SELENA
GLOBAL EXPERIENCE

SELENA FM S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015
WITH THE AUDITOR'S OPINION AND REPORT

Wrocław, 21 March 2016

INCOME STATEMENT

Figures in PLN thousand	Note	Year ended 31 December 2015	Year ended 31 December 2014
Continued operations			
Revenue from the sale of goods and materials		324 530	373 558
Revenues from the sale of services		27 829	31 789
Revenue from sales		**352 359**	**405 347**
Cost of sales	6	311 397	359 793
Gross profit (loss)		**40 962**	**45 554**
Other operating income	7.1	1 317	1 878
Selling and marketing costs	6	21 373	20 926
General and administrative expenses	6	17 553	15 942
Other operating costs	7.2	28 883	18 126
Operating profit (loss)		**-25 530**	**-7 562**
Finance revenues	8.1	81 125	9 277
Financial expenses	8.2	11 925	21 707
Profit (loss) before tax		**43 670**	**-19 992**
Income tax	9	172	1 456
Net profit (loss) on continued operations		**43 498**	**-21 448**
Discontinued operations			
Profit (loss) on discontinued operations		–	–
Net profit (loss) for the previous year		**43 498**	**-21 448**
Earnings per share (continued operations) (PLN/share):	10		
- basic		1,90	-0,94
- diluted		1,90	-0,94

STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Profit after tax	43 498	-21 448
Total other net comprehensive income	0	0
Total comprehensive income	**43 498**	**-21 448**

STATEMENT OF FINANCIAL POSITION

Figures in PLN thousand	Note	31 December 2015	31 December 2014
Property, plant and equipment	14	3 062	3 331
Intangible fixed assets	15	16 165	8 251
Shares in subsidiaries	16	148 824	148 973
Other long-term receivables		215	0
Long-term portion of loans granted		98 128	66 483
Other long term financial assets	18	60 000	0
Deferred tax asset	9.3	0	0
Non-current assets		**326 394**	**227 038**
Inventories	19	3 234	3 873
Trade receivables	20	133 399	149 544
CIT receivable		744	0
Other short-term receivables	21	16 170	20 726
Short-term portion of loans granted		8 889	4 183
Other short-term financial assets	18	903	35
Cash and cash equivalents	22	4 815	5 163
Current assets		**168 154**	**183 524**
TOTAL ASSETS		**494 548**	**410 562**
Registered capital	23.1	1 142	1 142
Supplementary capital	23.2	209 897	237 739
Other reserves	23.3	19 163	19 163
Retained profit / (loss carried forward)		43 498	-21 448
- retained profit / loss carried forward from previous years		0	0
- profit (loss) after tax		43 498	-21 448
Equity		**273 700**	**236 596**
Long-term portion of bank and other loans	27	65 132	51 354
Other financial liabilities	26	857	1 173
Deferred tax liability	9.3	642	628
Non-current liabilities		**66 631**	**53 155**
Trade liabilities	24	78 490	89 041
Short-term portion of bank and other loans	27	72 313	27 448
Other financial liabilities	26	737	653
CIT payable		0	31
Other short-term liabilities	25	2 505	3 638
Short-term provisions		172	0
Current liabilities		**154 217**	**120 811**
Total liabilities		**220 848**	**173 966**
TOTAL EQUITY AND LIABILITIES		**494 548**	**410 562**

STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities			
Profit / loss before tax on continued operations		**43 670**	**-19 992**
Profit / loss before tax on discontinued operations		–	–
Adjusted by:			
Depreciation		2 209	2 223
FX (gains) / losses		-319	-2 677
Interest and dividends		-75 047	-1 884
Profit / loss on investing activities		6 764	19 411
Change in the balance of receivables	30	-2 283	-17 577
Change in the balance of inventories		640	-1 300
Change in the balance of obligations	30	328	11 694
Change in the balance of provisions		172	0
CIT paid		-932	-562
Other	30	-2 095	0
Net cash flows from operating activities		**-26 893**	**-10 664**
Cash flows from investing activities			
Inflows from sale of tangible fixed assets		278	210
Acquisition of tangible and intangible fixed assets		-6 353	-5 328
Increase in shares in subsidiaries		-3 354	-9 029
Sale of other financial assets		117	0
Purchase of bonds		-60 850	-1 850
Dividends and interest received		1 755	1 278
Cancellation of subsidiaries' shares		50 264	0
Loans granted		-16 986	-27 892
Repayments of loans granted		2 678	1 300
Bond repayments received		150	7 850
Net cash flows from investing activities		**-32 301**	**-33 461**
Cash flows from financing activities			
Repayment of finance lease obligations		-535	-497
Inflows from bank / other loans received		92 622	47 305
Repayment of loans		-23 542	-24 895
Payment of dividend		-6 394	-6 394
Interest paid		-2 192	-1 342
Net cash flows from financing activities		**59 959**	**14 177**
Net increase in cash and cash equivalents		**765**	**-29 948**
Change in cash and cash equivalents:		**-348**	**-29 756**
net FX differences		-1 113	192
*Cash at the beginning of the period**		*5 163*	*34 919*
*Cash at the end of the period**		*4 815*	*5 163*

* including restricted cash:
as at 31 December 2015: PLN 0.1m
as at 31 December 2014: PLN 3.2m

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Figures in PLN thousand	Registered capital	Supplementary capital	Other reserves	Retained profit / (loss carried forward) from: prior years	Retained profit / (loss carried forward) from: current period	Total equity
As at 1 January 2015	**1 142**	**237 739**	**19 163**	**-21 448**	**0**	**236 596**
Net profit (loss) for the financial year	0	0	0	0	43 498	43 498
Total comprehensive income	**0**	**0**	**0**	**0**	**43 498**	**43 498**
Cover of loss from supplementary capital	0	-21 448	0	21 448	0	0
Payment of dividend	0	-6 394	0	0	0	-6 394
As at 31 December 2015	**1 142**	**209 897**	**19 163**	**0**	**43 498**	**273 700**

FOR THE YEAR ENDED 31 DECEMBER 2014

Figures in PLN thousand	Registered capital	Supplementary capital	Other reserves	Retained profit / (loss carried forward) from: prior years	Retained profit / (loss carried forward) from: current period	Total equity
As at 1 January 2013	**1 142**	**212 128**	**19 163**	**32 004**	**0**	**264 437**
Net profit (loss) for the financial year	0	0	0	0	-21 448	-21 448
Total comprehensive income	**0**	**0**	**0**	**0**	**-21 448**	**-21 448**
Transfer of profit to reserves	0	25 610	0	-25 610	0	0
Payment of dividend	0	0	0	-6 393	0	-6 393
As at 31 December 2014	**1 142**	**237 739**	**19 163**	**0**	**-21 448**	**236 596**

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Information on the Company

1.1. Company's activity

Selena FM S.A. was established and registered in 1993 as a limited liability company under the name Przedsiębiorstwo Budownictwa Mieszkaniowego. In 2006, the Extraordinary General Meeting of Shareholders approved the name change to Selena FM. In 2007, the Company was transformed into a joint stock company. On 18 April 2008, Selena FM S.A. debuted on the Warsaw Stock Exchange.

The Company's duration is indefinite.

The Company's head office is located in Wrocław at ul. Strzegomska 2-4, 53-611 Wrocław, Poland. The Company operates in Poland.

The Company is entered in the business register of the National Court Register kept by the District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register, after transformation, under KRS no. 0000292032 (previous KRS no. 0000129819). The Company was assigned the statistical number REGON 890226440.

The Company's core business includes.
- distribution of the Group's products to foreign markets
- providing subsidiaries with advice on strategic management, finance management, sales strategy as well as maintenance of accounting books for customers.

Selena FM S.A. and Selena FM Group are controlled by Krzysztof Domarecki.

1.2. The Management Board of the Company

As at 31 December 2015, the Company's Management Board was composed of:
- Jarosław Michniuk – Management Board President
- Krzysztof Kluza – Vice-President of the Management Board
- Andrzej Feruga – Management Board Member
- Marcin Macewicz – Management Board Member.

<u>Changes in the Management Board in 2015:</u>

As at 31 December 2014, the Company's Management Board was composed of:
- Jarosław Michniuk – Management Board President
- Krzysztof Kluza – Vice-President of the Management Board
- Robert Konaszewski – Vice-President of the Management Board
- Andrzej Feruga – Management Board Member
- Marcin Macewicz – Management Board Member.

On 21 September 2015, the Supervisory Board of the Parent Company dismissed Robert Konaszewski from his role as Vice President of the Management Board.

By the date of publication of this report, no other changes took place in the Management Board's composition.

1.3. Company's Supervisory Board

As at 31 December 2015, the Company's Supervisory Board was composed of:

- Krzysztof Domarecki – Supervisory Board Chairman
- Borysław Czyżak – Supervisory Board Member
- Stanisław Knaflewski – Supervisory Board Member
- Andrzej Krämer – Supervisory Board Member
- Sylwia Sysko-Romańczuk – Supervisory Board Member.

Changes in the Supervisory Board composition in 2015

As at 31 December 2014, the Company's Supervisory Board was composed of:

- Krzysztof Domarecki – Supervisory Board Chairman
- Andrzej Krämer – Deputy Chairman of the Supervisory Board
- Czesław Domarecki – Supervisory Board Member
- Grzegorz Kostrzyński – Supervisory Board Member

On 20 April 2015, the Extraordinary General Meeting appointed Sylwia Sysko-Romańczuk to the Supervisory Board.

On 29 May 2015, the term of the then-existing Supervisory Board of Selena FM S.A. expired. On the same day, the AGEM of Selena FM S.A. appointed a new Supervisory Board for a joint, three-year term of office.

By the date of publication of this report, no changes took place in the Supervisory Board's composition.

2. Information on the financial report

2.1. Data covered by the financial statements

2.1.1. Identification of the consolidated financial statements

These financial statements are unconsolidated accounts of the Company. For a full understanding of the financial position and trading performance of the Company as a parent of Selena FM Group these financial statements should be read together with the consolidated financial statements of the Group for the year ended 31 December 2015, published on 21 March 2016.

2.1.2. Reporting period

These financial statements cover the period of 12 months ended on 31 December 2015 and the data presented as at that date.

2.1.3. Comparable data

The profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity cover the data for 12 months ended 31 December 2015 as well as comparative data for the period of 12 months ended 31 December 2014.

