 49% of shares to NCRE II Investments Ltd. The condition specified in this share sale agreement (which was the consent of the President of the Office for Competition and Consumer Protection for the creation of a joint venture by the Company and NCRE II Limited within GW Development Sp. z o.o.) has been met on 9 December 2015. The final contract for the transfer of the share ownership was concluded on 7 March 2016, however the ownership of the above described shares has not been transferred to NCRE II until the date of these consolidated financial statements;
(7) In 3Q 2014 the Company has signed a preliminary conditional agreement for the sale of 49% of shares in this company to NCRE II Investments Ltd. The condition specified in the share sale agreement (which was the consent of the President of the Office for Competition and Consumer Protection for the creation of a joint venture by the Company and NCRE II Limited within ROBYG Mokotów Investment Sp. z o.o.) has been met on 5 November 2014. The final contract for the transfer of the share ownership has been concluded on 20 April 2015. As at 31 December 2015 and 31 December 2014 the Group recognised control of 51% of shares in this company;
(8) In 3Q 2015 the Company sold 100% of shares in this company to ROBYG Mokotów Investment Sp. z o.o. for the selling price of PLN 5 thousand, as a result the Company holds indirectly 51% of shares in this company. In 4Q 2015 ROBYG Praga Investment Sp. z o.o. has changed its name to ROBYG Green Mokotów Sp. z o.o.;
(9) In 3Q 2015 the Company sold 100% of shares in this company to ROBYG Mokotów Investment Sp. z o.o.;
(10) In 3Q 2015 the Company sold 100% of shares in this company to ROBYG Mokotów Investment Sp. z o.o.

As at 31 December 2015 and as at 31 December 2014, the percentage of voting rights held by the Group in the subsidiaries corresponds to the percentage of shares held in share capital of those entities.

All Group's entities are established for an unlimited period of time.

1.3. Information on joint ventures of the Group

Details related to joint ventures of the Group as at 31 December 2015 and as at 31 December 2014 are presented in the table below:

Entity name	Business activities	% held by the Group in share capital of an entity as at 31 December 2015	% held by the Group in share capital of an entity as at 31 December 2014
Królewski Park Sp. z o.o.	Real estate development and sales of units on its own behalf.	51.00%(1)	51.00%(1)
ROBYG Ogród Jelonki Sp. z o.o.	Holding activities.	50.00 %(2)	50.00 %(2)
ROBYG Osiedle Kameralne Sp. z o.o.	Real estate development and sales of units on its own behalf.	50.00 %(3)	50.00 %(3)
FORT Property Sp. z o.o.	Holding activities.	51.00 %(4)	51.00 %(4)
ROBYG Young City Sp. z o.o.	Real estate development and sales of units on its own behalf.	51.00 %(5)	51.00 %(5)
ROBYG Osiedle Królewskie Sp. z o.o.	Real estate development and sales of units on its own behalf.	51.00 %(6)	51.00 %(6)
ROBYG Wola Investment Sp. z o.o.	Real estate development and sales of units on its own behalf.	51.00 %(7)	51.00 %(7)

(1) Entity under joint control of the Company and NCRE Investments Ltd,
(2) Entity under joint control of the Company and Wildetio Limited;
(3) Entity under joint control of the Company and Wildetio Limited; indirect stake through ROBYG Ogród Jelonki Sp. z o.o.;
(4) Entity under joint control of the Company and NCRE Investments Ltd.;
(5) Entity under joint control of the Company and NCRE Investments Ltd.; indirect stake through FORT Property Sp. z o.o;
(6) Entity under joint control of the Company and NCRE Investments Ltd.;
(7) Entity under joint control of the Company and NCRE Investments Ltd.;

As at 31 December 2015 and as at 31 December 2014, the percentage of voting rights held by the Group in the jointly controlled entities corresponds to the percentage of shares held in share capital of those entities.

1.4. Information on associates of the Group

Details related to associates of the Group as at 31 December 2015 and as at 31 December 2014 are presented in the table below:

Entity name	Business activities	% held by the Group in share capital of an entity as at 31 December 2015	% held by the Group in share capital of an entity as at 31 December 2014
MK Development Sp. z o.o.	Real estate development and sales of units on its own behalf.	50% (1)	n/a

(1) In Q4 2015 the Company acquired 50% of shares in this company for the purchase price of PLN 3 thousand.

As at 31 December 2015 and as at 31 December 2014, the percentage of voting rights held by the Group in the associates corresponds to the percentage of shares held in share capital of those entities.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared on a historical cost basis, except for investment properties and derivatives measured at fair value.

These consolidated financial statements are presented in the Polish zloty (“PLN”) and all values are rounded to the nearest thousand (PLN ‘000), unless indicated otherwise.

These consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future. As at the date of approval of these consolidated financial statements, the Management Board of ROBYG S.A. is not aware of any facts or circumstances that would indicate a threat to the continuing activity of any entity of the Group.

2.1. Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (‘IFRS-EU’). As at the date of approval of these financial statements for publication, in the light of the ongoing process of implementation of the IFRS by the EU and the Group’s operations, with regard to the accounting principles applied by the Group, the IFRS differ from the IFRS-EU. The Group used the possibility given by International Financial Reporting Standards as adopted by the EU to adopt IFRIC 21 from the annual periods beginning on 1 January 2015, whereas Amendments to IAS 19 and Annual Improvements to IFRS 2010-2012 from the annual periods beginning on 1 January 2016.

The IFRS-EU include standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

Some of the Group entities maintain its accounts in accordance with the accounting policies (principles) set forth in the Polish Accounting Act of 29 September 1994 (the “Accounting Act”) as amended and statutory instruments issued thereunder (the “Polish accounting principles”). These consolidated financial statements include adjustments not included in the accounts of the Group’s entities that have been introduced to ensure the compliance of those entities’ financial statements with the IFRS.

2.2. Functional currency and presentation currency

Polish zloty is the functional currency of the Company as well as the presentation currency of these consolidated financial statements.

As of 1 January 2015 there has been a change in the functional currency of one of the Group entities from the Polish zloty into Euro as a consequence of the change of the entity’s business activities from holding into office and commercial space rental and management with Euro as a currency which most significantly influences the sales prices and the results of this entity’s operations. The entity has applied the change in the functional currency prospectively. The results for the year ended 31 December 2015 and the financial position of this entity as of 31 December 2015 were translated into the Group’s presentation currency using the following procedures:

- assets and liabilities of the statement of financial position were translated at the closing rate at the reporting date;
- income and expenses were translated at the exchange rates at the dates of the transactions; and
- all resulting exchange differences were recognised in other comprehensive income.

3. Approval of the consolidated financial statements

These consolidated financial statements were approved for publication by the Management Board on 16 March 2016.

4. Significant accounting judgements and estimates

4.1. Judgements

In the process of applying the Group's accounting policies, the management, in addition to estimation judgements, which have the most significant effect on the amounts recognised in these consolidated financial statements, have made the following judgements:

Recognition of revenues from the sale of apartments and commercial units

Revenues from the sale of apartments and commercial units are recognised by the Group in line with IAS 18 "Revenues" and IFRIC 15 "Agreements for the Construction of Real Estate", i.e. after the significant risks and rewards of ownership of the apartment/commercial unit have been transferred to a purchaser of the given apartment in its entirety at a single time i.e. upon delivery. In the process of applying the above described accounting policy Management judgment is required in assessing whether significant risks and rewards of ownership have been transferred to the customer.

Classification of lease commitments

The Group classifies its lease agreements as finance leases or operating leases based on the assessment of the extent to which substantially all the risks and benefits related to ownership have been transferred from the lessor to the lessee. The assessment is based on an economic substance of each agreement.

Joint ventures

As presented in Note 1.3 to these consolidated financial statements, the Group is a shareholder in several joint ventures carried out with partners. These projects are treated as joint ventures due to the fact that the Group together with the partners has a joint control over these entities that carry out projects, resulting from the fact that both partners have the right to appoint an equal number of members of the Supervisory Board and thus they have a joint control over the composition of the Management Board.

4.2. Estimates and assumptions

Below are discussed key assumptions concerning the future and other key sources of estimating uncertainty as at the balance-sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year.

Deferred tax assets

The Group recognises deferred tax assets based on the assumption that in the future, taxable profits will be available against which the deferred tax asset can be utilised. Deterioration of future taxable profits might render this assumption unreasonable.

Fair value of financial instruments

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. The Group applies professional judgment in selecting appropriate methods and assumptions. The methods used for measuring the fair value of financial instruments are presented in Note 30 to these consolidated financial statements.

Fair value of investment property

The fair value of investment property is assessed by the Management Board of the Group based on the valuations prepared by an independent valuer with a use of comparative transactions method (based on the analysis of the current prices charged in similar transactions on the market), income method and/or based on the internal valuations.

Depreciation and amortisation rates

Depreciation and amortisation rates are determined based on the anticipated economic useful lives of property, plant, equipment and intangible assets. The economic useful lives are reviewed annually by the Group based on current estimates.

SPLIT OF BORROWING LIABILITIES INTO LONG AND SHORT-TERM

The repayment schedules of the bank borrowings held by the Group are related to the planned timetable of completion of particular phases of a project which are financed with a given loan. Thus the split of the bank borrowings into the long-term and short-term parts is done on the basis of the planned schedule of completion of a particular stage of the project, however not later than the final repayment date as stated in the contract. Any changes in the schedules may result in a change in the presentation of this statement of financial position item.

SPLIT OF LAND DESIGNATED FOR DEVELOPMENT INTO LONG-TERM AND SHORT-TERM

The Group classifies the land designated for development as either long-term and short-term. This division is based on the operating cycle. The Group estimates that an operating cycle lasts about 4 years. The operating cycle is divided into two phases: (i) the pre-construction preparation phase lasting about 2 years (obtaining necessary site permits, environmental decisions or construction permits, designing, etc.), and (ii) construction phase lasting also about 2 years.

The Group thus divides all the land bank it holds into a long-term part (if the start of the construction phase on this land is not planned within the period of 2 years from the reporting date) and a short-term part (if the start of the construction phase on this land is planned within 2 years from the reporting date). The details related to the presentation of the land bank held by the Group are described in Note 7.14 to these consolidated financial statements.

IMPAIRMENT OF ASSETS AND NRV ANALYSIS

The Group carries out tests for impairment of property, plant, equipment and land designated for development classified as non-current assets when impairment indicators exist. Goodwill acquired in business combinations is tested for impairment as at the end of each year. The NRV test for the inventory of finished goods (completed residential and commercial units) is done by comparing their book value with the current market selling prices of the units in particular stages of the projects carried out by the Group. Inventory classified as work in progress (units under construction) is tested by comparing the net book value increased by the expected remaining costs to complete the apartments with the current market selling prices of the finished apartments in the given stages of the projects carried out the Group. The land bank held by the Group (the one presented with the inventory balance as well as the one included in land designated for development classified as non-current assets) is valued either based on the external or internal valuations prepared for that land or based on the comparison of the net book value of the land with the current market prices for the land quoted in the given area or by comparing the value of land increased by the expected construction costs to be incurred to complete the project with the estimated current market prices of the finished apartments sold in the given area. Impairment tests on goodwill require assessment of the value in use of the cash-generating unit or a group of cash generating units to which the goodwill is allocated. Assessment of the value in use is based on determining future cash flows generated by the cash-generating unit and requires the determination of a discount rate in order to calculate the present value of those cash flows. Based on these analyses, the Group's management determines if there is any basis for recognition of any impairment write-offs updating the value of property, plant, equipment, land designated for development classified as non-current assets and goodwill or any write-offs to decrease the value of inventory to its net realisable value. For details of impairment test on goodwill please refer to Note 16.1 to these consolidated financial statements.

PROVISIONS

The Group has created provisions for all the material and justified legal proceedings in to the Group entities are parties taking into consideration potential negative effects that these legal cases may have on the Group entities. For details of court proceedings please refer to Note 25.2 and for details of provisions created please refer to Note 25 to these consolidated financial statements.

5. CHANGES IN THE ACCOUNTING POLICIES RESULTING FROM NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies used to prepare these consolidated financial statements are the same as those used to prepare the consolidated financial statements of the Group for the year ended 31 December 2014, with the exception of the implementation of the following amendments to the standards as well as new interpretations that are in effect for financial years beginning on or after 1 January 2015:

From 1 January 2015 the Group has applied for the first time the following standards:

- IFRIC 21 *Levies* (issued on 20 May 2013)
- *Annual Improvements to IFRSs 2011-2013* (issued on 12 December 2013)

The implementation of these amendments did not have any effect on the financial situation or results of the Company.

6. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following standards and interpretations have been issued by the International Accounting Standards Board or by the International Financial Reporting Interpretations Committee, but are not yet effective:

- IFRS 9 *Financial Instruments* (issued on 24 July 2014) effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (issued on 21 November 2013) – effective for financial years beginning on or after 1 July 2014, in EU effective at the latest for financial years beginning on or after 1 February 2015,
- *Annual Improvements to IFRSs 2010-2012* (issued on 12 December 2013)– some amendments effective for financial years beginning on or after 1 July 2014 and some effective prospectively for transactions occurring on or after 1 July 2014, in EU effective at latest for financial years beginning on or after 1 February 2015,
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for financial years beginning on or after 1 January 2016 – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014) – effective for financial years beginning on or after 1 January 2016, in EU effective at latest for financial years beginning on or after 1 January 2016,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization* (issued on 12 May 2014) – effective for financial years beginning on or after 1 January 2016, in EU effective at latest for financial years beginning on or after 1 January 2016,
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) – effective for financial years beginning on or after 1 January 2018 – not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (issued on 30 June 2014) - effective for financial years beginning on or after 1 January 2016, in EU effective at latest for financial years beginning on or after 1 January 2016,
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (issued on 12 August 2014) – effective for financial years beginning on or after 1 January 2016, in EU effective at latest for financial years beginning on or after 1 January 2016,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) - effective for financial years beginning on or after 1 January 2016, wherein the effective date was tentatively postponed by IASB – decision about terms of performing particular steps resulting in endorsement of the Amendments has not yet been made by EFRAG – not yet endorsed by EU till the date of approval of these financial statements,
- *Annual Improvements to IFRSs 2012–2014* (issued on 25 September 2014) - effective for financial years beginning on or after 1 January 2016, in EU effective at latest for financial years beginning on or after 1 January 2016,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 1 *Disclosure Initiative* (issued on 18 December 2014) – effective for financial years beginning on or after 1 January 2016, in EU effective at latest for financial years beginning on or after 1 January 2016,
- IFRS 16 *Leases* (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019 - decision about terms of performing particular steps resulting in endorsement of the Standard has not yet been made by EFRAG – not yet endorsed by EU at the date of approval of these financial statements,
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (issued on 19 January 2016) – effective for financial years beginning on or after 1 January 2017 - not yet endorsed by EU at the date of approval of these financial statements,

- Amendments to IAS 7 *Disclosure Initiative* (issued on 29 January 2016) - effective for financial years beginning on or after 1 January 2017- not yet endorsed by EU at the date of approval of these financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

The management is in process of analyzing the impact of the above new standards and amendments on the consolidated financial statements in the period of their initial application.

7. Summary of significant accounting policies

7.1. Basis of consolidation

These consolidated financial statements comprise financial statements of ROBYG S.A. and its subsidiaries for the year ended 31 December 2015 as described in detail Note 1 to these consolidated financial statements. The financial statements of all consolidated entities are prepared for the same reporting period, with the use of consistent accounting policies, and are based on the same accounting policies applied to similar business transactions and events. Adjustments are made to bring in line any different accounting policies that may exist.

All intercompany balances and transactions, including unrealised gains arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless they indicate impairment.

Interest in subsidiaries

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which such control is transferred out of the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee,
- the ability to use its power over the investee to affect its returns.

Generally, there is an assumption that a majority of voting rights result in control. To support this assumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- contractual arrangement with other vote holders of the investee,
- rights arising from other contractual arrangements,
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date when the Group gains control until the date when the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such cases, in order to reflect the changes in relative shareholdings held in the subsidiary, the Group adjusts the values of controlling and non-controlling interests. All differences between the value of the adjustment allocated to the non-controlling interests and the fair value of the consideration paid or received for the minority shares are recognised in equity and are allocated as a transaction with the owners of the Group.

Interest in joint ventures

Joint ventures are accounted for using the equity method.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Gains and losses from "upstream" and "downstream" transactions between the Group and joint ventures are recognised only to the extent of unrelated Group's interest in the joint ventures.

Significant accounting policies and other explanatory notes (in PLN thousands)

INTERESTS IN ASSOCIATES

Interests in associates are valued with equity method. An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. The basis for the valuation of the investment in associate using equity method is the financial statements of the associate. The financial statements of the associates are prepared for the same reporting period as the Group's financial statements. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Equity method is a method of accounting where the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. The profit or loss of the Group includes the Group's share of the profit or loss of the associate.

7.2. Foreign currency translation

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

As at the balanced-sheet date, monetary assets and liabilities expressed in currencies other than the Polish zloty are translated into Polish zloty using the average National Bank of Poland rate for a given currency at the end of the reporting period. Exchange differences resulting from the translation are recorded under finance income or finance costs, or, in cases defined in accounting policies, are capitalised in the cost of assets. Non-monetary foreign currency assets and liabilities recognised at currency exchange historical cost are translated at the historical foreign exchange rate prevailing on the transaction date. Non-monetary foreign currency assets and liabilities recognised at fair value are translated using the rate of exchange binding as at the date of re-measurement to fair value.

The following exchange rates were used for valuation purposes:

	31 December 2015	31 December 2014
USD	3.9011	3.5072
EUR	4.2615	4.2623

7.3. Property, plant and equipment

Property, plant and equipment are recognised at purchase price/ production cost less accumulated depreciation and impairment losses. The initial cost of an item of property, plant and equipment comprises its purchase price and any costs directly related to the purchase or directly attributable to bringing the asset into working condition for its intended use. The costs also comprise the cost of replacement of the assets' components when incurred, if the recognition criteria are met. Subsequent expenditures, such as repair or maintenance costs, are expensed in the consolidated statement of comprehensive income for the reporting period as they are incurred.

Upon purchase, property, plant and equipment are divided into components, which represent items with a significant value that can be allocated a separate useful life. Overhauls also represent an asset component.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives.

Type	Period
Equipment and other assets (majority of this position relates to sales and administration office buildings)	2-10 years
Vehicles	5 years

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed annually and, if necessary, adjusted with effect from the beginning of the reporting period that has just ended.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its further use. Any gain or loss arising on de-recognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the consolidated statement of comprehensive income for the period in which de-recognition took place.

Assets under construction (construction in progress) include assets under construction or assembly and are recognised at purchase price or cost of construction less any impairment losses. Depreciation of an asset begins when it is available for use.

7.4. Investment properties

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in the consolidated statement of comprehensive income for the year in which it arose.

Investment property is de-recognized when disposed of or permanently withdrawn from use and no future benefits are expected from its disposal. Gains or losses on de-recognition of investment property are recognized in the consolidated statement of comprehensive income for the year in which such de-recognition took place.

Transfers are made to investment property when, and only when, there is a change in use, in particular evidenced by the end of occupation by an owner or commencement of an operating lease to another party.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such a property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of comprehensive income.

Transfers are made from investment property to inventory or land designated for construction classified as non-current asset only when there is a change in use evidenced by the commencement of development of the given plot with a view to sale.

For a transfer from investment property to owner-occupied property or inventories or land designated for construction classified as non-current asset, the deemed cost of the property for subsequent accounting is its fair value as at the date of change in use.

Land with undefined future use is classified by the Group as investment property.

7.5. Intangible assets

Intangible assets acquired separately or constructed (if they meet the recognition criteria for capitalised development costs) are measured on initial recognition at cost (acquisition or production costs, respectively). The cost of intangible assets acquired in a business combination equals their fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at acquisition or production cost less any accumulated amortisation and any accumulated impairment losses. Expenditures incurred for internally generated intangible assets, excluding capitalised development costs, are not capitalised and are recognised as costs in the reporting period in which they are incurred.

The Group assesses useful lives of intangible assets to be either definite or indefinite. Intangible assets with definite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with definite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives and those that are not in use are tested for impairment annually either individually or at the cash generating unit level.

Useful lives are reviewed annually and, if necessary, are adjusted with effect from the beginning of the reporting period that has just ended.

Gains or losses resulting from the de-recognition of intangible assets from the consolidated statement of comprehensive income are measured as the difference between net sale proceeds and the carrying amount of a particular asset and are recognised in the consolidated statement of comprehensive income at the date of their de-recognition from the consolidated statement of financial position.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software
Useful life	Definite.
Method of amortisation	2 years on a straight-line basis.
Internally generated or acquired	Acquired.
Impairment testing	Annual assessment to determine whether there is any indication that an asset may be impaired.

7.6. Business combinations and goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the statement of comprehensive income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units that is expected to benefit from the combination. Each unit, or set of units, to which the goodwill has been allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, and
- not be larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill represents a part of a cash-generating unit and a part of the operations within that unit is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining gain or loss on disposal of the operation. Goodwill disposed of in such circumstances is measured on the basis of the relative value of the operations disposed of and the value of the portion of the cash-generating unit retained.

7.7. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

Capitalised leased assets are depreciated over the estimated useful life of the asset or the lease term. If there is a reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Subsequent lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

7.8. Impairment of non-financial assets

An assessment is made at each balance-sheet date to determine whether there is any indication that a non-financial asset may be impaired. If it has been established that such an indication exists, or in case an annual impairment testing is required, the Group makes an estimate of the recoverable amount of that asset or a cash-generating unit of which a particular asset is a part.

The recoverable amount of an asset or a cash-generating unit is the higher of the asset's or cash-generating unit's fair value less costs of sale and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the impairment of value occurs and thus is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of assets used in continuing operations are recognised in the expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in the consolidated statement of comprehensive income, unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

7.9. Borrowing costs

Borrowing costs are capitalised as part of the cost of property, plant and equipment and inventories. Borrowing costs include interest and foreign exchange losses (to the extent they are regarded as an adjustment to interest costs) resulting from the borrowings taken out in order to finance real estate development projects developed by the Group.

Foreign exchange gains are not capitalised.

Only the financing costs which pertain to investment phases subject to active development work (that is, work related to obtaining permits, creating architectural or urban planning conceptions, design, etc.) or construction work, in the time frame encompassing this work, are subject to capitalisation. Upon suspension or interruption of development or construction work in relation to a given phase, the costs of financing that phase are charged to the consolidated statement of comprehensive income for the entire period of the work interruption.

7.10. Financial assets

Financial assets are classified into one of the following categories:

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

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

- those that upon initial recognition are designated as at fair value through profit or loss;
- those that are designated as available for sale; and
- those that meet the definition of loans and receivables.

Financial assets held to maturity are measured at amortised cost using the effective interest rate. Financial assets held to maturity are classified as non-current assets if they fall due within more than 12 months from the balance-sheet date.

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

- it is classified as held for trading. A financial asset is classified as held for trading if it is:
    - acquired principally for the purpose of selling it in the near future;
    - part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
    - a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- upon initial recognition it is designated as at fair value through profit or loss in compliance with IAS 39.

Financial assets at fair value through profit or loss are measured at fair value, which takes into account their market value as at the reporting date. Any change in the fair value of these instruments is recorded in finance costs or finance income. When a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial assets may be classified at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a document risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These are classified as current assets, provided that maturity does not exceed 12 months after the reporting date. Loans and receivables with maturities exceeding 12 months from the reporting date are classified under non-current assets.

Available-for-sale financial assets are those non-derivative financial assets that are classified as available-for-sale or are not classified in any of the three preceding categories. Available-for-sale financial assets are measured at fair value, without deducting transaction costs, and taking into account their market value as at the reporting date. Where no quoted market price is available and there is no possibility to determine their fair value using alternative methods, available-for-sale financial assets are measured at cost, adjusted for any impairment losses. Positive and negative differences between the fair value and the acquisition cost of financial assets available for sale (if quoted market price determined on the regulated market is available or if the fair value can be determined using other reliable method) are taken to the consolidated statement of comprehensive income (as “Other comprehensive income/(loss) for the period, net of tax”). Any decrease in the value of financial assets available for sale resulting from impairment losses is taken to the consolidated statement of comprehensive income and recorded under finance cost.

Purchase and sale of financial assets is recognised at the transaction date. Initially, financial assets are recognised at acquisition cost, i.e. at fair value plus, for financial assets other than classified as financial assets at fair value through profit and loss, transaction costs.

Financial assets are derecognised if the Group loses its control over contractual rights attached to those assets, which usually takes place upon the sale of the asset or where all cash flows attributed to the given asset are transferred to an independent third party.

7.11. Impairment of financial assets

At each reporting date the Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

ASSETS CARRIED AT AMORTISED COST

If there is an objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate calculated at its initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance amount. The amount of the loss shall is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

FINANCIAL ASSETS CARRIED AT COST

If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value, because its fair value cannot be reliably measured, or on a derivative asset that is linked to and has to be settled by a delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

If there is an objective evidence that an impairment loss has been incurred on an available-for-sale asset, then the amount of the difference between the acquisition cost (net of any principal payment and – in case of financial assets measured at amortised cost using the effective interest rate method – amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and recognised in the consolidated statement of comprehensive income. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognised in the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income, the impairment loss is reversed, with the amount of the reversal recognised in the consolidated statement of comprehensive income.

7.12. Derivative financial instruments and hedges

The Group used derivative financial instruments such as interest rate swaps to hedge against the risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are measured at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from the changes in the fair value of derivatives that do not qualify for hedge accounting are reported directly in the net profit or loss for the period.

The fair value of contracts for changing interest rates is determined on the basis of a valuation model that takes into account observable market data including, in particular, current forward interest rates.

In hedge accounting, hedges are classified as:

- fair value hedges that protect from the risk of changes in the fair value of the recognised asset component or liability, or
- cash flow hedges that protect from the changes in cash flows which can be assigned to a specific type of risk related to the recognised asset component, liability, or forecast transaction, or
- hedges of a net investment in a foreign operation.

Hedges of the foreign exchange risk of firm commitments are settled as cash flow hedges.

Upon establishing a hedge, the Group formally designates and documents the hedging relationship, as well as the risk management goal and the strategy for establishing the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the hedged risk, as well as the manner of evaluating the effectiveness of the hedging instrument in compensating for the risk of changes in the fair value of the hedged item or cash flows related to the hedged risk. It is expected that a hedge will be highly effective in compensating for changes in the fair value or cash flows arising out of the hedged risk. The effectiveness of the hedge is evaluated on an ongoing basis for the purpose of checking whether it is highly effective in all reporting periods for which it was established.

FAIR VALUE HEDGES

Fair value hedges protect from the changes in the fair value of a recognised asset component or liability or an unrecognised firm commitment, or a separate part of such an asset component, liability, or a firm commitment, which can be assigned to a specific type of risk and which could affect the profit or loss. In the case of a fair value hedge, the carrying amount of the hedged item is adjusted by profits and/or losses resulting from the changes in the fair value arising out of the hedged risk, the hedging instrument is valued at fair value, and the profits and losses under the hedging instrument and the hedged item are recognised in the profit or loss.

If an unrecognised firm commitment is designated as a hedged item, the later total changes in the fair value of the firm commitment arising out of the hedged risk are recognised as an asset component or a liability, and the profits or losses that arise are recognised in the profit or loss. Changes in the fair value of the hedging instrument are also recognised in the profit or loss.

The Group will cease using hedge accounting rules if a hedging instrument expires, is sold, terminated, or executed, if the hedge ceases to satisfy hedge accounting criteria, or when the group annuls the hedging relationship. Each adjustment of the carrying amount of the hedged financial instrument to which the amortised cost method applies is subject to depreciation, and the resulting write-offs are recognised in the profit or loss. Depreciation may begin from the moment in which the adjustment is made, however no later than in the moment when the adjustment of the hedged item by the changes in fair value arising out of the hedged risk ceases.

CASH FLOW HEDGES

Cash flow hedges protect from the risk of cash flows fluctuations, which can be assigned to a specific type of risk related to a recognised asset component or liability or a highly probable planned transaction and which could affect the profit or loss. The part of the profits or losses related to the hedging instrument which constitutes an effective hedge is recognised in other comprehensive income, while the ineffective part is recognised in the profit or loss.

If the planned hedged transaction subsequently results in the recognition of a financial asset component or financial liability, the profits or losses related to it, which were recognised in other comprehensive income and accumulated in equity are transferred to the profit and loss account in the same period or periods in which the acquired asset component or liability affects the profit or loss.

If the hedging of a planned transaction subsequently results in the recognition of a non-financial asset component or non-financial liability, or the planned transaction related to a non-financial asset component or a non-financial liability becomes a firm commitment to which a fair value hedge will apply, then the profits or losses which were recognised in other comprehensive income are reclassified from equity to profit or loss in the same period or periods in which the acquired non-financial asset component or liability affects the profit or loss.

Profits or losses that arose as a result of changes in the fair value of derivatives that do not satisfy the conditions, which allow for the use of hedge accounting are recognised directly in the net financial result for the current period.

The Group will cease using hedge accounting rules if a hedging instrument expired or was sold, its use ended, or it was executed, or if the hedging instrument ceased to satisfy the conditions that allow for the application of hedge accounting principles in regard to it. In such a case, the total profit or loss on the hedging instrument that was recognised in other comprehensive income and accumulated in equity continues to be recognised in equity until the moment of the planned transaction. If the Group no longer expects the planned transaction to take place, then the total profit or loss accumulated in equity will be transferred to the net profit or loss for the current period.

HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION

Hedges of net investments in foreign operations, including cash hedges, recognised as a part of the share in a net investment in a foreign operation, are recognised similarly to cash flow hedges. The profits and losses under the hedging instrument related to the effective part of the hedge are recognised in other comprehensive income while the profits and losses related to the ineffective part of the hedge are recognised in the profit or loss. At the moment of the disposal of the foreign operation, the amount of the profits or losses recognised previously in other comprehensive income is reclassified from equity to profits or losses as an adjustment arising out of the reclassification.

7.13. Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The Group recognises the costs attributable to the development of residential properties designated for sale as inventories.

The following costs are capitalised in inventories:

- land and related costs,
- costs of infrastructure,
- consulting and advisory services related to the construction and acquisition (capitalisation of the costs starts from the moment the decision to carry out the project is made),
- construction costs,
- project supervision costs,
- architectural and design services costs.

Inventories also include capitalised borrowing costs (details pertaining to the capitalisation of the borrowing costs are presented in Note 7.9 to these consolidated financial statements).

The operating cycle of the development project starts with commencement of the design and project works and goes through obtaining all necessary construction permits, construction itself and ends with the sales of the apartments.

7.14. Land designated for development classified as non-current assets

The Group classifies the land designated for development as either long-term and short-term. This division is based on the operating cycle. The Group estimates that an operating cycle lasts about 4 years. The operating cycle is divided into two phases: (i) the pre-construction preparation phase lasting about 2 years (obtaining necessary site permits, environmental decisions or construction permits, designing, etc.), and (ii) construction phase lasting also about 2 years.

The Group thus divides all the land bank it holds into a long-term part (if the start of the construction phase on this land is not planned within the period of 2 years from the reporting date) and a short-term part (if the start of the construction phase on this land is planned within 2 years from the reporting date).

Long-term part of the land bank is presented in non-current assets of the consolidated statement of financial position, as “Land designated for development”, whereas short-term part of the land bank is presented in current assets of the consolidated statement of financial position, in inventory balance.

Land designated for development classified as non-current assets is measured at cost less impairment. The Group carries out an impairment test once a year unless there are indicators for value loss, in which case the test is performed when those indicators occur.

7.15. Trade and other receivables

Trade receivables are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

If the effect of the time value of money is material, the value of receivables is determined by discounting the estimated future cash flows to present value. Where discounting is used, any increase in the balance due to the passage of time is recognised as finance income.

7.16. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at the bank and in-hand and short-term deposits with an original maturity of three months or less.

For the purpose of a consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above less outstanding bank overdrafts.

7.17. Presentation of advances paid in by customers to individual escrow accounts

Due to the legal regulations which resulted in the need to open individual escrow accounts for advances paid by the customers of the Group for the purchases of apartments following the regulation coming into force, the Group adopted a policy of presenting the amounts kept on these individual escrow accounts as a separate line in the balance sheet, in the balance of escrow account and other short-term financial assets.

7.18. Interest-bearing loans and borrowings

All borrowings and debt securities are initially recognised at fair value less transaction costs related to the obtaining of the borrowings.

After the initial recognition, interest-bearing borrowings and bonds are subsequently measured at amortised cost with the use of the effective interest rate method, except for liabilities that are designated as hedged items, as described in Note 7.12.

When determining the amortised cost, any transaction costs, and any discount or premium on the settlement of the liability, are taken into account.

Gains and losses are recognised in the consolidated statement of comprehensive income immediately upon de-recognition of the liability from the consolidated statement of financial position and, as a result, of settlement with the use of the effective interest rate method.

The Group divides the borrowings recognised in the consolidated statement of financial position into long- and short-term categories. Short-term borrowings are borrowings (or portions thereof, along with their accrued unpaid interest) that mature in a period less than or equal to 12 months as of the reporting date. Long-term borrowings’ maturity period exceeds 12 months as of the reporting date.

7.19. Financial liabilities

Short-term trade payables are recognised at the amount due and payable.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are acquired for the purpose of selling them in the foreseeable future. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities may be classified at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; or (ii) the liabilities are a part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative financial instrument that needs to be recorded separately. As at 31 December 2015 and at 31 December 2014, no financial liabilities were designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value, reflecting their market value as at the reporting date less directly attributable transaction costs. Gains or losses on these liabilities are recognised in the consolidated statement of comprehensive income as finance income or cost.