The statement of financial position covers the data as at 31 December 2015 with comparative data as at 31 December 2014.

2.1.4. Notes

The accounting policy and notes are an integral part of these financial statements.

2.2. Approval of the financial statements

These financial statements were approved for publication by the Management Board on 21 April 2016.

2.3. Basis of preparation

These financial statements have been prepared under the historical cost convention, except for those financial instruments that are measured at fair value.

2.4. Going concern

These financial statements have been prepared on the assumption that the Company will continue in operation in the foreseeable future. At the date of approval of these financial statements, no circumstances occurred that would point to a risk to continuity of operations by the Company.

2.5. Statement of conformity

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved by the EU. Taking into account the ongoing IFRS implementation process in the EU, as regards the Company's operations there is no difference between the already implemented IFRS and the IFRS approved by the EU for the financial year ended 31 December 2015.

IAS and IFRS include the standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

2.6. Measurement and reporting currency

The currency used for measurement and presentation of financials in this report in Polish zloty, and all figures have been presented in PLN thousand, unless specified otherwise.

The currency rates used for measurement of the balance sheet items expressed in foreign currency are presented in the table below.

Currency	31 December 2015	31 December 2014
1 USD	3,9011	3,5072
1 EUR	4,2615	4,2623
100 HUF	1,3601	1,3538
1 UAH	0,1622	0,2246
1 CZK	0,1577	0,1537
1 RUB	0,0528	0,0602
1 BRL	0,9851	1,3197

3. Accounting policy

3.1. Changes in the accounting policies

The accounting policies that were used in preparation of the financial statements are consistent with the policies used in preparation of the consolidated financial statements of the Company for the year ended on 31 December 2014, except for the changes resulting from implementation of new standards.

3.2. New standards and interpretations

Presented below is a list of new standards, amendments to the existing standards and interpretations published by the International Accounting Standards Board (IASB) and approved for application in the UE, which first come into force in 2015.

- Changes to different standards: Improvements to IFRS (2011-2013 cycle) - made as part of the procedure of making annual amendments to IFRS (IFRS 1, IFRS 3, IFRS 13, IAS 40) designed mainly to address inconsistencies and clarify the terminology, approved in the EU on 18 December 2014 (applicable to the annual periods starting on or after 1 January 2015).

- IFRIC Interpretation 21 Levies - approved by the EU on 13 June 2014 (applicable to the annual periods commencing on or after 17 June 2014).

The foregoing changes have no material impact on the data presented in these financial statements.

3.3. Standards and interpretations that have already been published and approved by the EU, but have not become effective yet

When approving these consolidated financial statements, the Company did not apply the existing standards, amendments and interpretations that have been published by IASB and approved for adoption in the EU, but have not become effective yet:

- Amendments to IFRS 11 - Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations – approved by the EU on 24 November 2015 (applicable to the annual periods commencing on or after 1 January 2016).

- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative – approved by the EU on 18 December 2015 (applicable to the annual periods commencing on or after 1 January 2016).

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - explanation on the acceptable amortisation methods - approved by the EU on 2 December 2015 (applicable to annual periods commencing on or after 1 January 2016).

- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants, - approved by the EU on 23 November 2015 (applicable to the annual periods commencing on or after 1 January 2016);

- Amendments to IAS 19 "Employee Benefits – Defined Benefit Plans: Employee Contributions - approved in the EU on 17 December 2014 (applicable to the annual periods commencing on or after 1 February 2015).

- Amendments to IAS 27 "Separate Financial Statements - Equity Method in Separate Financial Statements" - approved by the EU on 18 December 2015 (applicable to the annual periods commencing on or after 1 January 2016).

- Changes to different standards: Improvements to IFRS (2010-2012 cycle) - made as part of the procedure of making annual amendments to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), designed mainly to address inconsistencies and clarify the terminology, approved in the EU on 17 December 2014 (applicable to the annual periods starting on or after 1 February 2015).

- Changes to different standards: Improvements to IFRS (2012-2014 cycle) - made as part of the procedure of making annual amendments to IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34) designed mainly to address inconsistencies and clarify the terminology, approved in the EU on 15 December 2015 (applicable to the annual periods starting on or after 1 January 2016).

3.4. Standards and interpretations adopted by IASB, but not yet approved for application in the EU

The IFRS as approved by the EU are not materially different than the regulations issued by the International Accounting Standards Board (IASB), except the following standards, amendments and interpretations, which as at 31 March 2016 were not yet approved for application in the EU:

- IFRS 9 Consolidated Financial Statements – applicable to the annual periods commencing on or after 1 January 2018.

- IFRS 14 “Regulatory Deferral Accounts” (applicable to the annual periods commencing on or after 1 January 2016). The European Commission has decided not to propose for endorsement the interim standard for application across the EU pending publication of the full version of IFRS 14.

- IFRS 15 “Revenue from Contracts with Customers” and subsequent amendments (applicable to the annual periods commencing on or after 1 January 2018).

- IFRS 16 “Leasing” (applicable to the annual periods commencing on or after 1 January 2019).

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IFR 28 “Investments in Associates and Joint Ventures” – Investment undertakings: exceptions to consolidation (applicable to the annual periods commencing on or after 1 January 2016).

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IFR 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date of the amendments has been deferred pending finalisation of the project on equity accounting).

- Amendments to IAS 7 Statement of Cash Flows” – Disclosure Initiative (applicable to the annual periods commencing on or after 1 January 2017).

- Amendments to IAS 12 “Income Tax” – Recognition of Deferred Tax Assets for Unrealised Losses (applicable to the annual periods commencing on or after 1 January 2017).

According to the estimates of the Company , the foregoing new standards, interpretations and amendments to the existing standards, except IFRS 9 and IFRS 15, would not any material impact on the financial statements if they had been applied by the Company as at the balance sheet date.

The Management Board of the Company expects that adoption of IFRS 9 may have a material future impact on the amounts presented under financial assets and financial liabilities of the Company. However, presentation of reliable estimates regarding the impact of IFRS 9 will not be possible until the Company conducts a thorough analysis.

The Management Board of the Company expects that adoption of IFRS 15 may have a material future impact on the amounts and disclosures presented in the Company’s financial statements. However, presentation of reliable estimates regarding the impact of IFRS 15 will not be possible until the Company conducts a thorough analysis in this regard.

According to the estimates of the Company, application of such hedge accounting for assets and liabilities portfolios in accordance with IAS 39 “Financial Instruments: Disclosure and Measurement”, would not have major impact on the financial statements if it had been adopted for application as at the balance sheet date.

3.5. Significant accounting policies

3.5.1. Restatement of foreign currency positions

Transactions expressed in foreign currencies are translated into PLN using the exchange rate current at the transaction date.

At the balance sheet date, the cash assets and liabilities expressed in foreign currency are translated into PLN using the mean rate applicable at the end of the reporting period that has been set by for the particular currency by the National Bank of Poland. The FX differences arising are recognised in finance revenue or expenses as the case may be, or where required by the accounting policy, are capitalised in assets. Non-cash assets and liabilities are carried at historical cost expressed in the foreign currency, stated at the historical rate current at the transaction date. Non-cash assets and liabilities carried at fair value expressed in foreign currency are converted at the rate applicable at the fair measurement date.

3.5.2. Property, plant and equipment

Property, plant and equipment are carried at cost reduced by depreciation and impairment charges. The initial value of fixed assets includes the price of acquisition increased by all the costs directly relating to the purchase and adaptation of the asset for use. The expenditures incurred after the asset has been brought into use, including the maintenance and repair costs, are charged to the profit and loss when incurred.

Depreciation begins when the asset is ready for use and continues until the asset is liquidated or slated for sale. Depreciable value is written off systematically over the useful economic life of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as per the table below.

Fixed asset categories	**Depreciation period (years)**
Buildings and structures	from 10 to 40
Technical plant and equipment	from 3 to 10
Office equipment	from 3 to 5
Vehicles	from 3 to 7
Other	from 3 to 7

This method of depreciation reflects consumption of the economic benefits of the asset.

Depreciation charges for fixed assets are recognised in profit and loss in the relevant category for the asset.

If in the preparation of the financial statements any circumstances occurred indicating that the carrying amount of the asset may not be recoverable, the asset is tested for impairment. If any indications of impairment have been identified, and the carrying amount exceeds the estimated recoverable amount, then the value of such assets or cash generating units that the assets belong to is reduced to the recoverable amount. The recoverable amount is the higher of the two values: fair value decreased by the cost of sale or value-in-use. When estimating the value-in-use, the estimated future cash flows are discounted to the current value using the discount rate, and before taxation, reflecting the current market estimate for the time value of money and the risks pertaining to the asset. Where an asset does not generate cash flows sufficiently independently, the recoverable amount is determined for the cash generating unit that the asset belongs to. Impairment charges are recognised in the profit and loss account under other operating costs.

A tangible asset may be derecognised after its disposal or if the entity expects no economic benefits from its continued use. Any profits or losses arising from derecognition of the asset (calculated as a difference between the possible net inflows from sale and the carrying amount of the asset) are recognised in the profit and loss in the period when the derecognition took place.

Fixed assets under construction include all the fixed assets that are during construction or assembly and are recognised at cost reduced by impairment charges, if any. Fixed assets under construction are not depreciated until the construction is finished and the asset is brought into use.

The end value, useful life and the depreciation method of the assets are reviewed each year, and if necessary corrections are made, effective from the beginning of the current reporting period.

3.5.3. Borrowing costs

Borrowing costs are capitalised as a part of the cost of generation of a fixed asset. Borrowing costs include interest calculated using the effective interest rate method, financial charges under a finance lease, and FX differences arising from external finance, up to the value of the interest expense correction.

3.5.4. Leases

Finance lease agreements which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased assets, are recognised in the statement of financial position at the date of commencement of the lease, at the lower of the two values: fair value of the leased fixed asset or the current value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognised in profit or loss, unless the capitalisation conditions are met.

Under finance leases, fixed assets are depreciated for the estimated useful life of the fixed asset.

Operating lease

The leases under which the lessor retains substantially all the risks and benefits of ownership are recognised as operating leases. The operating lease fees and the subsequent lease payments are expensed in the profit and loss on a straight-line basis throughout the lease term.

The leases under which the entity retains substantially all the risks and benefits of ownership are recognised as operating leases. The initial direct costs incurred during negotiation of the operating lease agreement are added to the book value of the leased asset and are recognised throughout the lease term on the same rules as the revenues from lease. Any conditional lease fees are recognised as an income in the period when they become due.

3.5.5. Intangible fixed assets

If an intangible asset is acquired separately, it is measured at cost. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less amortisation and impairment. The expenditure on internally generated intangible assets, except the expenditure on development work, is not capitalised and is recognised in the cost of the period when it was incurred.

The enterprise determines if the useful life of an intangible asset is limited or indefinite. Intangible assets with a limited life are amortised throughout the period of their use, and are tested for impairment each time when indications of impairment are identified. The period and method of amortisation of such assets are reviewed at least at the end of each accounting year.

The estimated economic useful life of software licences is 2-5 years, and 10-40 years for trademarks.

Changes in the expected life or consumption of economic benefits flowing from the asset are recognised by changing the amortisation period or method, as appropriate, and are treated as changes in estimates. The amortisation write-offs for intangible assets with a limited life are recognised in profit and loss in the item that corresponds to the function of amortised asset.

Useful lives are reviewed each year and if needed are corrected effective from the beginning of the current reporting period.

Any profits or losses arising from derecognition of an intangible asset from the statement of financial position are measured as a difference between the net inflows from sale and the carrying amount of the asset, and are recognised in the profit and loss in the period at the time of the derecognition.

3.5.6. Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures are carried at historical cost less impairment, if any.

If in the preparation of the financial statements any circumstances occurred indicating that the carrying amount of the shares may not be recoverable, the shares are tested for impairment. If the carrying amount of the shares exceeds the estimated recoverable value, then the value of the shares is reduced to their recoverable value. When estimating the recoverable value, the estimated future cash flows are discounted to the current value using the gross discount rate, reflecting the current market estimate for the time value of money and the risks pertaining to the asset. Impairment charges, if any, are recognised in the profit and loss account under financial expenses.

3.5.7. Financial instruments

Financial instruments are divided into the following categories:
- financial assets held to maturity
- financial assets measured at fair value through profit and loss
- loans granted and receivables
- financial assets available for sale
- liabilities measured at fair value through profit and loss
- other liabilities measured at amortised cost.

Financial assets held to maturity are assets, other than derivatives, with determined or determinable payments and a stated maturity, which the entity intends and is able to retain until maturity, other than:

- assets designated on initial recognition as assets measured at fair value through profit and loss
- assets designated as available for sale
- assets 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 long-term assets if their maturity is longer than 12 months after the balance sheet date.

Financial assets measured at fair value through profit and loss are the financial instruments acquired to generate profits on short-term price fluctuations. A financial instrument is classified to this category if its meets one of the following conditions:

a) is classified as held for trading, i.e.
    - acquired with an intention of sell-off in a short-term, or
    - is a part of the portfolio of jointly managed financial instruments, which are likely to generate profits in the short-term, or
    - is a derivative, except derivatives covered by hedge accounting, and financial guarantees agreements
b) was classified to this category under IAS 39 at the time of initial recognition.

Financial assets measured at fair value through profit and loss are measured at fair value taking account of their market value at the balance sheet date, excluding the sale transaction costs. Changes in the value of such instruments are reflected in the profit and loss account as financial revenues or expenses.

If a contract contains one or more embedded derivatives, the whole contract may be classified to the category of financial assets measured at fair value through profit and loss. This does not apply in the cases where the embedded derivative does not have any major influence on the cash flows from the contract or it is expressly prohibited to separate the embedded derivatives.

Loans and receivables are financial assets other than derivatives, with determined or determinable payments, not quoted on active market. They are included in current assets unless their maturity date is longer than 12 months from the balance sheet date. Loans grated and receivables with a maturity longer than 12 months after the balance sheet date are included in fixed assets. Loans granted and receivables are measured at amortised cost.

Financial assets available for sale are the financial assets that are not derivatives, which:

- have been classified as available for sale, or
- do not belong to any of the previously specified three asset categories.

Financial assets available for sale are recognised at fair value increased by transaction costs that may be directly allocated to the purchase or issue of the financial asset. Where no stock quotations exist in the active market, and their fair value may not be reliably estimated using alternative methods, financial assets available for sale are measured at cost less impairment. The difference between the fair value and the cost of acquisition of the assets available for sale (if a market price exists, determined in an active regulated market or the fair value may be determined in another reliable manner), after reduction by deferred tax, is recognised in other comprehensive income. A decrease in the value of assets available fore sale cause by impairment is reflected in the profit and loss account as a financial expense.

Purchase and sale of financial assets are recognised at the transaction date.
At the time of initial recognition, a financial asset is measured at fair value, increased – in the case of an asset that is not classified as measured at fair value through profit and loss – by the transaction costs that may be directly allocated to the acquisition.

A financial instrument is derecognised if the entity loses control over the contractual rights that make up the financial instrument; usually this happens when the instrument is sold or when all the cash flows attributed to the instrument are transferred to an independent third party.

A financial guarantee agreement is an agreement whereby the issuer is require to make payments to the holder to compensate the loss that the holder will incur if the debtor does not make a contractual payment on the terms defined for the particular debt instrument. At the time of initial recognition, the financial obligation on account of the guarantee agreement is measured at fair value. After the initial recognition, the value is measured at the higher of:

- initial value decreased by the amounts recognised in the profit and loss are a result of settlement of the initially recognised amount during the period of the guarantee's validity, or
- estimated likely payment.

Financial liabilities measured at fair value through profit and loss are measured at fair value taking account of their market value at the balance sheet date, excluding the sale transaction costs. Changes in the fair value of such instruments are reflected in the profit and loss account as financial revenues or expenses.

Financial liabilities measured at amortised cost are the liabilities that are not financial instruments measured at fair value through profit and loss. They are measured at amortised cost using the effective interest rate method.

3.5.8. Impairment of financial assets

At each balance sheet date, the entity assesses if there are any objective indications of impairment of an asset or a group of financial assets.

Interest carried at amortised cost

If there are objective indications of impairment, the impairment charge is calculated as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows (excluding future losses on account of uncollected receivables), discounted using the original effective interest rate (i.e. the rate determined on initial recognition). The carrying amount of the asset is reduced by the impairment charge. Losses are reflected in the profit and loss account.

The Group first determines if there are any objective indications of impairment of individually significant financial assets, and the indications of impairment of assets that are not individually significant. If such analysis shows that there are no objective indications of impairment of an individually assessed financial asset, significant or not, the entity includes such asset to the group of financial assets with a similar credit risk profile and tests the assets for impairment collectively. The assets that are individually tested for impairment and for which an impairment charge was recognised or a decision was made that the existing charge would not change, are excluded from collective impairment test.

If in the subsequent period the impairment charge is reduced, and the reduction may be objectively linked to an event occurring after recognition of the charge, the previously recognised charge is reversed. Subsequent reversal of the impairment charge is recognised in the profit and loss account to the degree that at the date of the reversal the book value of the asset was not higher that its amortised cost.

Financial assets measured at cost

If there are objective indications of impairment of a not listed equity instrument that is not carried at fair value because its fair value may not be reliably estimated, or a connected derivative that must be settled by the provider of such not listed equity instrument, then the amount of the impairment loss is calculated as a difference between the book value of the financial asset and the current value of the estimated future cash flows discounted using the current market rate of return for similar financial assets.

Financial assets available for sale

If there are objective indications of impairment of a financial asset available for sale, then the amount being a difference between the purchase price of the asset (less any capital and interest payments and its present fair value less any impairment charges previously recognised in the profit and loss account, is derecognised from equity and transferred to the profit and loss. Reversals of impairment charges for the value of equity instruments classified as available for sales are not recognised in the profit and loss account. If in the subsequent period the fair value of the debt instrument available for sale increases, and the increase may be objectively linked to an event occurring after recognition of the impairment charge in the profit and loss account, then the amount of the reversed charge is included in the profit and loss account.

3.5.9. Inventories

Inventory is measured at the lower of: cost or net realisable amount. The cost of generation of finished good and work-in-progress consists of the cost of direct materials and labour and the relevant indirect products costs determined on the assumption of a normal use of production capacity.

The net realisable amount is estimated as the price of a sale effected in the ordinary course of business, less finishing costs and costs needed to finalise the sale.

The closing balance of inventory is measured by determining its value using the FIFO method.

3.5.10. Trade and other receivables

Trade and other receivables are recognised at the originally invoiced amounts or amounts specified in the contract, taking into account the allowance for doubtful accounts (impairment charges). Such allowances are recognised if recovery of the full amount of the receivable is not longer likely.

Where the time value of money plays a role, the value of the receivables is determined by discounting the future cash flows to the present value using the discount rate that reflects the current market estimates of the time value of money. If such discounting method is used, the increase in the value of receivables over time is recognised as a financial revenue.

Receivables from the state are presented as other receivables, except the CIT receivable, which is a separate item on the balance sheet.

Advance payments are presented in accordance with the nature of the assets they pertain to – as fixed or current assets. Advance payments are not discounted as they are non-cash assets.

3.5.11. Cash and cash equivalents,

Cash and short-term deposits include cash in bank and cash on hand, and short-term deposits with an original maturity not longer than 3 months.

The balance of cash and cash equivalents presented in the statement of cash flows consists of the items specified above. Overdrafts are presented in the balance sheet under loans and advances in short-term liabilities.

3.5.12. Interest-bearing bank debt, loans and debt securities

At initial recognition, bank debt, loans and debt securities are measured at fair value less the cost of the debt.

After the initial recognition, interest-bearing loans and debt securities are then measured at amortised cost on an effective interest rate basis.

When determining the amortised cost, one takes into account the cost of obtaining a loan, and the discounts or premiums obtained in connection with the liability.

Revenues and expenses are presented in the profit and loss account upon derecognition of the liability from the balance sheet, and as a result of a settlement effected using the effective interest rate.

3.5.13. Trade and other liabilities

Trade liabilities are measured at the value of the payment due.

Financial liabilities are measured at amortised cost using the effective interest rate, except the liabilities classfied at measured at fair value through profit and loss.