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

The Group de-recognises a financial liability from its consolidated statement of financial position when the obligation ceases to be binding, i.e. the obligation specified in an agreement is fulfilled or cancelled or has expired. When an existing financial liability is replaced with another from the same lender on substantially different terms, such an exchange is treated as a de-recognition of the original liability and the recognition of a new liability. Similarly, when an existing financial liability is significantly modified, such modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Other non-financial liabilities include, in particular, liabilities due to tax authorities concerning value added tax and advance payment liabilities, which will be settled by way of a delivery of goods or services, or fixed assets. Other non-financial liabilities are recognised at due the amount.

7.20. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense related to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the estimated future cash flows to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

7.21. Share-based payment transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are being fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for the equity-settled transactions as at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards which do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

7.22. Revenue

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured. Revenues are recognised net of Value Added Tax and discounts. The following specific recognition criteria must also be met before revenue is recognised:

SALE OF APARTMENTS AND COMMERCIAL UNITS

Revenues from the sale of apartments and commercial units are recognised in line with IAS 18 "Revenues" and IFRIC 15 "Agreements for the Construction of Real Estate", i.e. after the significant risks and rewards of ownership of the apartment/commercial unit have been transferred to a purchaser of the given apartment in its entirety at a single time i.e. upon delivery.

Customers make payments in line with a previously agreed schedule. These payments (both the payments already made in cash by customers and the payments not yet received, but due as at the reporting date according to the payment schedule) are recognised as at the reporting date as advance payments (deferred income) until their recognition in the consolidated statement of comprehensive income (i.e. the transferring of a significant part of risks and rewards to a purchaser of an apartment/commercial unit).

INTEREST

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

RENTAL INCOME

Rental income from operating leases on investment properties is accounted for on a straight-line basis over the lease term.

7.23. Income tax

CURRENT INCOME TAX

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

DEFERRED TAX

For the financial reporting purposes deferred income tax is recognised, with the use of liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liability is recognised for all taxable temporary differences:

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

Deferred tax asset is recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences related to investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available that will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Significant accounting policies and other explanatory notes (in PLN thousands)

Deferred income tax related to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VALUE ADDED TAX

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognised as a part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

7.24. Earnings per share

Earnings per share for each reporting period is calculated as a quotient of the net profit for the given accounting period and the weighted average of shares outstanding in that period.

8. SEGMENT INFORMATION

The Group's current activities are mostly homogenous and focus primarily on development and sales of commercial and residential units and related supporting activities. They are, however, carried out in different cities in Poland (Warsaw, Gdańsk and Wrocław). The Group identified the following operating and reportable segments based on geographical location:

- Warsaw segment,
- Gdańsk segment,
- Wrocław segment

The Group evaluates the results generated by the particular segments based on the revenues from sales and based on the gross profits on sales generated by the particular segments. The segment reporting method diverges from IFRS on presentation of activities carried out by joint ventures. Segment reporting accounts for all joint ventures using proportional consolidation method, while in accordance with IFRS joint ventures should be accounted for with the use of the equity method.

The table below presents segment information about each reportable segment and a reconciliation between segment reporting and statement of comprehensive income in compliance with IFRS, for the years ended 31 December 2015 and 31 December 2014.

	Reporting segments						
Year ended 31 December 2015	**Warsaw - subsidiaries**	**Warsaw – joint-ventures**	**Gdańsk**	**Wrocław**	**Total segments**	**Reconciliation with IFRS**	**Total IFRS**
Revenues from sales to external customers	112 074	136 998	256 728	-	505 800	(136 998)	368 802
Revenues from sales to related parties	104 336	-	-	-	104 336	2 018	106 354
Rental income	5 219	-	-	-	5 219	-	5 219
Total sales revenues	**221 629**	**136 998**	**256 728**	**-**	**615 355**	**(134 980)**	**480 375**
Gross profit/(loss)	**35 789**	**42 616**	**43 542**	**-**	**121 947**	**(44 930)**	**77 017**
Other income							2 289
Selling and marketing expenses							(16 262)
Administrative expenses							(28 014)
Other expenses							(6 538)
Post-tax share of profit or loss of the joint ventures accounted for using the equity method							30 554
Operating profit							**59 046**

Significant accounting policies and other explanatory notes (in PLN thousands)

Year ended 31 December 2014	Reporting segments				Total segments	Reconciliation with IFRS	Total IFRS
	Warsaw - subsidiaries	Warsaw – joint-ventures	Gdańsk	Wrocław			
Revenues from sales to external customers	194 268	121 736	133 675	-	449 679	(121 736)	327 943
Revenues from sales to related parties	75 088	-	-	-	75 088	2 090	77 178
Rental income	4 204	-	-	-	4 204		4 204
Total sales revenues	**273 560**	**121 736**	**133 675**	**-**	**528 971**	**(119 646)**	**409 325**
Gross profit/(loss)	**47 161**	**40 840**	**24 354**	**-**	**112 355**	**(39 365)**	**72 990**
Other income							12 505
Selling and marketing expenses							(13 780)
Administrative expenses							(25 364)
Other expenses							(9 745)
Impairment write-off (Gdańsk segment)							(2 500)
Post-tax share of profit or loss of the joint ventures accounted for using the equity method							26 354
Operating profit							**60 460**

9. Revenues and expenses

9.1. Sales revenues

	Year ended 31 December 2015	Year ended 31 December 2014
Sales of units	365 497	323 141
Other revenues from related parties (for details please see Note 28)	106 354	77 178
Rental income	5 219	4 204
Other revenues from third parties	3 305	4 802
Total sales revenues	**480 375**	**409 325**

9.2. Costs of sales

Costs of sales recognised in these consolidated financial statements in relation to particular projects carried out by the Group were as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Costs of units sold	(299 486)	(266 208)
Costs of other sales to related parties	(96 267)	(64 015)
Cost of rental activities	(2 281)	(1 478)
Costs of other sales to third parties	(5 324)	(4 634)
Total costs of sales	**(403 358)**	**(336 335)**

In the costs of sales presented above, there are PLN 25 082 thousand of costs related to the recognition of the purchase price allocated as a result of the contribution in kind of particular projects (PLN 31 303 thousand for the year ended 31 December 2014). The allocation of the purchase price reflected the excess of the fair value of the projects contributed in kind over their book value as at the moment of the contribution in kind, i.e. as at 22 April 2008.

9.3. Other income

	Year ended 31 December 2015	Year ended 31 December 2014
Gain on the valuation of investment property (for details please see Note 15)	-	11 767
Release of provisions	635	13
Penalties paid by customers and subcontractors	127	74
Gain on disposal of non-current assets	88	79
Insurance reimbursement	1 100	-
Other	339	572
Total other income	**2 289**	**12 505**

Significant accounting policies and other explanatory notes (in PLN thousands)

9.4. Other expenses

	Year ended 31 December 2015	Year ended 31 December 2014
Provisions created	(800)	(7 183)
Loss on the valuation of investment property (for details please see Note 15)	(3 063)	-
Provision for doubtful debts	(742)	(577)
Loss on disposal of non-current assets	(262)	(35)
Donations	(133)	-
Taxes and other charges	(474)	-
Costs of court proceedings	(307)	-
Other	(757)	(1 950)
Total other expenses	**(6 538)**	**(9 745)**

9.5. Finance income

	Year ended 31 December 2015	Year ended 31 December 2014
Bank interest income	4 117	4 442
Interest income from loans granted to joint ventures	713	2 395
Release of provision related to interests	-	695
Discount effect on other long term liabilities	1 604	325
Other	267	784
Total finance income	**6 701**	**8 641**

9.6. Finance costs

	Year ended 31 December 2015	Year ended 31 December 2014
Interest on bank loans	(1 258)	(1 690)
Interest on loans from related parties (for details please see Note 28)	(657)	(1 332)
Interest on bonds	(9 483)	(10 736)
Interest on other liabilities	(1 271)	(1 158)
Net foreign exchanges losses	(888)	(228)
Finance charges payable under finance leases	(1 405)	(122)
Bank commissions	(450)	(432)
Fees related to the listing of the Company's shares and bonds on the public market	(554)	(378)
Other financial costs	(203)	(983)
Total finance costs	**(16 169)**	**(17 059)**

9.7. Costs by type

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Depreciation / Amortisation	9.8	(1 760)	(1 368)
Materials and Energy		(6 976)	(5 110)
External services		(359 185)	(295 832)
Taxes and charges		(5 512)	(3 882)
Employee benefit expenses	9.9	(13 909)	(12 265)
Other		(2 538)	(2 470)
Total costs by type, of which:		**(389 880)**	**(320 927)**
Cost of sales		(403 358)	(336 335)
Selling and marketing expenses		(16 262)	(13 780)
Administrative expenses		(28 014)	(25 364)
Change in inventory		57 754	54 552

Significant accounting policies and other explanatory notes (in PLN thousands)

9.8. Depreciation/ amortisation included in the consolidated statement of comprehensive income

	Year ended 31 December 2015	Year ended 31 December 2014
Included in administrative expenses		
Depreciation	(1 610)	(1 162)
Amortisation	(150)	(206)
Total depreciation and amortisation included in the consolidated statement of comprehensive income	**(1 760)**	**(1 368)**

9.9. Employee benefit expenses

	Year ended 31 December 2015	Year ended 31 December 2014
Wages and salaries	(11 137)	(8 666)
Share based payments (for details please refer to Note 24 to these consolidated financial statements)	-	(1 768)
Social security costs	(1 790)	(1 320)
Other employee benefit expenses	(982)	(511)
Total employee benefit expenses, of which:	**(13 909)**	**(12 265)**
Items included in costs of sales	(3 182)	(1 659)
Items included in selling and marketing expenses	(1 909)	(2 157)
Items included in administrative expenses	(8 818)	(8 449)

10. INCOME TAX

10.1. Tax burdens

Major components of income tax expense for the years ended 31 December 2015 and 31 December 2014 are as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Consolidated statement of comprehensive income		
Current income tax		
Current income tax charge	(5 949)	(12 591)
Adjustments in respect of current income tax for previous years	-	-
Deferred income tax		
Related to arising and reversal of temporary differences	37 935	7 076
Income tax expense reported in the consolidated statement of comprehensive income	**31 986**	**(5 515)**
Consolidated statement of changes in equity		
Deferred income tax		
Tax effect of costs charged directly in equity in previous periods	-	393
Income tax expense reported in consolidated statement of changes in equity	**-**	**393**
Consolidated statement of comprehensive income		
Deferred income tax		
Deferred tax related to changes in the effective part of the cash flow hedge	(6)	415
Deferred tax related to foreign currency translation differences	111	-
Income tax expense reported in consolidated statement of comprehensive income	**105**	**415**

Significant accounting policies and other explanatory notes (in PLN thousands)

10.2. Reconciliation of the effective income tax rate

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 December 2015 and 31 December 2014 is as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Accounting profit before tax from continuing operations	49 578	52 042
At statutory income tax rate of 19% (2014: 19%)	(9 420)	(9 888)
Share of profit from equity pickup investments	4 488	4 019
Unrecognised deferred tax asset	(2 779)	(872)
Non-deductible tax costs - cost of share based payment	-	(336)
Other non-deductible tax costs	(71)	(294)
De-recognition of deferred tax liability in relation to interest capitalised in inventory	1 371	1 613
De-recognition of deferred tax liability in relation to interest contributed in kind (1)	8 276	7 122
Recognition of deferred tax asset in relation to trademarks contributed in kind (1)	29 126	-
Recognition of deferred tax asset in relation to land contributed in kind (1)	5 761	-
Other permanent differences resulting from the purchase price allocation	(4 766)	(5 948)
Non tax deductible provisions	-	(931)
At the effective income tax rate of (65%) (the year ended 31 December 2014: (11%))	31 986	(5 515)
Income tax expense reported in the consolidated statement of comprehensive income	**31 986**	**(5 515)**

(1) In the year ended 31 December 2015 the Group carried out reorganisation, in which a number of assets (including interest receivables, trademarks and land) were contributed by the Company or one of its subsidiaries to limited joint-stock partnerships of the Group. The above contributions in kind of interest receivables resulted in the de-recognition of the deferred tax liability while the contribution in kind of trademarks and land resulted in the recognition of the deferred tax asset in these consolidated financial statements.

10.3. Deferred income tax

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income for the year	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Deferred income tax liabilities				
Differences related to inventory and customer advances, arising from different moment of revenue recognition for accounting and tax purposes	22 665	29 219	6 554	6 068
Revaluation of investment property	2 307	4 668	2 361	(1 064)
Other	1 168	732	(436)	(528)
Gross deferred income tax liabilities	**26 140**	**34 619**	**8 479**	**4 476**
Deferred income tax assets				
Unpaid interest on loans not capitalised into inventory	5 568	17 350	(11 782)	5 022
Provisions	3 131	3 754	(623)	518
Tax losses	21 583	8 739	12 844	757
Temporary differences on inventory	7 567	7 794	(227)	1 459
Deferred tax asset recognised on differences in the tax and accounting value of the inventory	8 842	8 714	128	(3 970)
Deferred tax asset recognised on differences in the tax and book value of trademarks contributed in kind	28 520	-	28 520	-
Temporary difference related to the provision for doubtful debts	277	136	141	-
Temporary difference related to the derivatives	410	416	(6)	-
Foreign currency translation differences	111	-	111	-
Other	644	189	455	(377)
Gross deferred income tax assets	**76 653**	**47 092**	**29 561**	**3 409**

Significant accounting policies and other explanatory notes (in PLN thousands)

	Consolidated statement of financial position		Consolidated statement of comprehensive income for the year	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
The effect of compensation of the deferred tax asset with the deferred tax liability on the level of standalone financial statements of the Group companies	17 633	20 749		
Deferred income tax expense reported in consolidated statement of comprehensive income			37 935	7 076
Deferred income tax expense reported in consolidated statement of changes in equity			-	393
Deferred income tax expense reported in other comprehensive income			105	416
Total deferred income tax expense			**38 040**	**7 885**
Deferred tax recognised as:				
- Deferred tax assets	**59 020**	**26 343**		
- Deferred tax liabilities	**8 507**	**13 870**		

The Group has unused tax losses of PLN 4 085 thousand (PLN 15 270 thousand as at 31 December 2014) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in the Group entities where there are no tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by PLN 776 thousand.

11. Earnings per share

Basic earnings per share ratio is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during that period.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the completion of these financial statements.

The following reflects the income and share data used for the calculation of the basic earnings per share:

	Year ended 31 December 2015	Year ended 31 December 2014
Net profit attributable to ordinary shareholders of the parent company, used to compute basic earnings per share	79 744	44 084
Weighted average number of ordinary shares for basic earnings per share	262 935 836	262 061 890
Basic earnings per share (in PLN per share)	**0.30**	**0.17**

Due to the issue of subscription warrants as it was described in detail in Note 23 to these financial statements, the Company calculated diluted earnings per share as at 31 December 2014. There were no dilutive instruments as at 31 December 2015.

	Year ended 31 December 2015	Year ended 31 December 2014
Net profit attributable to ordinary shareholders of the parent company, used to compute diluted earnings per share	79 744	44 084
Weighted average number of ordinary shares for diluted earnings per share	262 935 836	263 017 998
Diluted earnings per share (in PLN per share)	**0.30**	**0.17**

12. Dividends paid and proposed

On 24 April 2015 the Ordinary Shareholders Meeting of the Company approved the payment of the dividend for 2014 in the amount of PLN 28 940 thousand (PLN 0.11 per one ordinary share). The dividend day was set on 4 May 2015 and the dividend was paid on 19 May 2015.

For 2015 the Management Board of ROBYG S.A. proposed to pay a dividend of PLN 0.20 per share.

In year ended 31 December 2015 the Group paid dividend to non-controlling shareholders in the amount of PLN 3 750 thousand (PLN 5 000 thousand in the year ended 31 December 2014) and declared advances for dividend in the amount of PLN 1 150 thousand.