An expired financial liability is derecognised from the balance sheet (i.e. if the contractual obligation has been discharged, cancelled or expired). An exchange of a debt instrument with an instrument with substantially different terms effected between the same entities, is recognised as expiry of the original financial liability and recognition of a new financial liability. Similarly, modification of the terms of an agreement relating to an existing financial liability is recognised as expiry of the original liability and recognition of a new liability. The difference between the respective book values of the exchanged instruments is recognised in the profit and loss account.

The other non-financial liabilities include in particular liabilities to the tax office on account of VAT and liabilities on account of advance payments received that will be settled through a supply of goods, services or fixed assets. Other non-financial liabilities are recognised at the amount due.

3.5.14. Provisions

Provisions are raised where the entity has an obligation (legal or constructive) are a result of a past event, and it is likely that fulfilment of such obligation will cause an outflow of economic benefits, and the value of such obligation may be reliably estimated. If the entity expects that the costs covered by the provision will be returned, e.g. by the insurer, then the return is recognised as a separate asset, but only when it is practically certain that such a return will be realised. The provision costs are recognised in the profit and loss account less any returns received.

Where the time value of money plays a role, the value of the provision is determined by discounting the future cash flows to the present value using the discount rate that reflects the current market estimates of the time value of money, and the potential risk associated with such obligation. If a discounting method is used, the increase in the value of the provision over time is recognised as a financial expense.

Provisions are presented as separate items of long-term or short-term liabilities, depending on the nature of the provision.

3.5.15. Retirement benefits

Employees of the companies registered in Poland are given rights to retirement benefits under the Polish Labour Code. A retirement benefit is paid once-off when the employee retires. The value of the benefit depends on the years of service and the average remuneration of the employee.

Where the local law or internal regulations of the company impose on obligation of payment of a retirement benefit, the company makes a provision for future obligations on account of such payments to assign the related costs to their corresponding periods. According to IAS 19, retirement benefits are defined programmes of post-employment benefits. The present value of such obligations is calculated at each balance sheet date. The obligation is equal to the discounted payments that will be made in the future, taking into account the employment turnover, and relating to the period until the balance sheet date. Demographic information and information of staff turnover are based on historical figures.

3.5.16. Revenues

Revenues are recognised at the amount of probable economic benefits flowing from the particular transaction, and where the value of the revenue may be reliably estimated. Revenues are recognised at fair value of the payment received or due, reduced by indirect taxes not due to the seller, and discounts. Recognition of revenues is subject to the criteria outlined below.

<u>Sale of finished goods, merchandise and materials</u>

Revenues are recognised if the material risks and benefits arising from the ownership of the goods and products have been transferred to the buyer, and when the revenues may be reliably estimated.

<u>Provision of services</u>

Revenues from provision of services are recognised when the service is performed, at the net value stated in the agreement or on the invoice.

<u>Interest</u>

Interest income is recognised gradually as the interest is earned (using the effective interest rate method, which discounts the future cash flows over the estimated life of the financial instruments) relative to the net carrying amount of the financial instrument.

Dividends

Dividends are recognised at the time of determination of the shareholders' rights to dividend.

Rental (operating lease) income

Income from the lease of office space is recognised on a straight-line basis over the lease term.

3.5.17. Taxes

Current tax

Liabilities and receivables arising from the tax for the current period and the previous periods are measured at the amount of the expected payment to the revenue authorities (refundable by the revenue authorities) using the tax rates and tax legislation that legally or actually applied at the balance sheet date.

Deferred income tax

Deferred tax is calculated using the balance sheet obligations method for all the temporary differences existing at the balance sheet date between the tax value of assets and liabilities, and their carrying amount shown in the financial statements.
A deferred tax liability is recognised for all the positive temporary differences.

- except when the deferred tax liability arises as a result of initial recognition of a goodwill or an initial recognition of an asset or liability in a transaction other than business combination, and at the time of the transaction it did not have any impact on the PBT or taxable income or tax loss, and
- in the case of positive temporary differences arising from investments in subsidiaries or associates, and shares in joint ventures – except when the dates of reversal of the temporary differences are controlled by the investor and it is likely that in the foreseeable future the temporary differences will not be reversed.

Deferred tax assets are recognised for all the negative temporary differences, also for unutilised tax reliefs and unutilised tax losses carried to subsequent years, in the amount of the likely taxable income that will be generated to use the differences, assets and losses;

- except when the deferred tax assets relating to negative temporary differences are a result of initial recognition of a goodwill or an initial recognition of an asset or liability in a transaction other than business combination, and at the time of the transaction it did not have any impact on the PBT or taxable income or tax loss, and
- in the case of negative temporary differences from investments in subsidiaries or associates, or shares in joint ventures, the deferred tax asset is recognised in the balance sheet at the amount of the likely income arising in the foreseeable future from reversal of the temporary differences, allowing for the negative temporary differences to be covered.

The book value of the deferred tax asset is reviewed at each balance sheet date and is appropriately reduced to reflect the lower likelihood of receipt of a taxable income that would allow to cover, partly or in full the realisation of the deferred tax asset. The unrecognised deferred tax asset is revisited at each balance sheet date and is recognised up to the value that reflects the likelihood of future taxable income that will allow the asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is reversed. The measurement is based on the tax rates (and legislation) applicable at the balance sheet date or such rates/legislation which, at the balance sheet date, are certain to apply in the future.

A taxable income for the items recognised outside of a profit or loss, is recognised outside of a profit or loss: in other comprehensive income for the items presented in other comprehensive income, or directly in equity for the items recognised directly in equity.

Deferred tax assets are set off against the deferred tax liabilities only where there is a legal title for the set-off between the current tax receivable and payable, and the deferred tax relates to the same taxpayer and the same tax authority.

VAT

Revenues, expenses, assets and liabilities are recognised net of VAT, except where:

- the VAT paid at the acquisition of assets or services cannot be recovered from the tax authorities; then such VAT is recognised as a part of the price of the assets or as a part of the cost item, and;
- the receivables and liabilities that are recognised together with the VAT.

The net amount of the VAT that can be recovered or that is due to the tax authorities is recognised in the balance sheet as a part of receivables or liabilities.

3.5.18. Net profit per share

Net profit per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares in the particular reporting period.

The diluted profit per share is calculated by dividing the net profit for the period attributable to the shareholders of the parent by the weighted average number of outstanding ordinary shares during the period, increased by the weighted average number of ordinary shares that would have been issued if the potential ordinary shares were converted into shares.

3.5.19. Transactions settled through equity instruments

The cost of transactions settled with staff in equity instruments is recognised by reference to the fair value at the date when the respective rights were awarded. Fair value is determined by an independent valuer. Measurement of the equity-settled payments takes account of the market conditions of the rights allocation (associated with the price of the parent's shares) and other conditions than those relating to the rights allocation.
The cost of equity-settled transactions is recognised together with the corresponding increase in the value of equity in the period when the conditions relating to the financial results and / or performance of service were fulfilled, ending on the date when the particular employees receive full entitlement to the benefits ("vesting date"). The aggregate cost in respect of equity–settled transactions recognised at each balance sheet date until the vesting date reflects the passage of the vesting period and the number of awards to which – according to the parent's management at that date, based on the possibly most accurate estimates of the number of equity instruments - rights will be finally acquired.

No costs will be recognised in respect of the awards to which rights will not be finally acquired, except for the awards for which vesting depends on market conditions or other conditions than those relating to the vesting, which are treated as acquired, regardless of whether or not the market conditions or the other conditions than those relating to the vesting are fulfilled, provided that all the other conditions relating to effectiveness/performance and / or provision of service are fulfilled. If the conditions for allocation of equity-settled awards are modified, to meet the minimum requirement costs are recognised as if the conditions have not been modified. Furthermore, costs are recognised in respect of each increase in the value of the transaction as a result of the modification, measured at the date of the modification.

Where an equity-settled award is cancelled, it is treated as if the rights to the award have not been acquired at the cancellation date, and any not yet recognised costs in respect of the award are recognised immediately. This also relates to the awards for which the conditions other than those relating to the vesting, controlled by the parent or the employee, have not been met. However, where the cancelled award is replaced by a new award – determined as a supplementary award on the date of its allocation, the cancelled award and the new award are treated as a modification of the original award, i.e. in the manner outlined above.

4. Significant values based on professional judgement and estimates

4.1. Professional judgement

In addition to the accounting estimates, professional judgement of the management was of key importance in the process of application of the accounting policies to the areas outlined below.

Classification of leases

The Group classifies leases as operating or finance leased based on the estimated distribution of risks and rewards from the leased asset between the lessor and the lessee. Such evaluation is based on the economic substance of the individual transactions.

4.2. Uncertainty of estimates

Below is a presentation of the key assumptions relating to the future and other key sources of uncertainty existing at the balance sheet date, giving rise to a material risk of a significant correction to the carrying amounts of assets and liabilities in the next financial year.

Impairment of long-term investments

The Company tests its long-term investments for impairment. This exercise requires that the value in use of the cash-generating units (CGU) be estimated. The value in use is estimated by determining the future cash flows generated by the CGU based on the financial plans, and by determining the discount rate for calculation of the present value of such cash flows. Information on the adopted assumptions and results of impairment tests are presented in Note 17.

Impairment of loans and receivables

Impairment charges for loans and receivables are recognised in the event of objective indications of impairment. Impairment charges are estimated based on the realisable future cash flows. Both the amount and time distribution of such cash flows are determined based on the professional judgement of the Group's Management.

Deferred tax assets

Deferred tax assets are recognised if the projected tax results confirm that such tax may be used. However, a deterioration in the tax results in the future might undermine such assumption.

5. Operating segments

The Management Board treats the Company's activity as a single operating segment.

See Note 1.1 of this report for description of the Company's operations. Among its other roles, Selena FM S.A. acts as a global distributor – in the Group, it intermediates in goods transactions between production plants and foreign trading organisations; it is also a managing entity of the Group. Financial results on all businesses are analysed jointly as an effect of operation of the Group's head office and are not a basis for taking decisions on resource allocation within the Company or within the Group's operating segments.

The Company's trading performance is assessed based on the management data prepared in accordance with IAS/IFRS.

Related parties account for more than 93% of the Company's revenues (more than 91% in 2014).

Sales are generated in Poland (PLN 23m) and abroad, mainly in the countries where the Group's units are based. The Company's tangible assets are located in Poland.

The Company is not dependant on any buyer. Due to the nature of operations of the Company as a parent of the Group, sales are generated depending on its subsidiaries' demand for goods and services, so they are not a major contributor to the assessment of the Company's operating efficiency.

6. Operating costs

6.1. Costs by type

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Consumption of materials and energy	829	422
Cost of employee benefits	16 074	15 498
Depreciation	2 209	2 223
External services, including:	16 479	11 755
advice	8 862	7 165
lease	2 014	2 042
other	5 603	2 548
Taxes and duties	212	270
Other costs by type, including:	3 123	6 700
Entertainment and advertising costs	615	4 418
Cost of business travel	2 376	2 130
Cost of merchandise and materials sold	281 259	330 290
Cost of services sold	30 138	29 503
Total operating costs	**350 323**	**396 661**
including:		
Cost of sales	311 397	359 793
Selling and marketing costs	21 373	20 926
General and administrative expenses	17 553	15 942

6.2. Cost of employee benefits

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Remuneration	13 485	13 032
Social security costs	2 076	2 019
Other employee benefit costs	513	447
Total cost of employee benefits	**16 074**	**15 498**
including:		
Cost of sales	2 007	1 975
Selling and marketing costs	6 360	6 984
General and administrative expenses	7 707	6 539

6.3. Depreciation and amortisation

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Depreciation of tangible assets	1 071	957
Amortisation of intangible assets	1 138	1 266
Total depreciation and amortisation	**2 209**	**2 223**
including:		
Cost of sales	49	42
Selling and marketing costs	333	366
General and administrative expenses	1 827	1 815

7. Other operating income / costs

7.1. Other operating income

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Profit from disposal of non-financial fixed assets	163	51
Subsidies	5	11
Reversal of impairment charge for receivables	1 016	1 700
Damages	45	43
Other	88	73
Total other operating income	**1 317**	**1 878**

In the year ended 31 December 2015, impairment charges totalling PLN 1,016k were reversed, including:

- impairment charge on the receivables from connected companies – PLN 1,004k (Chemistry for Building s.r.o. (formerly Selena Slovakia s.r.o.) – PLN 825k, Selena Malzemeleri Yapi Sanayi Tic. Ltd.– PLN 179k);
- impairment charge for the amounts due from non-connected entities – PLN 12k.

7.2. Other operating costs

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Impairment charge for receivables	24 455	14 397
Provisions raised	172	0
Donations	33	61
Receivables written off	4 167	3 095
Damages, penalties, fines	0	452
Liquidation of inventories	4	35
Other	52	86
Total other operating costs	**28 883**	**18 126**

In the year ended 31 December 2015, impairment charges totalling PLN 24,455k were created, including:

- impairment charge for the receivables from connected companies: PLN 24,395k (Selena Iberia slu: PLN 10,682k, Selena Romania SRL: PLN 5,878k, Selena Sulamericana Ltda: PLN 4,580k, Selena USA Inc. : PLN 811k, Selena Nantong Building Materials Co. Ltd – PLN 741k, Selena Bulgaria Ltd. – PLN 599k, Selena Ukraine Ltd. – PLN 519k, Selena Italia srl – PLN 394k, other subsidiaries – PLN 191k)
- impairment charge for the amounts due from non-connected entities – PLN 60k.

In the year ended 31 December 2015, the receivables from Selena Ukraine Ltd of EUR 1m were cancelled under an agreement between the parties. The decision was made in reaction to the news about deteriorating economic situation in Ukraine.

8. Finance revenues and expenses

8.1. Financial revenues

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Dividends and shares in profits	22 500	
Interest, including:	4 693	3 505
on bonds and loans granted	*4 479*	*3 072*
interest on deposits and bank accounts		*2*

on discount of financial obligations	*214*	*431*
FX differences	1 304	5 769
Reversal of impairment charge on loans	1 518	
Recoveries of loans previously written off	846	
Cancellation of shares	50 264	
Other financial revenues		3
Total financial revenues	**81 125**	**9 277**

On 3 June 2015, the Annual General Meeting of Selena S.A. adopted a resolution on payment of dividend of PLN 15.500k from the profit for 2014 to its sole owner, i.e. Selena FM S.A.
The dividend was paid on 30 June 2015. The dividend of PLN 15,488k was settled through a set-off agreement with the Group members of 15 June 2015, specifically between:

- Selena FM S.A. and Selena S.A. (investment obligation) to set off mutual claims up to PLN 5,031k
- Selena FM S.A., Selena S.A. and Selena Marketing International Sp. z o.o. (obligations on account of loans and trade payables), setting off mutual claims up to PLN 5,771k
- Selena FM S.A., Selena S.A., Selena Marketing International Sp. z o.o. (obligation on account of loans), Przedsiębiorstwo Materiałów Izolacyjnych Izolacja-Matizol S.A., setting of mutual claims up to PLN 4,686k.

The remaining amount of PLN 12k was paid by Selena S.A. by a funds transfer.

On 11 June 2015, the Annual General Meeting of Libra Sp. z o.o. adopted a resolution to allocate a part of the 2014 profit of PLN 7,000k to dividend to its only shareholder – Selena FM S.A. The dividend payment date was set to 15 June 2015. Under the agreement of 15 June 2015, Libra's obligations in respect of the dividend were set off against the trade liabilities of Selena FM S.A. totalling PLN 7,000k.

On 14 December 2015, 1,005,282 shares in the registered capital of the subsidiary Selena Industrial Technologies Sp. z o.o. (SIT Sp. z o.o.), totalling PLN 50,264k, were cancelled. In accordance with the Articles of SIT Sp. z o.o., the fee payable to the Company for the shares cancelled is PLN 50,264 k. (see Note 16.5 for a detailed description).

8.2. Financial expenses

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Interest, including:	2 430	1 573
on loans and advances received	*2 356*	*1 547*
on finance lease liabilities	*57*	*25*
on other obligations	*17*	*1*
Impairment charge for shares	3 340	0
Impairment charge for loans	3 934	19 447
Valuation of FX contracts	1 945	0
FX differences	0	0
Other financial costs	276	687
Total finance expenses	**11 925**	**21 707**

In the year ended 31 December 2015, impairment charges for loans were created, totalling PLN 3.934k (see Note 18.3 for details).

See Note 17 for details on the impairment tests.

Since 2015, the Company has hedged its expected cash flows with FX forwards and other financial instruments. The Company uses such financial instruments solely to hedge its FX risk and does not use them for speculative purposes. The Company does not use hedge accounting within the meaning of IAS 39. In the year ended 31 December 2015, the Company reported a loss of PLN 2,095k on closed derivative transactions (the result is recognised in financial costs, under "Valuation of FX contracts").. As at 31 December 2015, the company had open forward contracts for EUR/PLN rate; its gain on valuation of unrealised instruments was PLN 150k (the result on these transactions is recognised in financial costs under "Valuation of FX contracts).

9. Income tax

9.1. Tax charges

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Income tax for the current period	158	57
Change in deferred tax	14	1 403
Adjustments to the current tax for previous period	0	-4
Tax charge presented in the profit or loss:	**172**	**1 456**

9.2. Effective tax rate

The table below shows reconciliation of the tax on the pre-tax profit at the statutory rate with the income tax calculated at the effective tax rate of the Company.

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Gross profit (loss) on continued operations	43 670	-19 992
Tax rate	19%	19%
Tax at the statutory rate	8 297	-3 798

Tax on non-taxable revenues (fixed differences)	-14 657	-1 294
- in respect of dividends received	-4 275	0
- in respect of cancellation of shares in a subsidiary	-9 550	0
- in respect of reversal of impairment charge for receivables	-193	-973
- other	-639	-321
Tax on costs that are not tax-deductible (fixed differences)	6 532	6 552
- in respect of impairment charge on shares and loans	1 382	3 695
- in respect of impairment charge for receivables	4 796	2 534
- other	354	323
Tax losses in the period in respect of which no deferred tax asset was recognised	0	0
Adjustments to the current tax for previous period	0	-4
Tax charge presented in the profit or loss:	**172**	**1 456**
Effective tax rate	0,39%	-7,28%

9.3. Deferred income tax

Deferred tax asset

Figures in PLN thousand	31 December 2015	Charge/credit to the financial result	31 December 2014	Charge/credit to the financial result
Deferred tax asset on temporary differences in assets	*161*	*-164*	*325*	*159*
Trade receivables	*78*	*-150*	*228*	*201*
Impairment charges for receivables	*78*	*-150*	*228*	*201*
Loans granted and contributions to capital	0	-65	65	0
Valuation of loans granted	*0*	*-65*	*65*	*0*
Other assets	*83*	*51*	*32*	*-42*
Unrealised sales on Incoterms	*83*	*51*	*32*	*-42*
Deferred tax asset on negative temporary differences in liabilities	*1 055*	*552*	*503*	*-185*
Liabilities	*189*	*76*	*113*	*-233*
Liability in respect of unpaid remuneration	*189*	*76*	*113*	*-233*
Accruals	*148*	*-20*	*168*	*41*
Provision for the cost of audit	*11*	*3*	*8*	*-2*
Provision for the cost of unutilised leaves	*137*	*12*	*125*	*21*
Other accruals	*0*	*-35*	*35*	*22*
Liabilities in respect of loans and advances	*506*	*474*	*32*	*27*
Interest payable	*506*	*474*	*32*	*27*
Provisions	*43*	*43*	*0*	*0*
Provision for the loyalty scheme	*43*	*43*	*0*	*0*
Other liabilities	*169*	*-21*	*190*	*-20*
Lease liabilities	*141*	*19*	*122*	*63*
Guarantees granted	*28*	*-40*	*68*	*-83*
Deferred tax asset on unrealised FX differences	*778*	*24*	*754*	*68*
Deferred tax asset on tax losses	*0*	*0*	*0*	*0*
Deferred tax asset on total temporary differences	**1 994**	**412**	**1 582**	**42**
Deferred tax asset less liability	0		0	

Deferred tax liability

Figures in PLN thousand	31 December 2015	Charge/credit to the financial result	31 December 2014	Charge/credit to the financial result
Deferred tax liability on positive temporary differences in assets	*961*	*326*	*635*	*40*
Tangible fixed assets	220	-9	229	60
Net value of fixed assets under a lease	*220*	*-9*	*229*	*60*
Loans granted and contributions to capital	*731*	*332*	*399*	*-3*
Interest on loans granted, accrued and outstanding	*731*	*332*	*399*	*25*
Interest on contributions, accrued and outstanding	*0*	*0*	*0*	*-28*
Bonds	*10*	*3*	*7*	*-17*
Interest on bonds, accrued and outstanding	*10*	*3*	*7*	*-17*
Deferred tax liability on positive FX differences	*1 675*	*100*	*1 575*	*1 405*
Deferred tax liability	**2 636**	**426**	**2 210**	**1 445**
Deferred tax liability less asset	642		628	
Change in deferred tax reflected in profit and loss		**14**		**1 403**

10. Profit per share

The basic profit per share is calculated by dividing the net profit for the period attributable to the ordinary shareholders by the weighted average number of outstanding ordinary shares during the period.