Significant accounting policies and other explanatory notes (in PLN thousands)

13. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2015	Vehicles	Buildings, equipment and other assets	Total
Cost as at 1 January 2015	1 497	24 786	26 283
Additions	1 753	3 818	5 571
Disposals and liquidations	(864)	(545)	(1 409)
Transfers from inventory	-	2 320	2 320
Cost as at 31 December 2015	2 386	30 379	32 765
Accumulated depreciation and impairment as at 1 January 2015	790	3 388	4 178
Depreciation charge for the year	394	1 216	1 610
Accumulated depreciation related to fixed assets disposed and liquidated	(650)	(265)	(915)
Accumulated depreciation and impairment as at 31 December 2015	534	4 339	4 873
Net carrying amount as at 1 January 2015	**707**	**21 398**	**22 105**
Net carrying amount as at 31 December 2015	**1 852**	**26 040**	**27 892**

Year ended 31 December 2014	Vehicles	Buildings, equipment and other assets	Total
Cost as at 1 January 2014	1 864	9 646	11 510
Additions	-	3 131	3 131
Disposals and liquidations	(367)	(42)	(409)
Transfers from investment properties under construction	-	12 051	12 051
Cost as at 31 December 2014	1 497	24 786	26 283
Accumulated depreciation and impairment as at 1 January 2014	762	2 546	3 308
Depreciation charge for the year	305	857	1 162
Accumulated depreciation related to fixed assets disposed and liquidated	(277)	(15)	(292)
Accumulated depreciation and impairment as at 31 December 2014	790	3 388	4 178
Net carrying amount as at 1 January 2014	**1 102**	**7 100**	**8 202**
Net carrying amount as at 31 December 2014	**707**	**21 398**	**22 105**

As at 31 December 2015, the carrying amount of property, plant and equipment held by the Group companies under finance lease agreements was PLN 13 777 thousand (PLN 17 784 thousand as at 31 December 2014). Leased assets are the legal ownership of the lessor until the moment the purchase option is exercised by the Group.

14. LEASES

14.1. Finance lease commitments – the Group as a lessee

a. The Group leases cars under financial lease agreements. The basic information related to these lease agreements is as follows:

- the total initial value of the leased assets in accordance with the lease agreements is PLN 2 121 thousand,
- all lease agreements are concluded for the period of 3 years,
- all agreements contain bargain purchase option at the end of the lease agreement.

b. In 2015 the subsidiary of the Company sold to Millenium Leasing Sp. z o.o. the perpetual usufruct right to the land in Warsaw (Wilanów district) and the ownership right to the office and the garage buildings situated on it (constituting the Robyg Business Center office building) for the total net purchase price of EUR 19 170 thousand and disposed them in favor of another subsidiary of the Company to use and collect benefits in accordance with the terms and conditions of the leasing contract. Part of the building is used as the Group's administration office while the remaining space is leased to tenants. Since the transaction represents in substance obtaining financing, it was accounted for as an interest bearing liability in these consolidated financial statements. The total value of the acquired financing is equal to the fair value and the carrying value of the leased asset, therefore no profit was recognized by the Group. The basic information regarding the lease agreement are as follows:

Significant accounting policies and other explanatory notes (in PLN thousands)

- The total initial value of the leased premises was EUR 19 170 thousand.
- Lease period: 5 years.
- Securities provided to the Lessor by the Group in connection with the lease agreement:
    - establishment of the ordinary and the registered pledge up to the maximum secured amount of EUR 19 765 thousand each over shares held by the ROBYG S.A. in ROBYG Business Park Sp. z o.o.
    - a conditional agreement obliging ROBYG S.A. to acquire rights and obligations of Robyg Business Park Sp. z o.o. resulting from lease agreement concluded with Millennium Leasing Sp. z o.o. (transfer of rights and obligations in the event of termination of the contract, including rights and obligations arising from commitments to acquire property after the end of the lease agreement).
- Interest rate: EURIBOR 3M + margin,
- Initial payment: EUR 4 793 thousand,
- Residual value: EUR 10 284 thousand.

As at 31 December 2015 and as at 31 December 2014, the future minimum rentals payable under finance leases and the present value of the net minimum lease payments are as follows:

	31 December 2015		31 December 2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within 1 year	3 683	2 202	950	822
In 1 to 5 years	63 037	58 845	1 561	1 407
More than 5 years	-	-	-	-
Minimum lease payments, total	**66 720**	**61 047**	**2 511**	**2 229**
Less amounts representing finance charges	(5 673)	-	(282)	-
Present value of minimum lease payments, of which:	**61 047**	**61 047**	**2 229**	**2 229**
- short-term	2 202	2 202	822	822
- long-term	58 845	58 845	1 407	1 407

In the years ended 31 December 2015 and 31 December 2014, no contingent payments were done by the Group under finance lease agreements.

14.2. Operating lease commitments – the Group as a lessor

The Group entered into operating leases agreements for its investment property portfolio consisting of ROBYG Business Center office building and certain commercial units. These leases have terms of between 5 to 10 years.

As at 31 December 2015 and as at 31 December 2014, the future minimum rentals receivable under non-cancellable operating leases are:

	31 December 2015	31 December 2014
Within 1 year	3 933	5 015
1 to 5 years	14 656	18 348
More than 5 years	9 138	6 051
Total	**27 727**	**29 414**

15. INVESTMENT PROPERTIES

	2015	2014
Opening balance as at 1 January	**121 550**	**104 460**
Valuation of investment properties to fair value	(3 063)	11 767
Transfers from inventory	1 334	10 369
Transfers to land designated for development	(51 850)	-
Disposals	(1 550)	(2 903)
Transfer of the new administration office of ROBYG Group to property, plant and equipment	-	(12 051)
Additional costs incurred in the period	683	9 908
Foreign currency translation differences	(84)	-
Closing balance as at 31 December	**67 020**	**121 550**

Significant accounting policies and other explanatory notes (in PLN thousands)

The fair value of investment property is assessed based on the valuations prepared by an independent valuer with the use of comparative transactions method (based on the analysis of the current prices charged in similar transactions on the market), income method and/or based on internal valuations. The total value of investment properties as at 31 December 2015 and as at 31 December 2014 was classified to Level 2 of the fair value hierarchy in accordance with IFRS 13 *Fair Value Measurement*.

Investment property	Method of valuation	Significant unobservable input data	Weighted average
ROBYG Business Center	Income method, simple capitalisation method adjusted for costs to be incurred	Estimated value of the rent per sqm	8 – 18,11 EUR/sqm
		Discount rate	8,75%
		Capitalisation ratio	8,25%
Rented commercial units	Internal valuation	Based on the market purchase prices	-

Income from the renting of investment properties for the year ended 31 December 2015 amounted to PLN 5 219 thousand (PLN 4 204 thousand for the year ended 31 December 2014).

16. INTANGIBLE ASSETS

16.1. Goodwill

Year ended 31 December 2015	Goodwill
Gross carrying amount as at 1 January 2015	29 139
Gross carrying amount as at 31 December 2015	29 139
Impairment as at 1 January 2015	7 651
Impairment as at 31 December 2015	7 651
Net carrying amount as at 1 January 2015	**21 488**
Net carrying amount as at 31 December 2015	**21 488**

Year ended 31 December 2014	Goodwill
Gross carrying amount as at 1 January 2014	29 139
Gross carrying amount as at 31 December 2014	29 139
Impairment as at 1 January 2014	7 651
Impairment as at 31 December 2014	7 651
Net carrying amount as at 1 January 2014	**21 488**
Net carrying amount as at 31 December 2014	**21 488**

Goodwill presented in the above table was recognised as a result of accounting for the acquisition of ROBYG Zarządzanie Sp. z o.o. that took place in 2008.

Goodwill on the acquisition of ROBYG Zarządzanie Sp. z o.o. was tested for impairment as at 31 December 2015. No impairment of this goodwill was recognised for the years ended 31 December 2015 and 31 December 2014.

In 2010, as a result of reorganisation of the Group's operations, a part of the services previously provided by ROBYG Zarządzanie Sp. z o.o., related to organisation of the process of sales of apartments constructed by particular SPVs of the Group, started to be performed by another company within the Group – i.e. ROBYG Marketing i Sprzedaż Sp. z o.o. As a result, analysis of goodwill impairment was done in relation to the total of the recoverable amounts of both – ROBYG Zarządzanie Sp. z o.o. (which is providing project management, accounting and rental services to particular entities within the Group) and ROBYG Marketing i Sprzedaż Sp. z o.o. The recoverable amounts of ROBYG Zarządzanie Sp. z o.o. and ROBYG Marketing i Sprzedaż Sp. z o.o. as at 31 December 2015 have been determined based on the value in use calculations using cash flow projections for a five-year period. The discount rate applied to cash flows is 8.0% (2014: 9.0%) and cash flows beyond the 5-year period are extrapolated with the use of a 2.0% (2014: 2.0%) growth rate which is estimated as a long-term average growth rate for residential developing sector.

KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS:

The calculation of value in use is most sensitive to the following assumptions:

- gross margin,
- discount rates,
- growth rate used to extrapolate cash flows beyond the projection period.

Gross margin – gross margin is related to the estimated amounts of management fees to be received by the project management company for project management, rental and accounting services provided to the companies carrying out development projects (SPVs) and is related to the estimated amounts of commission paid by the particular SPVs for the organisation of the selling process of the apartments constructed by the Group by ROBYG Marketing i Sprzedaż Sp. z o.o. decreased by the estimated costs of operating activities of these two companies. The management fees are based on the budgeted amounts of total costs of particular residential projects developed by the SPVs.

Significant accounting policies and other explanatory notes (in PLN thousands)

Discount rates – calculation of the discount rate is based on published industry indices as well as on the risk free rate (the yield on five-year government bonds), but also includes the management's estimation of the risks specific to the project management company and the company organising the process of sales of the apartments constructed by the Group.

Growth rate estimates – the rates are based on published industry research and management estimations.

With regards to the assessment of recoverable amount of cash generating units to which goodwill was allocated the Management of the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount as at 31 December 2015.

16.2. Other intangible assets

Year ended 31 December 2015	**Other intangible assets**	**Total**
Gross carrying amount as at 1 January 2015	1 570	1 570
Additions	140	140
Disposals	-	-
Gross carrying amount as at 31 December 2015	1 710	1 710
Amortisation and impairment as at 1 January 2015	977	977
Amortisation charge for the period	150	150
Amortisation related to disposed intangibles	-	-
Amortisation and impairment as at 31 December 2015	1 127	1 127
Net carrying amount as at 1 January 2015	**593**	**593**
Net carrying amount as at 31 December 2015	**583**	**583**

Year ended 31 December 2014	**Other intangible assets**	**Total**
Gross carrying amount as at 1 January 2014	1 423	1 423
Additions	147	147
Disposals	-	-
Gross carrying amount as at 31 December 2014	1 570	1 570
Amortisation and impairment as at 1 January 2014	771	771
Amortisation charge for the period	206	206
Amortisation relating to disposed intangibles	-	-
Amortisation and impairment as at 31 December 2014	977	977
Net carrying amount as at 1 January 2014	**652**	**652**
Net carrying amount as at 31 December 2014	**593**	**593**

17. ACQUISITIONS AND DISPOSALS OF INTERESTS IN SUBSIDIARIES AND ACQUISITION OF NON-CONTROLLING INTERESTS

TRANSACTIONS IN 2015:

In 2015 the Group set up a number of new companies. The details are presented in Note 1.2 to these consolidated financial statements.

On 18 September 2014 the Company signed a the joint venture agreement with NCRE II Investments Ltd ("NCRE II") related to Green Mokotów Residence project carried out ROBYG Mokotów Investment Sp. z o.o. ("RMI"). Simultaneously, the Company and NCRE II signed a conditional share sale agreement related to the sale by the Company to NCRE II 49% of shares in RMI in connection with the investment of NCRE II in RMI in the form of a loan and investment of PLN 40 000 thousand. The Parties entered into a joint venture agreement and the transactions described above under the condition precedent, which was the consent of the President of the Office for Competition and Consumer Protection for the creation of the joint venture. The Group received the consent on 5 November 2014. On 20 April 2015 the Group signed the final contract for the transfer of ownership of shares in the company. Due to the fact that the joint venture agreement gives to the Company an irrevocable right to purchase back 49% of the shares and loans granted by NCRE II at any time, at fair value of these shares and loans, the Group has control over RMI.

Therefore, the Group consolidated RMI with the use of the full consolidation method as at 31 December 2015 and as at 31 December 2014.

In 2015 the Company acquired 100% of shares in GW Development Sp. z o.o. for the purchase price of PLN 5 thousand. On 8 September 2015 the Company signed a letter of intent with NCRE II concerning the joint venture project related to Young City II investment being developed by GW Development Sp. z o.o. and the conditional sale of 49% of shares in GW Development Sp. z o.o. to NCRE II. The condition mentioned in the above letter of intent (which was receiving the consent of the President of the Office for Competition and Consumer Protection for the creation of a joint venture by the Company and NCRE II within GW Development Sp. z o.o.) was met on 9 December 2015.

On 8 September 2015 the Company signed a letter of intent with NCRE II concerning the joint venture project related to Stacja Nowy Ursus investment being developed by Robyg I Sp. z o.o. and the conditional sale of 49% of shares in Robyg I Sp. z o.o. to NCRE II. The condition mentioned in the above letter of intent (which was receiving the consent of the President of the Office for Competition and Consumer Protection for the creation of a joint venture by the Company and NCRE II within Robyg I Sp. z o.o.) was met on 9 December 2015.

On 25 November 2015 the Company signed a joint venture agreement with NCRE II related to Villa Nobile project carried out by ROBYG Praga Investment II Sp. z o.o. ("RPI II"). Simultaneously, the Company and NCRE II signed a conditional share sale agreement related to the sale by the Company to NCRE II 49% of shares in RPI II, for its nominal value in connection with the investment of NCRE II in RPI II. The parties entered into the joint venture agreement and the transactions described above under a condition precedent, which was the consent of the President of the Office for Competition and Consumer Protection for the creation of the joint venture.

TRANSACTIONS IN 2014:

In 2014 the Group set up a number of new companies. The details are presented in Note 1.2 to these consolidated financial statements.

On 2 July 2014 the Company acquired from business partner Wildetio Limited ("Wildetio") its remaining share in investment project developed in Wilanów district in Warsaw by Wilanów Office Center Sp. z o.o. ("WOC") through the following:

- the purchase by the Company from Wildetio of 490 shares in share capital of WOC with the total nominal value of PLN 24.5 thousand, representing 49% in the share capital of WOC, for the total purchase price of PLN 24.5 thousand;
- stepping-in by the Company into the rights of Wildetio as the creditor of WOC under the loan agreements, where Wildetio is the lender and WOC is the borrower, through repayment of Wildetio up to the amount of PLN 14 975 resulting from the above-mentioned loans.

In addition Wildetio undertook to take up one share in the share capital of WOC for the issue price equal to the value of unpaid loans of WOC to Wildetio (PLN 1 205 thousand) and to sell this share for the selling price of PLN 500 to the Company. The share capital increase of WOC was completed by the end of 2014. In connection with Wildetio's obligation to sell the newly taken up share in the increased share capital of WOC, as at 31 December 2014 WOC was in 100% controlled by the Company and the Company was a sole lender to WOC.

This transaction was treated as a purchase of non-controlling interest and accounted for through equity. The Group recognised a total profit of PLN 3 105 thousand on this transaction (consisting of PLN 1 900 thousand on the purchase of 49% of the non-controlling interest and PLN 1 205 thousand on the settlement of the remaining balance of loans from Wildetio).

On 18 September 2014 the Company signed a joint venture agreement with NCRE II Investments Ltd ("NCRE II") related to Green Mokotów Residence project carried out by ROBYG Mokotów Investment Sp. z o.o. ("RMI"). Simultaneously, the Company and NCRE II signed a conditional share sale agreement related to the sale by the Company to NCRE II 49% of shares in RMI in connection with the investment of NCRE II in RMI in the form of a loan and investment of PLN 40 000 thousand. The Parties entered into a joint venture agreement and the transactions described above under the condition precedent, which was the consent of the President of the Office for Competition and Consumer Protection for the creation of a joint venture. The Group received the consent on 5 November 2014. Due to the fact that the joint venture agreement gives to the Company an irrevocable right to purchase back 49% of the shares and loans granted by NCRE at any time at fair value of these shares and loans, the Group has control over RMI. Therefore, the Group consolidated RMI with the use of full consolidation method as at 31 December 2014.

Significant accounting policies and other explanatory notes (in PLN thousands)

18. BALANCE OF INDIVIDUAL ESCROW ACCOUNTS AND OTHER SHORT-TERM FINANCIAL ASSETS

	31 December 2015	31 December 2014
Balance of individual escrow accounts	28 791	57 944
Investment funds' units	10 027	-
Other	67	68
Balance of individual escrow accounts and other short-term financial assets	**38 885**	**58 012**

19. INVENTORIES AND LAND DESIGNATED FOR DEVELOPMENT CLASSIFIED AS NON-CURRENT ASSETS

19.1. Inventory and land designated for development classified as non-current assets

	31 December 2015	31 December 2014
Non-current assets		
Land purchased for construction purposes on which construction is not planned within the period of two years	121 737	57 921
	121 737	**57 921**
Current assets		
Land purchased for construction purposes on which construction will be started within the next two years	250 364	190 276
Work in progress (apartments under construction, together with land on which construction already started)	171 230	223 572
Finished goods (apartments and commercial units within residential projects)	139 552	106 732
Advanced payments for acquisition of land	31 712	1 340
Advanced payments for acquisition of construction services	1 839	676
Total inventories, at the lower of cost and net realisable value	**594 697**	**522 596**
Balance of inventory and land designated for development classified as non-current assets	**716 434**	**580 517**

Borrowing costs capitalized were as follows:

	31 December 2015	31 December 2014
Capitalised borrowing costs (cumulatively)	39 423	49 477

	Year ended 31 December 2015	Year ended 31 December 2014
Borrowing costs capitalised in the period	13 016	10 824

19.2. Impairment write-offs of land designated for development classified as non-current assets and write off of inventories to net realizable value

In the year ended 31 December 2015 the Group neither made, nor reversed any impairment write offs or write offs to net realizable value of inventory or land designated for development classified as non-current assets.

In the year ended 31 December 2014 the Group made a write off of inventory to net realizable value in relation to selected stages of a project (houses) carried out by one of the subsidiaries – ROBYG Morena Sp. z o.o. in the total amount of PLN 2 500 thousand.

20. TRADE AND OTHER RECEIVABLES

20.1. Other long-term receivables

	31 December 2015	31 December 2014
Loans granted to related parties (*)	20 062	-
Guarantee deposits kept by related parties	5 329	3 204
Guarantee deposits kept by third parties	610	-
Total Other long-term receivables	**26 001**	**3 204**

(*) The position represents a long-term loan granted to the Group's associate; nominal interest rate of the loan is based on WIBOR 6M increased by a margin which amounts to 4.0%.; the loan is secured with a mortgage on plot of land owned by the above associate.

Significant accounting policies and other explanatory notes (in PLN thousands)

20.2. Current trade and other receivables

	31 December 2015	31 December 2014
Trade receivables from third parties, net of allowance	5 673	10 259
Trade receivables from related parties, net of allowance (please see Note 28)	49 536	24 342
State receivables	33 956	13 915
Guarantee deposits kept by related parties	10 121	15 251
Advances for dividend declared by joint ventures	4 845	-
Loans granted (*)	14 326	-
Insurance reimbursement	1 100	-
Other receivables	939	185
Total receivables, net	**120 496**	**63 952**
Doubtful debts allowance	1 458	718
Total receivables, gross	121 954	64 670

(*) The position represents short-term unsecured loans granted by the Group to joint venture partners and non-controlling interest holders; nominal interest rates of the loans are based on WIBOR 6M increased by a margin which amounts to 2.95%.

Trade receivables are non-interest bearing and are usually payable within 30 days.

Based on securities provided and based on on-going monitoring activities, the Management of the Company believes that there is no additional significant credit risk that would exceed the doubtful debts allowance recognised for the Group's trade receivables.

As at 31 December 2015 the balance of state receivables represented mostly the VAT receivable related to the purchases of land by the Group in the year ended 31 December 2015.

As at 31 December 2015 trade and other receivables at nominal value of PLN 1 458 thousand (as at 31 December 2014: PLN 718 thousand) were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	2015	2014
As at 1 January	**718**	**154**
Charge for the period	740	577
Utilised	-	-
Unused amounts reversed	-	(13)
As at 31 December	**1 458**	**718**

The table below presents the aging analysis of trade and other receivables which as at 31 December 2015 and as at 31 December 2014 were past due:

	Total	Not past due	Past due				
			< 30 days	30 – 60 days	60 – 90 days	90 – 180 days	>180 days
31 December 2015	120 496	105 246	11 253	926	352	470	2 249
31 December 2014	63 952	55 184	4 473	1 224	339	888	1 844

21. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	31 December 2015	31 December 2014
Cash at the bank and in hand	88 844	10 751
Short-term deposits	240 008	158 474
Restricted cash	17 625	14 655
Total cash and cash equivalents presented in the consolidated cash flow statements	**346 477**	**183 880**
Restricted cash - deposits kept by the bank as collateral for bank loans and bonds	1 299	1 927
Total cash and cash equivalents presented in the consolidated statement of financial position	**347 776**	**185 807**

Significant accounting policies and other explanatory notes (in PLN thousands)

22. ISSUED CAPITAL AND RESERVES

22.1. Issued capital

The shareholders having directly or indirectly at least 5% of the votes at the General Shareholders Meeting of the Company as at 31 December 2015(***):

Shareholder	Total number of shares kept by given Shareholder (*)	% share in share capital (**)
TFI PZU S.A.	29 418 983	11.18%
PZU OFE	24 000 000	9.12%
Oscar Kazanelson together with shares held through REIDAR Consulting & Management LTD	22 197 810	8.44%
AEGON OFE	20 000 000	7.60%
AVIVA OFE	19 690 000	7.48%
GENERALI OFE	18 905 918	7.19%
PKO BP Bankowy OFE	17 352 843	6.60%
Nationale-Nederlanden OFE	13 352 001	5.08%
Other shareholders	98 174 445	37.31%
Total	**263 092 000**	**100.00%**

(*) Number of shares held by particular Shareholders equals to the number of votes they have.
(**) The share in the share capital is equal to the share in the total number of votes.
(***) The information about the shareholdings presented in this table is based on the most recent notifications received by the Company from the shareholders obliged to notify the Company in accordance with the specific provisions of the law.

On 26 February 2015, the share capital of the Company has been increased from PLN 26 209 200.00 to PLN 26 309 200.00 through the issuance of 1 000 000 Series G ordinary bearer shares of the Company with the nominal value of PLN 0.10 each. These shares were issued as a conditional increase of the Company's share capital, as a result of exercising subscription warrants under the Group's incentive scheme.

NOMINAL VALUE OF SHARES

As at 31 December 2015 and as at 31 December 2014 all issued shares of ROBYG S.A. have a nominal value of PLN 0.10 and have been fully paid.

SHAREHOLDERS RIGHTS

There are no preferred shares with special rights regarding voting, distribution of dividends or repayment of capital.

22.2. Share premium

The share premium which as at 31 December 2015 amounted to PLN 309 965 thousand (as at 31 December 2014: PLN 309 965 thousand) results from the surplus of issue price over the nominal value of shares less the transaction costs connected with the share capital increases, less the effect of adjustments relating to the contributions in kind and acquisition of subsidiaries.

22.3. Retained earnings and limits to its distribution

Dividends are paid in accordance with the Commercial Companies Code based on the standalone statutory financial statements of ROBYG S.A. prepared in accordance with the IFRS.

In accordance with the provisions of the Commercial Companies Code, ROBYG S.A. is required to create a reserve capital for possible losses. 8% of profit for the given financial year recognised in the standalone financial statements of the parent company is transferred to this capital category until the balance of the reserve capital reaches at least one third of the share capital of the parent company. Appropriation of the retained earnings and other reserve capital depends on the decision of the General Shareholders Meeting; however, the reserve capital in the amount of one third of the share capital may be used solely for the absorption of losses reported in the standalone financial statements of the parent company and shall not be used for any other purpose.

As at 31 December 2014 the obligatory reserve capital described above in the total amount of PLN 7 569 thousand was presented under retained earnings. As at 31 December 2015 the Group adopted a policy of presenting this amount as a separate item in the equity. The change in the presentation was applied retrospectively by the Group. In the year ended 31 December 2015 the obligatory reserve capital has reached the required level of one-third of the Company's share capital, i.e. PLN 8 770 thousand.

As at 31 December 2015 there were no other restrictions to payment of dividends.

Significant accounting policies and other explanatory notes (in PLN thousands)

As at 31 December 2014 retained earnings consisted of other comprehensive income amounting to PLN (1 775) thousand related to the hedging instruments (SWAP) held by the Group (for details please see Note 30.1). As at 31 December 2015 the Group adopted a policy of presenting this amount as a separate item in the equity. The change in the presentation was applied retrospectively by the Group.

22.4. Non-controlling interest

	2015	2014
As at 1 January	**30 221**	**34 702**
Dividends and advances for dividends declared to non- controlling shareholders	(4 900)	(5 000)
Acquisition of non-controlling interests	-	(1 924)
Share in subsidiaries' net profit or loss	1 820	2 443
As at 31 December	**27 141**	**30 221**

Details related to the subsidiaries with non-controlling interest:

Company	% held by the non-controlling interest in share capital of an entity		Net profit (loss) attributable to non-controlling interest		Cumulative value of non-controlling interest	
	31 December 2015	31 December 2014	2015	2014	31 December 2015	31 December 2014
ROBYG City Apartments Group	25 %	25 %	(56)	2 946	25 302	30 258
ROBYG Mokotów Investment Group	49 %	49 %	1 876	(37)	1 839	(37)
Wilanów Office Center Sp. z o.o.	-	-	-	(466)	-	-
Total	**-**	**-**	**1 820**	**2 443**	**27 141**	**30 221**

Summarised financial information related to subsidiaries with material non-controlling interest in the Group as at 31 December 2015 and for the period from 1 January 2015 to 31 December 2015 and as at 31 December 2014 and for the period from 1 January 2014 to 31 December 2014 is presented in the table below:

	ROBYG City Apartments Group (**)		ROBYG Mokotów Investment Group(*)	
	2015	2014	2015	2014
Total current assets	75 147	127 908	91 504	76 273
Total non-current assets	1 859	4 797	27 704	375
Total current liabilities, including	17 297	72 988	5 284	2 299
- loans granted by the Group	-	-	*4 157*	*1 939*
Total non-current liabilities, including	4 576	5 030	110 187	74 419
- loans granted by the Group	-	-	*63 513*	*52 617*
- loans granted by non-controlling interest	-	-	*45 461*	*21 445*
Equity attributable to owners of the parent	41 129	40 795	1 899	(33)
Equity attributable to non-controlling interest	14 004	13 892	1 838	(37)
Sales revenues	99 481	137 280	-	-
Other revenues	722	1 796	238	18
Costs of sales	(73 456)	(98 378)	-	-
Other costs	(3 081)	(6 087)	(2 621)	(111)
Net profit (loss)/total comprehensive income	20 047	28 873	3 828	(75)
Net profit (loss) attributable to holders of the parent	15 035	21 655	1 952	(38)
Net profit (loss) attributable to non-controlling interest	5 012	7 218	1 876	(37)
Dividends paid to non-controlling interest	(4 900)	(5 000)	-	-

* including data of ROBYG Mokotów Investment Capital Group, which consists of ROBYG Mokotów Investment Sp. z o.o. and its 100% subsidiaries: ROBYG Green Mokotów Sp. z o.o., Barium Sp. z o.o. S.K.A.

** including data of ROBYG City Apartments Capital Group, which consists of ROBYG City Apartments Sp. z o.o. and its 100% subsidiary ROBYG City Apartments 2 Sp. z o.o.

Significant accounting policies and other explanatory notes (in PLN thousands)

23. SHARE-BASED PAYMENTS

In December 2014, based on the resolution of the Supervisory Board of the Company, 1 000 000 of Series E series warrants were granted to entitled persons. Each warrant allows the entitled persons to take up one Series G share, for the price of 0.10 PLN, equal to the nominal value of share. As a result, 1 000 000 Series G shares were issued in January 2015, as described in Note 22.1 to these consolidated financial statements.

The Company considers the above described structure to be an equity settled share based payment.

The fair value of equity settled share based payment was established by reference to the fair value of the Company's shares at the grant date of Series E warrants, i.e. the date when the significant conditions of the plan were communicated to the entitled persons (23 December 2014). The fair value of shares was established in the amount equal to the closing price of ROBYG shares listed on the Warsaw Stock Exchange on 23 December 2014 (PLN 2.23 per share). There were no other vesting conditions.

Total amount recognised by the Group in relation to the share based payment for the year ended 31 December 2014 amounted to PLN 2 130 thousand, of which PLN 1 768 thousand was recognized by the Group in the statement of comprehensive income for the period.

The Group did not make any new share based payment transactions in the year ended 31 December 2015.

24. INTEREST-BEARING LOANS AND BORROWINGS

Details related to interest-bearing loans and borrowings as at 31 December 2015 and as at 31 December 2014 presented in these consolidated financial statements are as follows:

		31 December 2015		31 December 2014	
		Weighted average effective interest rate	Balance of liability	Weighted average effective interest rate	Balance of liability
Current interest bearing loans and borrowings					
Obligations under finance leases	(4)	2.70%	2 203	7.41%	822
Bank loans	(1)	4.17%	20 374	5.16%	13 581
Loans from related parties and joint venture partners	(2)	6.38%	24 359	n/a	20 720
Bonds	(3)	7.56%	86 488	8.57%	47 847
			133 424		**82 970**
Non-current interest bearing loans and borrowings					
Obligations under finance leases	(4)	2.43%	58 845	7.28%	1 407
Bank loans	(1)	4.42%	78 846	5.64%	45 442
Loans from related parties and joint venture partners	(2)	5.89%	45 461	7.25%	21 445
Bonds	(3)	5.33%	286 675	7.02%	241 570
			469 827		**309 864**

(1) Nominal interest rates are based on WIBOR 1M increased by a margin, which varies from 2.5% to 3.0% (2014: WIBOR 1M or WIBOR 3M increased by a margin, which varies from 2.4% to 3.4%). Amount, presented by the Group as short-term, also reflect instalments of long-term loans, which in compliance with the schedule should be paid in 2016.

(2) Nominal interest rate is based on WIBOR 6M or WIBOR 1Y increased by a margin, which varies from 4.0% to 5.2%. (2014: WIBOR 6M increased by a margin of 5.5%).

(3) Nominal interest rates are based on WIBOR 3M or WIBOR 6M increased by a margin, which varies from 2.3% to 4.5%. (2014: WIBOR 3M or WIBOR 6M increased by a margin, which varies from 3.0% to 4.9%).

(4) Details regarding finance leases are described in note 14.1 of these consolidated financial statements. Obligations under finance lease related to the ROBYG Business Center office building are denominated in EUR currency (as described in note 14.1 of these consolidated financial statements).

As at 31 December 2015, there were the following securities established on the Group's assets in relation to the taken bank borrowings:

- mortgages on plots of lands owned by particular entities of the Group on which they are developing their investment projects,
- corporate guarantees granted by the Company,
- registered and financial pledges on shares of particular entities of the Group granted for the benefit of the bank,

- registered and financial pledges on the rights to the bank accounts held by particular entities of the Group,
- security deposits in the amount of the interest accrued on the bank loan over a specified period,
- subordination of shareholders loans,
- statements of submissions to enforcement proceedings up to a specified amount,
- joining the debt by the Company,
- blank promissory note issued by the borrower together with a submission to execution,
- assignment of rights under contracts and agreements from the Group companies.

As at 31 December 2015 inventory with a total book value of PLN 217 595 thousand (PLN 261 468 thousand as at 31 December 2014) and land designated for development classified as non-current assets with a total book value of PLN 97 307 thousand (PLN 51 313 thousand as at 31 December 2014) were used as a security (mortgages) for the Group's bank loans and bonds. The mortgages were established on the following statement of financial position items recognised in inventories:

- land purchased for construction purposes,
- work in progress, Finished goods

as well as on the balance of land designated for development classified as non-current assets.

Apart from the loan securities described above, the Group has issued bonds which are secured with the following securities:

- Series O bonds: the bonds are secured with the mortgage on plots of land owned by MK Development Sp. z o.o. and one of the plots of land owned by ROBYG Praga Investment Sp. z o.o. The total value of the mortgage is PLN 45 000 thousand.

At 31 December 2015, the Group had available PLN 114 397 thousand (31 December 2014: PLN 22 883 thousand) of un-drawn committed borrowing facilities that are available to the Group when the specified conditions resulting from the bank loan agreements are met.

24.1. New agreements and changes to bank loan agreements that have occurred during the year ended 31 December 2015

ROBYG SŁONECZNA MORENA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ SP. K (FORMERLY: ROBYG MORENA SP. Z O.O.)

On 12 February 2015 ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k signed a bank loan agreement with Bank Zachodni WBK S.A. The total amount of the bank loan was PLN 37 000 thousand. PLN 12 427 thousand were granted for the period ending on 31 December 2017 and PLN 24 573 thousand were granted for the period ending on 30 June 2018. The interest rate of these loans is based on a floating interest rate WIBOR 1M increased by bank margin. Major securities established in connection with the agreements include:

- mortgage up to the maximum secured amount of PLN 55 500 thousand established on the land of ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k.,
- registered pledge on 100% shares of ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k.,
- corporate guarantee granted by the Company up to the amount of PLN 48 520 thousand.

On 15 October 2015 ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k (formerly: Robyg Morena Sp. z o.o.) signed a bank loan agreement with Bank Zachodni WBK S.A. The bank loan amounted to PLN 20 000 thousand. The loan was granted for the period ending on 31 December 2018. The interest rate of this loan is based on a floating interest rate WIBOR 1M increased by bank margin. Major securities established in connection with the agreement include:

- mortgage up to the maximum secured amount of PLN 30 000 thousand established on the land of ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k.,
- registered pledge on 100% shares of ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k.,
- registered pledge on 100% shares of ROBYG Słoneczna Morena Sp. z o.o.,
- registered pledges on four accounts of ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k. and on its receivables from individual escrow accounts up to amount of PLN 30 000 thousand each.

ROBYG S.A.