The number of ordinary shares in 2015 did not change.

		Year ended 31 December 2015	Year ended 31 December 2014
Profit (loss) after tax	PLN	43 497 834	-21 447 749
Weighted average number of ordinary shares	share	22 834 000	22 834 000
Profit/(loss) per ordinary share	**PLN/share**	**1,90**	**-0,94**
Number of shares, including possible dilution	share	22 834 000	22 834 000
Diluted profit per share	**PLN/share**	**1,90**	**-0,94**

As at 31 December 2015, Selena FM S.A. has no potentially diluting ordinary shares.

11. Dividend paid and proposed

On 29 May 2015, the AGM of Selena FM S.A. adopted a resolution on dividend distribution in respect of 2014 in a total amount of PLN 6,393,520.00, i.e. PLN 0.28 per share. The record date, when the list of shareholders eligible for dividend is determined, was set to 15 June 2015. The shares of all series carry the same dividend rights. The dividend was paid on 30 June 2015 from the Company's supplementary capital.

12. Discontinued operations

In the period of ended 31 December 2015 or in the period ended 31 December 2014, the Company did not discontinue nor it plans to discontinue any type of business in the next year.

13. Social assets and Social Fund obligations

The Social Fund Act of 4 March 1994, as amended, stipulates that the Social Fund shall be created by the employees with at least 20 staff members (FTEs), as at the beginning of a given year. By virtue of its work regulations, the Company decided not to establish such Social Fund.

14. Property, plant and equipment

The tables below show the gross value, depreciation and net value of tangible assets as at the balance sheet date.

Figures in PLN thousand	Buildings and premises	Plant and machinery	Vehicles	Other fixed assets	Fixed assets under construc.	Total
Gross value as at 1 January 2015	**88**	**2 053**	**2 693**	**341**	**865**	**6 040**
Increases, including:	0	367	520	30	0	917
Direct purchase	*0*	*367*	*0*	*30*	*0*	*397*
Leasing	*0*	*0*	*520*	*0*	*0*	*520*
Settlement of fixed assets under construction	*0*	*0*	*0*	*0*	*0*	*0*
Decreases, including:	0	108	378	0	0	486
Liquidation, sale	*0*	*108*	*378*	*0*	*0*	*486*
Gross value as at 31 December 2015	**88**	**2 312**	**2 835**	**371**	**865**	**6 471**
Write-off as at 1 January 2015	**61**	**1 109**	**1 344**	**195**	**0**	**2 709**
Increases, including:	5	427	588	51	0	1 071
Amortisation for the period	*5*	*427*	*588*	*51*	*0*	*1 071*
Decreases, including:	0	57	314	0	0	371
Liquidation, sale	*0*	*57*	*314*	*0*	*0*	*371*
Write-off as at 31 December 2015	**66**	**1 479**	**1 618**	**246**	**0**	**3 409**
Net value as at 1 January 2015	**27**	**944**	**1 349**	**146**	**865**	**3 331**
Value as at 31 December 2015	**22**	**833**	**1 217**	**125**	**865**	**3 062**

Figures in PLN thousand	Buildings and premises	Plant and machinery	Vehicles	Other fixed assets	Fixed assets under construc.	Total
Gross value as at 1 January 2014	**88**	**1 827**	**2 271**	**285**	**19**	**4 490**
Increases, including:	0	340	806	67	846	2 059
Direct purchase	*0*	*303*	*27*	*67*	*18*	*415*
Leasing	*0*	*0*	*779*	*0*	*865*	*1 644*
Settlement of fixed assets under construction	0	37	0	0	-37	0
Other	0	0	0	0	0	0
Decreases, including:	0	114	384	11	0	509
Liquidation, sale	*0*	*114*	*384*	*11*	*0*	*509*
Gross value as at 31 December 2014	**88**	**2 053**	**2 693**	**341**	**865**	**6 040**
Write-off as at 1 January 2014	**56**	**798**	**1 085**	**154**	**0**	**2 093**
Increases, including:	5	419	483	50	0	957
Amortisation for the period	*5*	*419*	*483*	*50*	*0*	*957*
Decreases, including:	0	108	224	9	0	341
Liquidation, sale	*0*	*108*	*224*	*9*	*0*	*341*
Write-off as at 31 December 2014	**61**	**1 109**	**1 344**	**195**	**0**	**2 709**
Net value as at 1 January 2014	**32**	**1 029**	**1 186**	**131**	**19**	**2 397**
Value as at 31 December 2014	**27**	**944**	**1 349**	**146**	**865**	**3 331**

In 2015 and 2014, financing costs were not capitalised into tangible assets.

15. Intangible fixed assets

The tables below show the gross value, depreciation and net value of intangible assets as at the balance sheet date.

Figures in PLN thousand	Software	Other intangible assets	Intangible assets not brought into use	Total
Gross value as at 1 January 2015	**5 782**	**146**	**6 001**	**11 929**
Increases, including:	0	0	9 052	9 052
Direct purchase	*0*	*0*	*9 052*	*9 052*
Decreases, including:	0	0	0	0
Liquidation, sale	*0*	*0*	*0*	*0*
Gross value as at 31 December 2015	**5 782**	**146**	**15 053**	**20 981**
Write-off as at 1 January 2015	**3 559**	**119**	**0**	**3 678**
Increases, including:	1 124	14	0	1 138
Amortisation for the period	*1 124*	*14*	*0*	*1 138*
Decreases, including:	0	0	0	0
Liquidation, sale	*0*	*0*	*0*	*0*
Write-off as at 31 December 2015	**4 683**	**133**	**0**	**4 816**
Net value as at 1 January 2015	**2 223**	**27**	**6 001**	**8 251**
Net value as at 31 December 2015	**1 099**	**13**	**15 053**	**16 165**

Figures in PLN thousand	Software	Other intangible assets	Intangible assets not brought into use	Total
Gross value as at 1 January 2014	**5 828**	**383**	**72**	**6 283**
Increases, including:	76	3	5 929	6 008
Direct purchase	*71*	*3*	*5 934*	*6 008*
Settlement against fixed assets under construction	*5*	*0*	*-5*	*0*
Decreases, including:	122	240	0	362
Liquidation, sale	122	240	0	362
Other	0	0	0	0
Gross value as at 31 December 2014	**5 782**	**146**	**6 001**	**11 929**
Write-off as at 1 January 2013	**2 475**	**292**	**0**	**2 767**
Increases, including:	1 203	63	0	1 266
Amortisation for the period	*1 203*	*63*	*0*	*1 266*
Decreases, including:	119	236	0	355
Liquidation, sale	119	236	0	355
Write-off as at 31 December 2013	**3 559**	**119**	**0**	**3 678**
Net value as at 1 January 2014	**3 353**	**91**	**72**	**3 516**
Net value as at 31 December 2014	**2 223**	**27**	**6 001**	**8 251**

The line item “Intangible assets not put in use” includes expenditure of PLN 15m incurred until 31 December 2015 on implementation of the ERP class system – Microsoft Dynamics AX 2012 in Selena FM S.A. and in selected Selena Group’s companies.

16. Shares in subsidiaries

16.1. The Company's investments

Company	Head Office	Activity	Share in capital 31 December 2015	Share in capital 31 December 2014	
Selena S.A.	Wrocław	Distributor	100,00%	100,00%	
Carina Silicones Sp. z o.o. (formerly Carina Sealants Sp. z o.o. S.K.A.)	Siechnice	Manufacturer of sealants, distributor	-	100,00%	
Selena Labs Sp. z o.o.	Siechnice	Research and Development	99,65%	99,65%	1
Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.)	Dzierżoniów	Manufacturer of foams, adhesives, distributor	-	99,95%	2
Libra Sp. z o.o.	Dzierżoniów	Manufacturer of sealants and adhesives, distributor	-	100,00%	
Tytan EOS Sp. z o.o.	Wrocław	Manufacturer of loose materials	100,00%	100,00%	
PMI "IZOLACJA - MATIZOL" S.A.	Gorlice	Manufacturer of roof coverings, hydroinsulation systems, distributor	100,00%	100,00%	
Orion Polyurethanes Sp. z o.o.	Dzierżoniów	Legal administration	100,00%	100,00%	
Carina Sealants Sp. z o.o.	Siechnice	Legal administration	100,00%	100,00%	
Selena Industrial Technologies Sp.z o.o.	Warsaw	Distributor	100,00%	-	
Selena Deutschland GmbH	Hagen	Distributor	100,00%	100,00%	
Selena Italia srl	Limena	Manufacturer of sealants and adhesives, distributor	100,00%	100,00%	
Selena Iberia slu	Madrid	Distributor	100,00%	100,00%	
Selena USA Inc.	Holland	Manufacturer of foams, distributor	100,00%	100,00%	
Selena Sulamericana Ltda	Curitiba	Property management, distributor	95,00%	100,00%	
Selena USA Specialty Inc	Holland	Distributor	100,00%	100,00%	
Selena Romania SRL	Ilfov	Distributor	100,00%	100,00%	
Selena Bohemia s.r.o	Prague	Distributor	100,00%	100,00%	
Selena Hungária Kft.	Pécs	Distributor	100,00%	100,00%	
Selena Bulgaria Ltd.	Sofia	Distributor	100,00%	100,00%	
Chemistry for Building s.r.o. (formerly Selena Slovakia s.r.o.)	Nitra	Distributor	100,00%	100,00%	
EURO MGA Product SRL	Ilfov	Manufacturer of loose materials	0,13%	0,13%	3
Selena Ukraine Ltd.	Kiev	Distributor	99,00%	99,00%	4
Selena CA L.L.P.	Almaty	Distributor	100,00%	100,00%	
TOO Selena Insulations	Astana	Manufacturer of insulation systems	100,00%	100,00%	
Weize (Shanghai) Trading Co., Ltd.	Shanghai	Distributor	100,00%	100,00%	
Selena Nantong Building Materials Co., Ltd.	Nantong	Manufacturer of foams, distributor	100,00%	100,00%	
Selena Vostok	Moscow	Distributor	99,00%	99,00%	4
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	Istanbul	Manufacturer of foams and sealants, distributor	100,00%	100,00%	

1 - Other shares are owned by Krzysztof Domarecki (Supervisory Board Chairman of Selena FM S.A.)
2 – Other shares outside of the Group
3 – Other shares owned by the subsidiary Selena Romania SRL
4- Other shares are owned by the subsidiary Selena S.A.