On 13 July 2015 ROBYG S.A. signed a bank loan agreement with Bank Polska Kasa Opieki S.A. ("Bank Pekao"). The bank loan amounted to PLN 50 000 thousand. The loan was granted for the period ending on 12 July 2016. The interest rate applicable to this loan is based on a floating interest rate WIBOR 1M increased by bank margin. Securities established in connection with the agreement include:

- bill of exchange,
- the power of attorney granted by the Company to Bank Pekao to all the accounts of the Company maintained by the Bank Pekao.

On 23 November 2015 ROBYG S.A. signed bank loan agreement with Getin Noble Bank S.A. The bank loan amounted to PLN 21 000 thousand. The loan was granted for the period ending on 30 November 2016. The interest rate applicable to this loan is based on a floating interest rate WIBOR 1M increased by bank margin. Securities established in connection with the agreement include:

- mortgage up to the maximum secured amount of PLN 31 500 thousand established on the land of GW Development Sp. z o.o.,
- registered pledge on 100% shares of GW Development Sp. z o.o..

ROBYG Mokotów Investment Sp. z o.o.

On 26 August 2015 ROBYG Mokotów Investment Sp. z o.o. signed a bank loan agreements with mBank S.A. The total amount of the bank loans was PLN 56 100 thousand and consisted of an investment loan in the amount of PLN 41 100 thousand and a revolving loan in the amount of PLN 15 000 thousand. The loans were granted for the period ending on 31 December 2019. The interest rate of these loans is based on a floating interest rate WIBOR 1M increased by bank margin. Major securities established in connection with the agreements include:

- mortgage up to the maximum secured amount of PLN 129 148 thousand on the land on which "Green Mokotów" project will be realised,
- registered pledge on all shares of ROBYG Mokotów Investment Sp. z o.o. owned by the Company.

On 23 December 2015 ROBYG Mokotów Investment Sp. z o.o. signed an amendment to the investment bank loan agreement with mBank S.A. As a result the amount of the bank loan was reduced to PLN 12 741 thousand and the maximum secured amount by mortgage to PLN 41 611 thousand.

ROBYG Kameralna Sp. z o.o.

On 23 October 2015 ROBYG Kameralna Sp. z o.o. signed a bank loan agreement with Bank Zachodni WBK S.A. The bank loan amounted to PLN 15 000 thousand. The loan was granted for the period ending on 30 June 2019. The interest rate of this loan is based on a floating interest rate WIBOR 1M increased by bank margin. Major securities established in connection with the agreement include:

- mortgage up to the maximum secured amount of PLN 22 500 thousand established on the land of ROBYG Kameralna Sp. z o.o.,
- registered pledge on 100% shares of ROBYG Kameralna Sp. z o.o.,
- registered pledges on four accounts of ROBYG Kameralna Sp. z o.o. and on its receivables from individual escrow accounts up to amount of PLN 22 500 thousand each.

ROBYG Praga Investment II Sp. z o.o.

On 2 December 2015 ROBYG Praga Investment II Sp. z o.o. signed a bank loan agreement with Bank Polska Kasa Opieki S.A. ("Bank Pekao"). The bank loan amounted to PLN 31 320 thousand. The loan was granted for the period ending on 10 December 2018. The interest rate of this loan is based on the floating interest rate WIBOR 1M increased by bank margin. Major securities established in connection with the agreement include:

- mortgage up to the maximum secured amount of PLN 46 980 thousand established on the land of ROBYG Praga Investment II Sp. z o.o.,
- registered pledge on 100% shares of ROBYG Praga Investment II Sp. z o.o..

24.2. New bonds issuance and repayments that have occurred during the year ended 31 December 2015

- On 14 January 2015 the Company bought-out all of the Series H bonds at the nominal value of PLN 10 000 thousand. The consideration paid was equal to the nominal value.
- On 15 January 2015 the Company bought-out remaining Series G bonds at the nominal value of PLN 25 000 thousand. The consideration paid was equal to the nominal value.
- On 6 February 2015 the Company has issued Series M bonds with the total nominal value of PLN 20 000 thousand. The interest rate applicable to these bonds is based on a floating interest rate of WIBOR 6M increased by the margin. The final buy-out date for these bonds has been determined for 6 February 2019. The Bonds have been issued as unsecured. The terms and conditions of the bonds issue also specify some covenants, which must be met by the Group, including the maximum level of net debt ratio of 1.1 (calculation of which includes level of cash kept on the open individual escrow accounts, in accordance with the Developer's Act, up to PLN 50 000 thousand).
- On 20 June 2015 the Company bought-out a part of Series J bonds at the nominal value of PLN 17 000 thousand. The consideration paid was equal to the nominal value increased by the premium related to the early buy-out of these bonds in the amount of PLN 50 thousand.
- On 20 June 2015 the Company bought-out all remaining Series E bonds at the nominal value of PLN 10 000 thousand. The consideration paid was equal to the nominal value.
- On 29 June 2015 the Company issued Series N bonds with the total nominal value of PLN 60 000 thousand. The interest rate of these bonds is based on the floating interest rate of WIBOR 6M increased by the margin. The final buy-out date for these bonds has been determined for 28 June 2019. The Bonds have been issued as unsecured. The terms and conditions of the bonds issue also specify some covenants, which must be met by the Group, including the maximum level of net debt ratio of 1.1 (calculation of which includes level of cash kept on the open individual escrow accounts, in accordance with the Developer's Act, up to PLN 50 000 thousand).
- On 6 August 2015 the Company issued Series O bonds with the total nominal value of PLN 30 000 thousand. The interest rate of these bonds is based on the floating interest rate of WIBOR 6M increased by the margin. The final buy-out date for these bonds has been determined as 6 August 2019. The Bonds have been issued as secured. The terms and conditions of the bonds issue also specify some covenants, which must be met by the Group, including the maximum level of net debt ratio of 1.1 (calculation of which includes level of cash kept on the open individual escrow accounts, in accordance with the Developer's Act, up to PLN 50 000 thousand).
- On 28 October 2015 the Company issued Series P bonds with the total nominal value of PLN 60 000 thousand. The interest rate of these bonds is based on the floating interest rate of WIBOR 6M increased by the margin. The final buy-out date for these bonds has been determined as 28 October 2019. The bonds have been issued as unsecured. The terms and conditions of the bonds issue also specify some covenants, which must be met by the Group, including the maximum level of net debt ratio of 1.1 (calculation of which includes level of cash kept on the open individual escrow accounts, in accordance with the Developer's Act, up to PLN 50 000 thousand).
- On 20 December 2015 the Company bought-out all remaining Series J bonds at the nominal value of PLN 18 000 thousand. The consideration paid was equal to the nominal value increased by the premium related to early buy-out of these bonds in the amount of PLN 19 thousand.
- On 29 December 2015, on the basis of a purchase order, the Company purchased 6,000 Series I bonds on the secondary market, for the total purchase price of PLN 6 106 thousand and a single average purchase price of PLN 1,017.70. The acquisition was made with the purpose to redeem the bonds. The settlement of the transaction took place on 30 December 2015.

Significant accounting policies and other explanatory notes (in PLN thousands)

25. Provisions

25.1. Movements in provisions

	Provisions for legal proceedings	Provision for perpetual usufruct fees	Other provisions	Total
As at 1 January 2015	**10 006**	**4 655**	**2 638**	**17 299**
Recognised during the year	1 117	78	184	1 379
Utilised	(5 425)	(3 536)	-	(8 961)
Unused amounts reversed	(651)	-	-	(651)
As at 31 December 2015	**5 047**	**1 197**	**2 822**	**9 066**
- Current	5 047	1 197	2 822	9 066
- Non-current	–	–	–	–
As at 1 January 2014	**2 833**	**6 281**	**2 135**	**11 249**
Recognised during the year	7 221	2 112	514	9 847
Utilised	(10)	(3 326)	-	(3 336)
Unused amounts reversed	(38)	(412)	(11)	(461)
As at 31 December 2014	**10 006**	**4 655**	**2 638**	**17 299**
- Current	10 006	4 655	2 638	17 299
- Non-current	–	–	–	–

25.2. Provisions for legal proceedings

The balance of provisions for legal proceedings related to the following cases:

- legal proceedings connected with claims from the customers and subcontractors of the Group – the provision created in this respect amounted to PLN 395 thousand (31 December 2014: PLN 545 thousand),
- claims received from Tenants Management Organizations (TMOs) and the expected costs of the removal of faults discovered in the buildings built by the Group – the total value of the provision in this respect is PLN 4 478 thousand (31 December 2014: PLN 4 481 thousand). The total value of claims raised by the TMOs for the removal of faults in common areas of the buildings constructed by the Group amounted to PLN 27 890 thousand (31 December 2014: PLN 23 117 thousand). In the opinion of the Management of the Group, the amounts claimed by the TMOs are significantly overstated, premature and in a vast majority unjustified due to the fact that the Group has been removing the identified, justified faults on an on-going basis and, in addition, certain part of these claims is covered by the subcontractors who carry out the actual works. Nevertheless, after an analysis carried out by the technical department regarding the possible scope and the extent of the repair works that need to be done in order to remove the faults and due to the fact that at this stage it is uncertain whether and to what extent they will be covered by the subcontractors, the Management of the Group decided to create the above provision for the expected costs of the removal of the faults identified in those buildings constructed by the Group,
- other provisions of PLN 174 thousand (as at 31 December 2014: PLN 78 thousand).

25.3. Provision for perpetual usufruct fees

This provision of PLN 1 197 thousand as at 31 December 2015 relates to the unpaid fees for perpetual usufruct in connection with the land on which one of the Group entities carries out its development project. As at 31 December 2014 this provision amounted to PLN 4 655 thousand. In the year ended 31 December 2015 part of the provision was utilised.

26. Trade and other payables (current and non-current)

	31 December 2015	31 December 2014
Current trade and other payables:		
Trade payables		
To related parties (for details please see Note 28)	683	442
To third parties	70 663	51 155
	71 346	**51 597**

Significant accounting policies and other explanatory notes (in PLN thousands)

	31 December 2015	31 December 2014
Tax, customs duty, social security and other payables		
VAT	7 743	928
Withholding tax	-	7
Personal income tax	159	151
Other	432	3 744
	8 334	**4 830**
Other payables		
Remuneration payable to employees	686	255
Guarantee deposits from sub-contractors	23 358	15 931
Liabilities to the key management personnel of the Group arising from the contracts for rendering services (for details please see Note 28.4)	3 960	2 862
Other liabilities to third parties	1 318	296
	29 322	**19 344**
Total current trade and other payables	**109 002**	**75 771**
Non-current trade and other payables:		
Liabilities to the key management personnel of the Group arising from the contracts for rendering services (for details please see Note 28.4)	3 306	-
Guarantee deposits from sub-contractors	14 060	12 159
Total non-current other payables	**17 366**	**12 159**

Terms and conditions of payment of the above trade and other liabilities are as follows:

- Terms and conditions of transactions with related parties are presented in Note 28 of these consolidated financial statements.
- Trade payables are non interest-bearing liabilities and usually they are payable or settled within 30 days.
- Other payables are non interest-bearing liabilities and they include mainly deposits from sub-contractors. They are usually settled within 1 to 3 years.

27. Contingent Liabilities

27.1. Purchase commitments and guarantees granted

As at 31 December 2015 (and as at 31 December 2014), the Group had no commitments as to the capital expenditures related to property, plant and equipment. As at 31 December 2015 the Group, however, committed to bear expenditures related to construction works of PLN 158 817 thousand (as at 31 December 2014: PLN 207 397 thousand).

The Company and its subsidiary ROBYG Construction Sp. z o.o. granted guarantees as a security for trading liabilities related to the Group's development projects. A summary of those guarantees as of 31 December 2015 is presented in the table below:

Guarantor	Contractor	Subject of guaranty	Up to amount	From	Until
Robyg S.A.	Cemex Polska Sp. z o.o.	Trading liabilities	500	01-07-2015	31-03-2016
Robyg S.A.	Cemex Polska Sp. z o.o.	Trading liabilities	500	01-07-2015	31-03-2016
Robyg S.A.	Cemex Polska Sp. z o.o.	Trading liabilities	1 000	08-07-2015	31-03-2016
Robyg S.A.	Cemex Polska Sp. z o.o.	Trading liabilities	1 000	20-08-2015	31-08-2016
Robyg S.A.	Cemex Polska Sp. z o.o.	Trading liabilities	600	15-09-2015	30-06-2016
Robyg Construction Sp. z o.o.	Stal-Service Sp. z o.o.	Trading liabilities	1 200	20-08-2015	31-08-2016
Robyg Construction sp. z o.o.	Stal Service Sp. z o.o.	Trading liabilities	700	08-07-2015	31-03-2016
Robyg Construction sp. z o.o.	CMC Poland Sp. z o.o.	Trading liabilities	820	15-07-2015	31-01-2016
Robyg Construction sp. z o.o.	CMC Poland Sp. z o.o.	Trading liabilities	980	15-06-2015	31-01-2016
Total	-	-	**7 300**		

The guarantees granted by the Group with regard to bank loans are described in the Note 24 to these consolidated financial statements.

Significant accounting policies and other explanatory notes (in PLN thousands)

27.2. Legal claims

Starting from the year ended 31 December 2013 the Company was involved in the arbitration proceedings against the major shareholders of the Company, i.e. Nanette Real Estate Group N.V. ("Nanette"), LBPOL William II S.á.r.l. ("LBPOL") and the Company initiated by EDR Real Estate (Eastern Europe) Participations S.A.R.L. and EDR Real Estate (Eastern Europe) Participations S.C.A. SICAR. (commonly called in this note as "EdR Entities"). As at 31 December 2014 a respective provision was established for this purpose by the Group in the consolidated financial statements in the total amount of EUR 1 150 thousand (PLN 4 902 thousand). On 3 June 2015, the Company and its two subsidiaries have entered together with Nanette and LBPOL into the settlement agreement with EDR Entities in order to finish the arbitration proceeding against LBPOL, Nanette and the Company pending before the International Court of Arbitration. According to the settlement agreement the parties have waived their any and all present and future mutual claims concerning the above described arbitration proceeding. The Company has settled the above claims through the payment to EDR Entities of the net amount of EUR 1 050 thousand.

As at 31 December 2015, the total value of proceedings in progress before courts, arbitration courts, and public administrative authorities regarding the potential liabilities of the Group amounted to about PLN 33.5 million (excluding interest which was not included in the value of the disputes). With regard to the claims that the Group determined to be justified, liabilities were recognised and provisions and write-offs were established in the total amount of about PLN 6.3 million. In addition to these amounts, the Group has created provisions of PLN 2.8 million related to its business activities, not resulting from the court claims.

In relation to the court case brought by "Marysieńka" Homeowner Association against ROBYG Development 1 Spółka z ograniczoną odpowiedzialnością Sp. k., a subsidiary of the Company, the District Court secured the claim up to the amount of PLN 4 208 thousand by establishing a security over 84 151 shares in ROBYG Development 2 Sp. z o.o. held by ROBYG Development 1 Spółka z ograniczoną odpowiedzialnością Sp. k. (i.e. 13% of ROBYG Development 2 Sp. z o.o.'s share capital).

In relation to the court case brought by "Villa Nova" Homeowner Association in Warsaw against ROBYG Development 1 Spółka z ograniczoną odpowiedzialnością Sp. k., a subsidiary of the Company, the District Court secured the claim of the Association up to the amount of PLN 2 705 thousand by establishing a security over 54 103 shares in ROBYG Development 2 Sp. z o.o. held by ROBYG Development 1 Spółka z ograniczoną odpowiedzialnością Sp. k. (i.e. 8% of ROBYG Development 2 Sp. z o.o.'s share capital).

27.3. Tax settlements

Tax settlements, together with other legal compliance matters (e.g. customs or foreign exchange law) are subject to a review and investigations by a number of authorities, which are entitled to impose severe fines, penalties and interest charges. The lack of well established regulations in Poland results in the lack of clarity and integrity in the regulations. Frequent contradictory opinions on in legal interpretations of the laws, both among government bodies and between companies and government bodies, create uncertainties and conflicts. This results in a substantially higher level of tax risk in Poland than the level typical from countries with more developed tax systems.

Tax authorities may examine accounting records up to five years after the end of the year in which the final tax payments were to be made. Consequently, the Group may be subject to additional tax liabilities, which may arise as a result of additional tax audits. The Group believes that as at 31 December 2015 adequate provisions have been recorded for known and quantifiable risks in this regard.

28. Related parties

The table below presents the total values of transactions and balances with related parties entered into during the year ended 31 December 2015:

Related party	Sales to related parties	Purchases from related parties	Trade payables to related entities	Trade receivables from related parties	Other receivables (deposits kept by related parties and advance for dividend)	Liabilities from bills of exchange	Loans granted to related parties
Shareholders of ROBYG S.A.	-	-	-	-	-	-	-
Joint ventures and associates	109 962	798	683	49 536	20 295 (3)	24 359	43 857
Total	**109 962 (1);(2)**	**798**	**683**	**49 536**	**20 295**	**24 359**	**43 857 (4)**

(1) Sales to related parties include revenues from re-invoices, which were compensated in the consolidated financial statements of the Group with the costs pertaining to these re-invoices amounting to PLN 3 510 thousand for year ended 31 December 2015.

Significant accounting policies and other explanatory notes (in PLN thousands)

(2) In item 'sales to related parties' PLN 98 thousand related to Królewski Park Sp. z o.o., pertain to the remuneration paid by the entity to ROBYG S.A. for providing guarantees to secure the repayment of the credit facilities granted by banks to the company.
(3) Under 'Other receivables' the amount of PLN 4 845 thousand relates to the advance for dividend, unpaid as at 31 December 2015, which ROBYG Osiedle Królewskie Sp. z o.o. declared to pay to ROBYG S.A..
(4) Under ''Loans granted to related parties' the amount of PLN 20 062 thousand relates to the loans granted to the Group's associate. The remaining part of balance relates to loans granted to joint ventures of the Group, which are presented under line 'Investment in joint venture and associates accounted for using the equity method' in the consolidated statement of financial position.

The table below presents the total values of transactions with related parties entered into during the year ended 31 December 2014:

Related party	Sales to related parties	Purchases from related parties	Trade payables to related entities	Trade receivables from related parties	Other receivables (deposits kept by related parties and advance for dividend)	Liabilities from bills of exchange	Loans granted to related parties
Shareholders of ROBYG S.A.	5	-	-	-	-	-	-
Joint ventures of the Group	79 830	444	442	24 342	18 455 (3)	-	41 026
Total	**79 835 (1);(2)**	**444**	**442**	**24 342**	**18 455**	**-**	**41 026 (4)**

(1) Sales to related parties include revenues from re-invoices, which were compensated in the consolidated financial statements of the Group with the costs pertaining to these re-invoices amounting to PLN 2 551 thousand for year ended 31 December 2014.
(2) In item 'sales to related parties' PLN 106 thousand related to ROBYG Osiedle Królewskie Sp. z o.o., pertain to the remuneration paid by the entity to ROBYG S.A. for providing guarantees to secure the repayment of the credit facilities granted by banks to the company.
(3) Under 'Other receivables' the amount of PLN 10 200 thousand relates to the advance for dividend, unpaid as at 31 December 2014, which Fort Property Sp. z o.o. declared to pay to ROBYG S.A
(4) ''Loans granted to related parties' relates to loans granted to joint ventures of the Group, which are presented under line 'Investment in joint venture and associates accounted for using the equity method' in the consolidated statement of financial position.

Interest for the year ended 31 December 2015 on the loans received from related parties was as follows:

Lender	Interest for the year ended 31 December 2015 on the loans received from the related parties	Out of which capitalized in the value of inventory	Net interest revenues/(costs) presented in the consolidated statement of comprehensive income
Shareholders of ROBYG S.A.	-	-	-
Joint ventures of the Group	(377)	-	(377)
Other related parties	-	-	-
Total	**(377)**	**-**	**(377)**

Interest for the year ended 31 December 2014 on the loans received from related parties was as follows:

Lender	Interest for the year ended 31 December 2014 on the loans received from the related parties	Out of which capitalized in the value of inventory	Net interest revenues/(costs) presented in the consolidated statement of comprehensive income
Shareholders of ROBYG S.A.	-	-	-
Joint ventures of the Group	-	-	-
Other related parties	(284)	86	(198)
Total	**(284)**	**86**	**(198)**

The effect of valuation of the semi-equity loans transferred from equity for the year ended 31 December 2015 amounted to PLN 280 thousand, whereas for the year ended 31 December 2014 it amounted to PLN 1 134 thousand and was presented in the cost of interest from related parties.

Details related to the loans received from related parties are presented in Note 24 to these consolidated financial statements.

The total value of agreements for the sale of apartments signed between the Group companies and the Members of the Management Board of the Group or their companies was PLN 2 039 thousand[1] (including VAT) as at 31 December 2015 (PLN 679 thousand (including VAT) as at 31 December 2014).

1 Here are presented the agreements which are not finally settled and for which the transfer of ownership has not yet been completed at the reporting date.

Significant accounting policies and other explanatory notes (in PLN thousands)

28.1. The ultimate parent company

In the year ended 31 December 2015 LBPOL William II S.A.R.L. which was the former ultimate parent of the Group sold all its shares in the Company. The Company's shareholders' structure as of 31 December 2015 is presented in detail in Note 22.1 to these consolidated financial statements.

28.2. Terms and conditions of transactions with related parties

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES IN 2015 AND IN 2014

Transactions with joint ventures of the Group relate to project management, construction, accounting, administrative and rental services rendered by the Group to those entities as well as granting loans by the Group to those entities.

All transactions between the Group entities were executed on arm's length basis.

28.3. Other directors' interests

There are no other transactions with the directors of the Group companies apart from the ones presented in Note 28.

28.4. Compensation of key management personnel of the Group

COMPENSATION PAID OR PAYABLE TO MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS

	Year ended 31 December 2015	Year ended 31 December 2014
Management of ROBYG S.A.		
Short-term employee benefits (salaries and surcharges)	773	692
Cooperation agreements	4 326	3 240
Supervisory Board of ROBYG S.A.		
Short-term employee benefits (salaries and surcharges)	521	291
Cooperation agreements	4 196	3 519
Management and supervisory boards of subsidiaries		
Short-term employee benefits (salaries and surcharges)	1 280	1 097
Share based payments	-	554
Cooperation agreements	3 493	2 713
Total	**14 589**	**12 106**

As at 31 December 2015 liabilities (including accruals) towards key management personnel of the Group amounted to PLN 7 266 thousand (as at 31 December 2014: PLN 2 862 thousand).

SHARES OF THE COMPANY HELD DIRECTLY AND INDIRECTLY BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS OF THE COMPANY

The shares in the Company held directly or indirectly by members of the Management Board and the Supervisory Board of the Company as at 31 December 2015 are presented in the table below. The information has been prepared on the basis of the notifications delivered to the Company pursuant to the requirements of law

Shareholder	Total number of shares held by members of the Management Board and Supervisory Board (*)	% share in share capital (*)
Oscar Kazanelson (Chairman of the Company's Supervisory Board)	22 197 810	8.44
Alex Goor (Chairman of the subsidiary's Supervisory Board)	3 700 000	1.41
Artur Ceglarz (Vice-President of the Company's Management Board)	300 000	0.11
Total	**26 197 810**	**9.96**

(*) The number of shares held by each Shareholder is equal to the number of votes to which they are entitled at the General Shareholders Meeting.

Significant accounting policies and other explanatory notes (in PLN thousands)

28.5. Joint Ventures and Associates

Movements in investments in joint ventures and associates during the period were as follows:

	2015	2014
Opening balance as at 1 January	**52 809**	**86 376**
The Group's share of the net profit or loss of the joint ventures presented in these consolidated financial statements	30 554	26 354
Dividends declared (*)	(11 475)	(12 700)
Loans net (including interest accrued/repaid)	(17 231)	(42 432)
Share capital increase in joint ventures	2 346	-
Other adjustments	(6 931)	(4 789)
Closing balance as at 31 December	**50 072**	**52 809**

(*) The amount represents dividend declared to the Group in relation to the joint venture's profit for the year ended 31 December 2015 out of which the amount of PLN 4 845 thousand was not paid as of 31 December 2015. Additionally, in the year ended 31 December 2015 the Group received a dividend from joint ventures in the amount of PLN 10 200 thousand related to the joint venture's net profit for the year ended 31 December 2014.

Significant accounting policies and other explanatory notes (in PLN thousands)

SUMMARISED FINANCIAL INFORMATION OF INDIVIDUALLY MATERIAL JOINT VENTURES

Summarised financial information related to individually material joint ventures of the Group as at 31 December 2015 and for the period from 1 January 2015 to 31 December 2015 is presented in the below table:

	ROBYG Ogród Jelonki Group*	FORT Property Group**	ROBYG Osiedle Królewskie Sp. z o.o.	ROBYG Wola Investment Sp. z o.o.	Królewski Park Sp. z o.o	Total
Selected financial information coming from statement of financial position						
Total current assets, including:	**9 031**	**100 067**	**71 572**	**74 656**	**112 504**	**367 830**
Cash and cash equivalents	397	25 108	968	3 308	6 795	36 576
Balance of individual escrow accounts	-	6 819	9 028	3 018	7 190	26 055
Total non-current assets	**6 130**	**3 352**	**1 241**	**1 219**	**2 467**	**14 409**
Total assets	**15 161**	**103 419**	**72 813**	**75 875**	**114 971**	**382 239**
Total current liabilities, including:	**1 916**	**73 347**	**47 162**	**68 761**	**106 663**	**297 849**
Current financial liabilities (excluding trade, other payables and provisions), including:	560	11 077	-	12 055	8 495	32 187
- Bank loans	-	6 000	-	-	-	6 000
- Loans from related parties and bills of exchange issued to related parties	560	5 077	-	12 055	8 495	26 187
Current advances from the customers	-	38 290	24 777	46 083	81 967	191 117
Total non-current liabilities, including:	**8 242**	**4 763**	**6 623**	**10 145**	**3 579**	**33 352**
Non-current financial liabilities (excluding trade, other payables and provisions), including:	7 289	-	-	8 808	-	16 097
- Bank loans	7 289	-	-	8 808	-	16 097
- Loans from related parties and bills of exchange issued to related parties	-	-	-	-	-	-
Non-current advances from the customers	-	-	-	-	-	-
Total liabilities	**10 158**	**78 110**	**53 785**	**78 906**	**110 242**	**331 201**
Net assets	**5 003**	**25 309**	**19 028**	**(3 031)**	**4 729**	**51 038**
% held by the Group	***50%***	***51%***	***51%***	***51%***	***51%***	
The Group's share of net assets in the joint venture	2 502	12 908	9 704	(1 546)	2 412	25 980
Purchase price allocation adjustments	9 714	(1 062)	(18)	-	-	8 634
Consolidation adjustments (margin eliminations)	426	(1 707)	(2 032)	(3 039)	(1 584)	(7 936)
Loans granted	560	4 895	-	9 845	8 496	23 796
Carrying amount of investment in joint venture presented in the Group's consolidated financial statements	**13 202**	**15 034**	**7 654**	**5 260**	**9 324**	**50 474**

Significant accounting policies and other explanatory notes (in PLN thousands)

	ROBYG Ogród Jelonki Group*	FORT Property Group**	ROBYG Osiedle Królewskie Sp. z o.o.	ROBYG Wola Investment Sp. z o.o.	Królewski Park Sp. z o.o	Total
Selected financial information from the statement of comprehensive income						
Sales revenues	195	89 267	166 113	22	13 031	268 628
Interest income	64	362	676	85	93	1 280
Interest expense	56	65	5	-	4	130
Income tax expense	(69)	3 681	7 859	(486)	(138)	10 847
Net profit/ Total comprehensive income	**(113)**	**15 036**	**33 431**	**(2 070)**	**(758)**	**45 526**
The Group's share in net profit of the joint ventures	(57)	7 668	17 051	(1 056)	(387)	23 219
Consolidation adjustments	(14)	2 525	6 118	(568)	(726)	7 335
The Group's share in net profit/(loss) of the joint ventures presented in these consolidated financial statements	**(71)**	**10 193**	**23 169**	**(1 624)**	**(1 113)**	**30 554**

(*) including ROBYG Ogród Jelonki Sp. z o.o. and its 100% subsidiary ROBYG Osiedle Kameralne Sp. z o.o.
(**) including FORT Property Sp. z o.o. and its 100% subsidiary ROBYG Young City Sp. z o.o.

Summarised financial information related to individually material joint ventures of the Group as at 31 December 2014 and for the period of 12 months ended 31 December 2014 is presented in the below table:

	ROBYG Ogród Jelonki Group (*)	FORT Property Group (**)	ROBYG Osiedle Królewskie Sp. z o.o.	ROBYG Wola Investment Sp. z o.o.	Królewski Park Sp. z o.o.	Total
Selected financial information from the statement of financial position						
Total current assets, including:	**10 782**	**111 863**	**151 556**	**22 967**	**48 435**	**345 603**
Cash and cash equivalents	2 046	21 462	10 394	520	11 053	45 475
Balance of individual escrow accounts	42	16 747	29 913	-	987	47 689
Total non-current assets	**5 948**	**6 971**	**2 422**	**298**	**584**	**16 223**
Total assets	**16 730**	**118 834**	**153 978**	**23 265**	**49 019**	**361 826**
Total current liabilities, including:	**9 542**	**92 246**	**139 493**	**11 469**	**26 186**	**278 936**
Current financial liabilities (excluding trade, other payables and provisions), including:	7 233	18 759	13 725	8 802	14 266	62 785
- Bank loans	7 233	9 000	-	-	-	16 233
- Loans from related parties and bills of exchange issued to related parties	-	9 759	13 725	8 802	14 266	46 552
Current advances from the customers	133	34 440	111 989	255	3 636	150 453

Significant accounting policies and other explanatory notes (in PLN thousands)

	ROBYG Ogród Jelonki Group (*)	FORT Property Group (**)	ROBYG Osiedle Królewskie Sp. z o.o.	ROBYG Wola Investment Sp. z o.o.	Królewski Park Sp. z o.o.	Total
Total non-current liabilities, including:	**2 071**	**16 291**	**8 189**	**12 758**	**20 148**	**59 457**
Non-current financial liabilities (excluding trade, other payables and provisions), including:	-	9 024	2 465	12 697	19 608	43 794
- Bank loans	-	9 024	2 465	-	19 608	31 097
- Loans from related parties and bills of exchange issued to related parties	-	-	-	12 697	-	12 697
Current advances from the customers	-	159	-	-	-	159
Total liabilities	**11 613**	**108 537**	**147 682**	**24 227**	**46 334**	**338 393**
Net assets	**5 117**	**10 297**	**6 296**	**(962)**	**2 686**	**23 434**
% held by the Group	***50%***	***51%***	***51%***	***51%***	***51%***	
The Group's share of net assets in the joint venture	2 558	5 251	3 211	(490)	1 370	11 900
Purchase price allocation adjustments	9 732	(1 618)	(81)	-	-	8 033
Consolidation adjustments (margin eliminations)	422	(2 067)	(5 489)	(199)	(817)	(8 150)
Loans granted	-	7 834	8 103	15 276	9 813	41 026
Carrying amount of investment in joint venture presented in the Group's consolidated financial statements	**12 712**	**9 400**	**5 744**	**14 587**	**10 366**	**52 809**
Selected financial information from the statement of comprehensive income						
Sales revenues	36 742	139 902	48 886	-	13 905	239 435
Interest income	126	408	296	3	23	856
Interest expense	113	263	220	733	196	1 525
Income tax expense	3 222	6 487	1 863	(184)	647	12 035
Net profit/ Total comprehensive income	**9 667**	**27 798**	**7 967**	**(783)**	**2 760**	**47 409**
The Group's share in net profit of the joint ventures	4 834	14 177	4 063	(399)	1 408	24 083
Consolidation adjustments	(2 510)	4 616	577	(44)	(368)	2 271
The Group's share in net profit/(loss) of the joint ventures presented in these Group's consolidated financial statements	**2 324**	**18 793**	**4 640**	**(443)**	**1 040**	**26 354**

(*) including ROBYG Ogród Jelonki Sp. z o.o. and its 100% subsidiary ROBYG Osiedle Kameralne Sp. z o.o.
(**) including FORT Property Sp. z o.o. and its 100% subsidiary ROBYG Young City Sp. z o.o.

Significant accounting policies and other explanatory notes (in PLN thousands)

SECURITIES RELATED TO JOINT VENTURES

As at 31 December 2015, there were the following securities established on the assets of the joint ventures of the Group in relation to the bank borrowings draw downed by particular joint ventures of the Group:

- mortgages on plots of lands owned by particular entities of the Group on which they are developing their investment projects,
- corporate guarantees granted by the Company,
- registered and financial pledges on shares in selected entities of the Group granted for the benefit of the bank,
- registered and financial pledges on the rights to the bank accounts held by selected entities of the Group,
- security deposits in the amount of the interest accrued on a bank loan over a specified period,
- subordination of shareholders loans,
- statements of submissions to enforcement proceedings up to a specified amount,
- joining the debt by the Company,
- blank promissory note issued by the borrower together with a submission to execution,
- assignment of rights under contracts and agreements from Group companies.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include: of bank and other borrowings, cash, short-term deposits, investment funds' units, bonds and loans granted. The main purpose of these financial instruments is to raise financing for the Group's operations. Starting from 2014, the Group has also been a party to interest rate SWAP transaction the aim of which is to hedge the risk of changes in interest rates and to stabilise the interest expense of the Group. The Group has various other financial instruments such as trade receivables and payables, which arise directly from its operations.