16.2. Share value

The table below shows a specification of the shares held by the Company in its subsidiaries.

	31 December 2015			31 December 2014		
Figures in PLN thousand	Gross	Write-down	Net	Gross	Write-down	Net
Selena S.A.	62 781	0	**62 781**	62 781	0	**62 781**
Carina Silicones Sp. z o.o. (formerly Carina Sealants Sp. z o.o. S.K.A.)	0	0	**0**	2 069	0	**2 069**
Selena Labs Sp. z o.o.	1 400	0	**1 400**	1 400	0	**1 400**
Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.)	0	0	**0**	8 174	0	**8 174**
Libra Sp. z o.o.	0	0	**0**	5 589	0	**5 589**
Tytan EOS Sp. z o.o.	4 007	0	**4 007**	4 007	0	**4 007**
PMI "IZOLACJA - MATIZOL" S.A.	18 500	648	**17 852**	18 500	648	**17 852**
Orion Polyurethanes Sp. z o.o.	8	0	**8**	8	0	**8**
Carina Sealants Sp. z o.o.	8	0	**8**	8	0	**8**
Selena Industrial Technologies Sp.z o.o.	15 872	0	**15 872**	0	0	**0**
Selena Deutschland GmbH	4	0	**4**	4	0	**4**
Selena Italia srl	1 884	1 884	**0**	1 884	1 884	**0**
Selena Iberia slu	43 478	22 913	**20 565**	43 478	22 913	**20 565**
Selena USA Inc.	1 289	1 289	**0**	1 289	1 289	**0**
Selena Sulamericana Ltda	3 594	0	**3 594**	3 783	0	**3 783**
Selena USA Specialty Inc	2 418	1 118	**1 300**	2 418	1 118	**1 300**
Selena Romania SRL	11 944	11 944	**0**	11 944	11 944	**0**
Selena Bohemia s.r.o	0	0	**0**	0	0	**0**
Selena Hungária Kft.	679	679	**0**	679	679	**0**
Selena Bulgaria Ltd.	0	0	**0**	0	0	**0**
Chemistry for Building s.r.o. (formerly Selena Slovakia s.r.o.)	3 340	3 340	**0**	0	0	**0**
EURO MGA Product SRL	1	0	**1**	1	0	**1**
Selena Ukraine Ltd.	0	0	**0**	0	0	**0**
Selena CA L.L.P.	9 029	0	**9 029**	9 029	0	**9 029**
Selena Insulations	1 206	0	**1 206**	1 206	0	**1 206**
Weize (Shanghai) Trading Co., Ltd.	0	0	**0**	0	0	**0**
Selena Nantong Building Materials Co., Ltd.	33 910	33 910	**0**	33 910	33 910	**0**
Selena Vostok	11 197	0	**11 197**	11 197	0	**11 197**
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	12 793	12 793	**0**	12 793	12 793	**0**
Value of shares	**239 342**	**90 518**	**148 824**	**236 151**	**87 178**	**148 973**

16.3. Establishment of a new company

On 22 June 2015, Selena Industrial Technologies Sp. z o.o. was entered in the register of entrepreneurs. Selena FM S.A. is the sole shareholders of the entity. The company's share capital is PLN 5k. Establishment of the company was the first phase of the project of streamlining the organisational structure of Selena Group whereby a management structure will be separated for the manufacturing plants in Poland.

16.4. Increase in the share capital of Selena Industrial Technologies Sp. z o.o.

On 10 November 2015, Selena FM S.A. signed an agreement with Carina Sealants Sp. z o.o. to buy 5 shares in Carina Silicones Sp. z o.o. (formerly Carina Sealants sp. z o.o. S.K.A.) and signed an agreement with Orion Polyurethanes Sp. z o.o. to buy 1 share in Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.). As a result of the transactions, the share of the parent company Selena FM S.A. in the registered capital of the above entities was as follows:

- Carina Silicones Sp. z o.o. (formerly Carina Sealants sp. z o.o. S.K.A.) – 100% stake in the share capital
- Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.) – 99.95% stake in the share capital

As part of another phase of reorganisation of the management structure of the manufacturing plants in Poland to improve the effectiveness of production, on 10 November 2015, the share capital of Selena Industrial Technologies Sp. z o.o. (SIT) was increased through a non-cash contribution by Selena FM S.A. The contribution included shares of Carina Silicones Sp. z o.o. (formerly Carina Sealants sp. z o.o. S.K.A.), Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.) and Libra Sp. z o.o. The value of the increased share capital is PLN 340,700k, including 6,814,000 new shares with a minimum nominal value of 50.00 each. On acquisition of the new shares, Selena FM S.A. holds 100% stake in the registered capital of Selena Industrial Technologies Sp. z o.o., and the nominal value of all the shareholdings of Selena FM S.A. will amount to PLN 340,705k. The value of these companies whose shares were contributed was based on a valuation prepared by an independent advisor. The book value of the shares contributed in-kind to Selena Industrial Technologies spółka z o.o. is PLN 15,868k.

As a result of the transaction, Selena Industrial Technologies Sp. z o.o. became an owner of 100% stake in Carina Silicones Sp. z o.o. (formerly Carina Sealants sp. z o.o. S.K.A.), and 99.95% stake in Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.) as well as owner of 100% stake in Libra Sp. z o.o.

16.5. Cancellation of shares in the subsidiary Selena Industrial Technologies Sp. z o.o.

On 14 December 2015, due to occurrence of the event specified in the Articles of Selena Industrial Technologies Sp. z o.o. that triggered automatic share cancellation, 1,005,282 shares in the company's share capital with a total nominal value of PLN 50,264k were cancelled. As a result, in accordance with the Deed of Incorporation of Selena Industrial Technologies Sp. z o.o., the parent company Selena FM S.A. received remuneration of PLN 50,264k for the shares cancelled. The remuneration was paid before the end of 2015.

16.6. Other events

On 28 January 2015, Selena FM S.A. signed an agreement with its subsidiary Selena S.A. to sell 3,700 in Selena Sulamericana Ltda., which is 5% of the company's share capital.

On 20 April 2015, Virgo Project Sp. z o.o. was renamed as Selena Marketing International Sp. z o.o. The change is connected with expansion of the company's operations to include marketing services rendered to Selena Group.

On 26 June 2015, a share capital increase of EUR 807k in Selena Slovakia s.r.o. was registered. The company used the proceeds to repay its trade liabilities and loans, mainly to Selena FM S.A. The share value of the shares was carried at PLN 0, the same value as presented for the loans to and receivables from the subsidiary, by making an impairment charge of PLN 3,340k for the value of shares.

On 1 July 2015, the following subsidiaries had their legal form changed:

- Carina Sealants sp. z o.o. S.K.A. was renamed as Carina Silicones Sp. z o.o.
- Orion Polyurethanes sp. z o.o. S.K.A. was converted to Orion PU Sp. z o.o.

On 22 September 2015, the subsidiary Selena Slovakia s.r.o. was renamed as Chemistry for Building s.r.o.

16.7. Impairment charges on the value of shares

Details about the completed impairment tests for the value of shares in subsidiaries and the posted impairment charges are presented in Note 17 to this report. The impairment charge created in 2015 for the value of shares relates to Chemistry for Building s.r.o. (formerly Selena Slovakia s.r.o.); details are presented in Note 16.5. of this report.

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Impairment charge for shares at the beginning of the period	**87 178**	**87 496**
Creation of an impairment charge for shares	3 340	0
Loss of control over a subsidiary (FinSelena Oy)	0	-318
Impairment charge for shares at the end of the period	**90 518**	**87 178**

17. Impairment of long-term assets

17.1. Shares and long term loans in Selena Iberia

As Selena Iberia slu was not running at its full capacity, as at 30 June 2015, the Management Board considered the need to post an impairment charge for the assets invested in the subsidiary Selena Iberia. Based on the projected future cash flows generated by the company, no need was identified to create an additional impairment charge for the assets. In the year ended 31 December 2013, an impairment charge of PLN 4,346k was posted for the value of shares in the entity. The impairment test was repeated as at 31 December 2015 and did not show any need to create an extra impairment charge.

The test used a 5-year cash flow projection: For the purpose of the test, WACC before tax was taken at 12.7% and the residual growth rate at 2.5%.

The test described above did not show any need to post impairment charge on fixed assets presented in the Group's consolidated financial statements.

17.2. Shares and long term loans in Selena Nantong Building Materials Co. Ltd

Due to the slower than originally planned increase in the sales of Selena Nantong Building Materials Co., Ltd and revision of its business plans, as at 30 June 2015, the Management Board carried out an impairment test for the assets invested in the company. On the basis of a new strategy developed for the company and its projected future cash flows no need was identified to post an extra impairment charge for the assets. In 2013 and 2014, an impairment charge of PLN 33,910k was posted for shares and PLN 9,334k for the long-term loans granted to the company. The impairment test was repeated as at 31 December 2015. The test did not reveal any need to make an additional impairment charge.

Given the long-term nature of the investment, the test was based on a 9-year cash flow forecast. For the purpose of the test, WACC before tax was taken at 17.9% and the residual growth rate at 2.5%.

Future cash flow projections take into account the positive impact of the restructuring programmes carried out by the entity's Management Board, involving modification of the distribution model, particularly in the local market and implementation of a new product proposition, while optimising unit costs of materials and other operating costs. If any material, negative deviations occur from the adopted action plan, in the future reporting periods it might be necessary to post an impairment write-down on the fixed assets of Selena Nantong.

The test described above did not show any need to post impairment charge on fixed assets presented in the Group's consolidated financial statements.