It is, and has been throughout the period covered by these consolidated financial statements, the Group's policy not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board of ROBYG S.A. reviews and agrees policies for managing each of these risks (as summarised below). The Group also monitors the market price risk arising from its financial instruments. The Group's accounting policies in relation to derivatives are presented in Note 7.12 to these consolidated financial statements.

29.1. Interest rate risk

The Group's exposure to the interest rate risk relates primarily to the Group's financial liabilities and financial assets.

A significant part of the interest rate risk is related to long-term borrowings incurred by the Group. Virtually all of the borrowings have floating interest rates (90% of the total balance of borrowings with floating interest rates is WIBOR-based and 10% are EURIBOR-based). Details regarding borrowings held by the Group are presented in Note 24 to these consolidated financial statements.

In 2014 the Group had established two interest rate SWAP instruments, which significantly reduced the Group's exposure to interest rate risk.

Interest rate risk – sensitivity to changes

The following table demonstrates the sensitivity of the Group's consolidated interest expense to a reasonably possible change in interest rates, with all other variables constant (through the impact on floating rate borrowings).

	Increase/ decrease in b.p.	Effect on interest expense	Effect on equity
Year ended 31 December 2015			
PLN	+ 100 b.p.	(2 371)	(1 921)
EUR	+ 100 b.p.	(2 211)	(1 791)
PLN	- 100 b.p.	2 371	1 921
EUR	- 100 b.p.	-	-
Year ended 31 December 2014			
PLN	+ 100 b.p.	890	721
PLN	- 100 b.p.	(890)	(721)

Significant accounting policies and other explanatory notes (in PLN thousands)

The carrying amounts of the Group's financial instruments exposed to interest rate risk by particular age categories are presented below.

31 December 2015 – Floating interest rate

	<1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash	347 776	-	-	-	-	-	347 776
Loans granted to non-controlling interest and joint venture partners	14 326	-	-	-	-	-	14 326
Loans granted to related parties	-	-	20 062	-	-	-	20 062
Obligations under finance leases	2 203	2 227	2 238	1 871	52 509	-	61 048
Interest-bearing bank loans	20 224	40 530	34 167	4 299	-	-	99 220
Bonds	86 488	-	118 536	168 139	-	-	373 163
Interest-bearing loans	24 359	22 940	22 521	-	-	-	69 820
Interest rate SWAP	764	697	697	-	-	-	2 158

31 December 2014 – Floating interest rate

	<1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash	185 807	-	-	-	-	-	185 807
Obligations under finance leases	670	410	417	52	359	-	1 908
Interest-bearing bank loans	13 581	15 129	30 313	-	-	-	59 023
Bonds	47 847	123 233	-	118 337	-	-	289 417
Interest-bearing loans	20 720	-	21 445	-	-	-	42 165
Interest rate SWAP	425	683	683	399			2 190

31 December 2014 – Fixed interest rate

	<1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Obligations under finance leases	150	101	70	-	-	-	321

Interest rates of financial instruments with floating interest are updated for the periods shorter than one year. Other financial instruments of the Group not listed in the tables above either bear no interest and thus they are not subject to interest rate risk or the interest rate risk in relation to them is immaterial.

29.2. Currency risk

As at 31 December 2015 the most of the Group's exposure to currency risk arises from the net investment in the subsidiary, which is side in a lease transaction described in Note 14.

The following table demonstrates the sensitivity of the Group's financial income/expense and equity to reasonably possible EUR exchange rates fluctuations, with all other variables constant.

	Increase/ decrease in currency rate	Effect on financial income/expenses	Effect on equity
31 December 2015 – EUR	10%	-	(397)
	-10%	-	397
31 December 2014 – EUR	10%	-	-
	-10%	-	-

29.3. Credit risk

The Group makes advance payments in order to obtain better terms and conditions of contracts. This, in turn, results in a credit risk in the case of a supplier's bankruptcy. The advance payments are made mainly to the suppliers of construction materials and technical equipment (such as lifts or parking platforms). Payments in advance require an approval of the Management Board of a given company, which will make the advance payment. The Group's general suppliers crediting policy allows for the crediting of well-known suppliers with a history of positive cooperation and creditworthiness.

In addition, the credit risk arises in relation to the rents for commercial units rented in the office investment ROBYG Business Center and the Group's other investments, as well as the rents received from tenants before the incorporation of tenants management organisations. This risk is minimised by the collections control process for these receivables.

The Group's exposure to bad debts is not significant, which is a result of an ongoing monitoring of receivables.

Significant accounting policies and other explanatory notes (in PLN thousands)

With respect to other financial assets of the Group, like cash, the Group's credit risk arises as a result of a default in payments by the other party. The maximum exposure to this risk is equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk in the Group.

29.4. Liquidity risk

The Group's goal is to maintain a balance between continuity and flexibility of financing by using different sources of financing, such as bank borrowings, loans, bonds and equity.

The table below presents the Group's financial liabilities as at 31 December 2015 and as at 31 December 2014 by maturity dates, on the basis of undiscounted contractual payments.

31 December 2015	On demand	Less than 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Obligations under finance leases	-	922	2 761	63 037	-	66 720
Loans and bank borrowings	-	1 097	49 635	135 067	-	185 799
Bonds	-	2 700	98 378	323 115	-	424 193
Other liabilities (long-term)	-	-	-	17 366	-	17 366
Trade and other payables (short-term)	48 023	46 285	6 360	-	-	100 668
Interest rate SWAP	-	158	530	1 390	-	2 078
Accruals (short-term)	-	11 897	-	-	-	11 897
	48 023	**63 059**	**157 664**	**539 975**	**-**	**808 721**

31 December 2014	On demand	Less than 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Obligations under finance leases	-	259	691	1 561	-	2 511
Loans and bank borrowings	-	23 590	15 335	71 524	-	110 449
Bonds	-	37 980	23 166	266 504	-	327 650
Other liabilities (long-term)	-	-	-	12 159	-	12 159
Trade and other payables (short-term)	57 554	3 475	9 912	-	-	70 941
Interest rate SWAP	-	(23)	312	1 244	-	1 533
Accruals (short-term)	-	8 610	-	-	-	8 610
	57 554	**73 891**	**49 416**	**352 992**	**-**	**533 853**

The interest rate SWAP in the above table is presented as net undiscounted cash flows in the above tables. The following table shows the corresponding reconciliation of the gross flows to the net amounts presented in the table above.

31 December 2015	On demand	Less than 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Inflows	-	(404)	(1 378)	(3 547)	-	(5 329)
Outflows	-	562	1 908	4 937	-	7 407
Net amounts	**-**	**158**	**530**	**1 390**	**-**	**2 078**

31 December 2014	On demand	Less than 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Inflows	-	(585)	(1 590)	(6 164)	-	(8 339)
Outflows	-	562	1 902	7 408	-	9 872
Net amounts	**-**	**(23)**	**312**	**1 244**	**-**	**1 533**

Detailed information related to guarantees granted by the Group in connection with financial liabilities are described in Notes 24 and 28 to these consolidated financial statements.

29.5. Price risk

In 2015 the Company has purchased investment funds' units, which are susceptible to the price risk. At the reporting date, the exposure to investment funds' units was equal to their fair value and amounted to PLN 10 027 thousand. Changes resulting from investment funds' units valuation have an impact on profit or loss.

Significant accounting policies and other explanatory notes (in PLN thousands)

30. FINANCIAL INSTRUMENTS

30.1. Interest rate SWAP

In 2014 the Company executed an Interest Rate Swap ("SWAP") transaction with mBank S.A. pursuant to which the payments of the interest calculated on the basis of a floating WIBOR 6M interest rate will be exchanged with the payments of interest calculated at the fixed rate of 2.5050%. The SWAP transaction has been concluded for the period from 1 September 2014 to 3 September 2018. The notional amount of the SWAP is PLN 45 000 thousand.

In 2014 the Company executed another SWAP transaction with mBank S.A. pursuant to which the payments of the interest calculated on the basis of a floating WIBOR 6M interest rate will be exchanged with the payments of interest calculated at the fixed rate of 2.4300%. The SWAP transaction has been concluded for the period from 23 December 2014 to 24 December 2018. The notional amount of the SWAP is PLN 55 000 thousand.

The purpose of these SWAP transactions is to mitigate the risk of an adverse change of the interest rate in the future and to stabilise bonds finance costs. Due to the fact that the above hedging transactions meet the hedge accounting criteria, the result of their valuation (net of tax) was recognised directly in other comprehensive income of the Group in correspondence with the recognition of the liability.

30.2. Fair values of particular classes of financial instruments

The comparison of carrying amounts and fair values of all financial instruments of the Group, divided into particular classes and categories of assets and liabilities, is presented in the table below.

	Category according to IAS 39	Carrying amount		Fair value	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Financial assets					
Other long term receivables	LaR	26 001	3 204	26 001	3 204
Trade and other receivables (current)	LaR	106 170	50 037	106 170	50 037
Balance of individual escrow accounts		28 791	57 944	28 791	57 944
Loans granted to non-controlling interest and joint venture partners	LaR	14 326	-	14 326	-
Investment funds' units	Fa	10 027	-	10 027	-
Cash and cash equivalents		347 776	185 807	347 776	185 807
		533 091	**296 992**	**533 091**	**296 992**
Financial liabilities					
Obligations under finance leases	FLaAC	61 048	2 229	61 048	2 229
Interest bearing loans and bank borrowings, including:	FLaAC	169 040	101 188	169 040	101 188
- variable interest rate short and long-term	FLaAC	169 040	101 188	169 040	101 188
Trade and other payables (short term)	FLaAC	100 668	70 941	100 668	70 941
Bonds	FLaAC	373 163	289 417	375 373	296 157
Interest rate SWAP (short and long-term)	Fa	2 158	2 190	2 158	2 190
Other liabilities (long term)	FLaAC	17 366	12 159	17 366	12 159
Accruals (short-term)	FLaAC	12 024	8 610	12 024	8 610
		735 467	**486 734**	**737 677**	**493 474**

Abbreviations used:

LaR – Loans and receivables,

FLaAC – Other financial liabilities at amortised cost.

Fa - Financial assets at fair value through profit and loss

The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Significant accounting policies and other explanatory notes (in PLN thousands)

- fair value of cash and short-term deposits, balance of individual escrow accounts, trade receivables, trade payables and other current liabilities approximates their carrying amounts largely due to the short-term maturities,
- fair value of interest bearing liabilities, except for bonds (including obligations under finance leases, loans, bank borrowings) and loans granted approximates their carrying amount due to a fact that rates and margins of these instruments are at the market level,
- fair value of bonds is determined based on Catalyst market listings of these instruments.

All instruments described above were classified as Level 3 of the fair value hierarchy in accordance with IFRS 13 Fair Value Measurement, except for interest rate SWAPs and investment funds' unit which were classified as Level 2 and for bonds and cash which were classified as Level 1.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to reflect the changes in the economic conditions. To maintain or adjust the capital structure, the shareholders may adjust the dividend payment, withdraw the capital or decide on a new issue of shares.

Below is presented the calculation of the debt ratio, which is calculated as net debt to capital. The net debt includes interest-bearing borrowings, less interest-bearing borrowings from related parties and joint venture partners, less cash and cash equivalents (in two versions: including and excluding cash on the individual escrow accounts), whereas the capital comprises total equity.

Keeping the appropriate debt ratios constitutes also one of the covenants for issued bonds. The debt ratio including cash on the individual escrow accounts up to PLN 50 000 thousand is relevant for series L, M, N, O and P bonds (ratio up to level of 1.1) and the debt ratio excluding cash on the individual escrow accounts applies for series I, K1 and K2 bonds (ratio up to level of 1.3).

	31 December 2015	31 December 2014
Interest bearing borrowings	603 251	392 834
Less interest bearing borrowings from related parties and joint venture partners	(69 820)	(42 165)
Less cash and cash equivalents	(347 776)	(185 807)
Net debt excluding cash on individual escrow accounts	**185 655**	**164 862**
Less cash on individual escrow accounts up to PLN 50 000 thousand	(28 791)	(50 000)
Net debt including cash on individual escrow accounts	**156 864**	**114 862**
Equity	524 174	476 795
Debt ratio (excluding cash on individual escrow accounts)	**0.35**	**0.35**
Debt ratio (including cash on individual escrow accounts up to PLN 50 000 thousand)	**0.30**	**0.24**

32. EMPLOYMENT STRUCTURE

The average number of employees in the Group in the years 31 December 2015 and 31 December 2014 was as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Management Board of the parent company	3	3
Management Boards of other Group companies	9	10
Other employees and people cooperating with the Group based on the cooperation agreements	255	199
Total	**267**	**212**

Significant accounting policies and other explanatory notes (in PLN thousands)

33. Remuneration of auditor or audit company

The table below presents fees of the audit company, paid or payable for the year ended 31 December 2015 and 31 December 2014 by category of services:

Category of services	Year ended 31 December 2015	Year ended 31 December 2014
Statutory audit of financial statements	441 (*)	379 (*)
Other services	274 (**)	295 (**)
Total	**715**	**674**

(*) PLN 320 thousand relates to Ernst & Young Audyt Polska sp. z o.o. sp. k. (PLN 343 thousand for 2014).
(**) PLN 213 thousand relates to Ernst & Young Audyt Polska sp. z o.o. sp. k. (PLN 260 thousand for 2014).

34. Events after the reporting date

On 13 January 2016 the Company has received a decision of the President of the Office for Competition and Consumer Protection regarding the consent for creation by the Company together with NCRE II Investments Limited of a joint venture through ROBYG Praga Investment II Sp. z o.o., which is described in Note 1.2.

On 25 January 2016 a subsidiary of the Company acquired the perpetual usufruct right to the land located in Gdańsk with a total area of approx. 1,8 hectares. The net purchase price amounted to PLN 22 500 thousand.

On 5 February 2016 a subsidiary of the Company acquired the usufruct right to the plot of land in Gdańsk (Wrzeszcz district) with a total area of approx. 0,78 hectares. The net purchase price amounted to PLN 13 680 thousand.

On 9 February 2016 subsidiary of the Company acquired the plot of land located in Gdańsk with a total area of approx. 0,71 hectares. The net purchase price amounted to PLN 5 500 thousand.

On 17 February 2015 ROBYG Marketing i Sprzedaż Sp. z o.o. signed bank loan agreement with Alior Bank S.A. The bank loan amounted to PLN 50 000 thousand. The loan was granted for the period ending on 31 January 2021. The interest rate applicable to this loan is based on a floating interest rate WIBOR 3M increased by bank margin. Securities established in connection with the agreement include registered pledges up to the maximum security amount of PLN 100 000 thousand over the rights from the registration of the trademarks held by ROBYG Marketing i Sprzedaż Sp. z o.o.

On 7 January 2016 the Company concluded an agreement concerning SWAP transaction with mBank S.A. pursuant to which the payments of the interest calculated on the basis of the floating EURIBOR 1M interest rate will be exchanged with the payments of interest calculated at the fixed rate amounting 0.0700%. The SWAP transaction has been concluded for the period from 11 January 2016 to 31 January 2020. Notional amount of SWAP is EUR 7 000 thousand.

On 1 March 2016 the Extraordinary General Meeting of the Company authorised the Management Board of the Company to acquire own shares with the purpose of their subsequent resale. The acquisition of own shares is considered by the Management Board of the Company as one of the elements of preparation necessary to take further actions to strengthen the Company's shareholding. The resolution of Extraordinary General Meeting of the Company sets out specific conditions relating to the buyback program. Main conditions are:

- the Company may purchase no more than 26 309 200 shares,
- the purchase price may not be lower than PLN 0.10 per share and may not be higher than PLN 2.20 per share,
- the authorisation covers a period of three years from the date of adoption of the resolution and
- the total purchase price for the shares, increased by their acquisition costs, during the period of the granted authorisation, may not exceed the amount of the reserve capital created for this purpose by the Company.

On 14 March 2016 ROBYG S.A. signed bank loan agreement with Bank Millennium S.A. The bank loan amounted to PLN 18 300 thousand. The loan was granted for the period ending on 13 March 2020. The interest rate applicable to this loan is based on a floating interest rate WIBOR 3M increased by bank margin. Securities established in connection with the agreement include:

- mortgage up to the maximum secured amount of PLN 31 110 thousand established on the land of ROBYG I Sp. z o.o..

On 11 March 2016 subsidiary of the Company entered into a conditional purchase agreement regarding the perpetual usufruct right of the plot of land located in Warsaw (Praga Południe district) with a total area of approx. 1.05 hectares. The net purchase price has been determined as PLN 16 000 thousand. Completion of the deal is subject to condition that the City of Warsaw does not execute its statutory pre-emptive right to the above-mentioned land.

Apart from the events described above, there were no other significant events after the reporting date that should be included in these consolidated financial statements.

Zbigniew Wojciech Okoński

President of the Management Board

Eyal Keltsh

Vice - President of the Management Board

Artur Ceglarz

Vice - President of the Management Board

Warsaw, 16 March 2016