17.3. Shares and loans in Selena Romania srl and long-term loans in Selena Romania srl and EURO MGA Product srl

On account of the slower-than-expected growth of the distribution business and the growth in the manufacture and sales of dry mortars, wet plasters and ceramic adhesives in the Romanian market, as at the balance sheet date the Management Board performed an impairment test for the assets invested in Selena Romania srl and EURO MGA Product srl (subsidiary of Selena Romania srl). Based on the projected future cash flows generated by the companies, no need was identified to create an additional impairment charge for the assets invested in them. In the prior years, an impairment charge was posted for the value of shares and long-term loans in their full amount. In the year ended 31 December 2015, an impairment charge of PLN 3,924k was posted for the value of long-term loans. The impairment test was repeated as at 31 December 2015. As at 31 December 2015, all the long-term assets invested in Selena Romania srl and EURO MGA Product srl were covered by impairment charges.

The test used a 5-year cash flow projection: For the purpose of the test, WACC before tax was taken at 16.2% and the residual growth rate at 2.5%. The financial projections take into account the positive impact of the companies' measures to improve effectiveness of the operating model while limiting counterparty credit risk. They also reflect the positive macroeconomic trends expected in the Romanian market.

The test described above did not show any need to post impairment charge on fixed assets presented in the Group's consolidated financial statements.

17.4. Assumptions of the impairment models

Assumptions of the cash flow models for the purpose of impairment tests are presented in the table below (it includes the tests where the Management Board estimated could materially affect the value of potential impairment losses).

CGU	Selena Iberia	Selena Nantong	Selena Romania + EURO MGA
WACC before tax	12,7%	17,9%	16,2%
Residual growth rate	2,5%	2,5%	2,5%
Impairment	brak	brak	none
Model sensitivity – write-off amount with:			
WACC before tax increased by 1 p.p.	*7 505*	*no charge*	*0*
residual growth rate reduced by1 p.p.	*6 844*	*no charge*	*0*
EBIT margin reduced by 1 p.p.	*11 284*	*2 174*	*0*

18. Loans granted and other financial assets

18.1. Loans granted and other financial assets

Selena FM, as a Parent of the Group, finances the operations of its subsidiaries. The financing is based on the bonds issued by the subsidiaries and loans.

A summary of changes in the balance of such instruments in 2015 is shown in the table below.

Type of connection	Figures in PLN thousand	31 December 2014	Principal		Interest		Other decreases	Valuation	Write-down	31 December 2015
			Increase	Decrease	Accrued	Paid				
Subsidiaries	Bonds	35	0	0	0	-35	0	0	0	0
	Loans									
	Gross value	116 504	39 281	-3 845	3 240	-600	0	1 037	0	155 617
	Impairment charge	-45 838	-3 934	1 518	0	0	0	-346	0	-48 600
	Net value	70 666	39 281	-3 845	3 240	-600	0	1 037	-2 762	107 017
Other connected entities	Bonds	0	60 850	-150	1 239	-1 186	0	0	0	60 753
Non-connected entities	Valuation of derivatives	0	0	0	0	0	0	150	0	150
TOTAL		**70 701**	**100 131**	**-3 995**	**4 479**	**-1 821**	**0**	**1 187**	**-2 762**	**167 920**
including long-term:		*66 483*								*158 128*

18.2. Maturities of the loans granted and other financial assets

Maturity (in years)	31 December 2015	Below 1 year	1-3 years	Above 3 years	Without maturity	Total
Subsidiaries	Loans	8 889	46 304	51 824	0	**107 017**
Other connected	Bonds	753	60 000	0	0	**60 753**
Non-connected	Valuation of derivatives	150	0	0	0	**150**
TOTAL		**9 792**	**106 304**	**51 824**	**0**	**167 920**

Maturity (in years)	31 December 2014	Below 1 year	1-3 years	Above 3 years	Without maturity	Total
Subsidiaries	Bonds	35	0	0	0	**35**
	Loans	4 183	1 000	65 483	0	**70 666**
	Contributions to capital	0	0	0	0	**0**
TOTAL		**4 218**	**1 000**	**65 483**	**0**	**70 701**

18.3. Loans to subsidiaries – changes during the year

In 2015, Selena FM S.A. granted its subsidiaries loans totalling PLN 39,281k, including to:

- On 12 February 2015, Selena FM S.A. signed a loan agreement with Selena Malzemeleri Yapi Sanayi Tic. Ltd. The loan amount is 2,300k Turkish lira and carries a variable interest rate. It matures on 13 February 2018. By 31 December 2015, full amount of the loan was disbursed.
- On 24 February 2015, a loan agreement was signed with Selena Nantong Building Materials Co., Ltd. for a sum of CNY 12,000k. The loan bears a variable interest rate and matures on 23 February 2020. By 31 December 2015, full amount of the loan was disbursed.
- On 18 June 2015, a loan agreement was signed with EURO MGA Product SRL. The loan of RON 3,500k carries a fixed interest rate. It matures on 31 December 2018. By 31 December 2015, full amount of the loan was disbursed.
- Agreement of 8 August 2015 with Selena Nantong Building Materials. The loan of USD 1.62m carries a fixed interest rate. It matures on 7 August 2016. By the date of publication of these financial statements another tranche of USD 720k was drawn.
- Agreement of 17 August 2015 with Foshan Chinuri Selena Chemical Co. The loan of EUR 100k bears a fixed interest rate. It matures on 1 September 2016. By 31 December 2015, full amount of the loan was disbursed.

In 2015, the trade payables due from Selena CA L.L.P. were converted to a loan of EUR 5.4m under an agreement of 18 August 2015. The loan matures on 31 December 2020 and bears a variable rate of interest.

In the year ended 31 December 2015, the following loans were repaid:

- Selena Bohemia s.r.o repaid a loan of EUR 192k.
- Chemistry for Building s.r.o. (formerly Selena Slovakia s.r.o.) used the funds obtained by way of share capital increase to repay the loan of EUR 455k. The loan was covered by an impairment charge of PLN 1,377k. The remainder of PLN 503k represents financial revenue in respect of repayment of the loan, whose fair value recognised in prior years was written down at PLN 0.

In the year ended 31 December 2015, a set off was effected in relation to the obligations on account of the principal amount of the loans granted to:

- Selena Bohemia s.r.o - EUR 19k.
- Tytan EOS: PLN 363k. In the prior years, the fair value of the loan was reduced by PLN 342k, and represents financial income on account of loan repayment.

On 9 December 2015, Selena FM S.A. and its subsidiary Selena Iberia slu entered into an agreement to convert three loans granted by Selena FM S.A. to Selena Iberia slu totalling EUR 5m into a subordinated loan. The fee for granting the loan is the interest calculated based on 3M EURIBOR + margin as well as additional interest payable in the situation where the net profit made by Selena Iberia slu exceeds the threshold amount specified in the loan agreement. The condition is tested on an annual basis. The interest on the loan was based on market rates. The loan becomes due for payment on 31 December 2020. The rights of Selena FM in connection with the loan agreement are subordinated to other external liabilities of Selena Iberia.

In line with IFRS and the adopted accounting policy:

- long-term loans granted to foreign affiliates – which are not expected or likely to be settled in a short-term - are treated as an element of investments into net assets of these entities, in the meaning of IAS 21 para. 15;

- In the consolidated financial statements, the FX differences arising for the lender and the borrower upon valuation of these loans are be reflected in other comprehensive income from the moment the loans are classified as an element of investments into net assets;
- This classification has no impact on the unconsolidated financial statements of the parties to the loan agreements.

The decision of the Management Board stating that the settlement of these loans is not planned is taken independent of any analysis relating to the recoverability of these amounts.

Impairment charges for loans created in 2015 were PLN 3,934k (by historical value), as indicated in Note 8.2):
- EURO MGA Product SRL: PLN 3,287k
- Selena Romania SRL: PLN 637k
- POLYFOAM Yalitim Sanayi ve Tic Ltd: PLN 10k.

18.4. Bonds of other connected entities – changes during the year

On 23 March 2015, the Management Board of Selena FM S.A. accepted the proposal from Universal Energy Sp. z o.o to take up unsecured registered bonds with a value of PLN 850k. The issue price of a single bond is PLN 50k. The bonds' nominal value corresponded to their issue price. The interest rate on the bonds is 10% p.a. The bonds will be redeemed at the nominal value by 31 December 2015. On 31 December 2015, Universal Energy Sp. z o.o. purchased bonds of EUR 150k. On 31 December 2015, under an annex to the agreement, the other bonds of PLN 700k will be repurchased in 7 equal, monthly parts of PLN 100k from 1 April to 1 October 2016. Universal Energy Sp. z o.o. is reported as an entity connected with the Parent Company, in accordance with IAS 24, through Krzysztof Domarecki, Chairman of the Supervisory Board of Selena FM S.A.

On 24 June 2015, the Management Board of Selena FM S.A. accepted the proposal from AD Niva sp. z o.o to take up bonds with a maximum value of PLN 60m. In accordance with the proposal, AD Niva sp. z o.o. is going to issue unsecured, registered bonds solely to one buyer – Selena FM S.A. The bonds may be issued in several tranches. The issue price of a single bond is PLN 500k. The bonds' nominal value corresponded to their issue price. The interest rate on the bonds is 6.7% p.a. The bonds will be redeemed at the nominal value by 31 December 2017. The acquired assets will be financed from the Company's equity. Until 31 December 2015, Selena FM S.A. acquired PLN 60m worth of bonds.

AD Niva sp. z o.o. has 50.5% votes at the General Meeting of Selena FM S.A. Krzysztof Domarecki, Chairman of Supervisory Board of Selena FM S.A., is the sole shareholder of AD Niva sp. z o.o. Krzysztof Domarecki, Chairman of Supervisory Board of Selena FM S.A., is the sole shareholder of AD Niva sp. z o.o.

18.5. Valuation of derivatives

As at 31 December 2015, the company had open forward contracts for EUR/PLN rate; its gain on valuation of unrealised instruments was PLN 150k (gain on transactions recognised in financial costs).

18.6. Loans granted and other financial assets – events occurring after the balance sheet date

On 18 February2016, Selena FM S.A. signed a USD 300k loan agreement with Selena Nantong Building Materials Co. Ltd. The loan bears a fixed interest rate and matures on 31 December 2018. By the date of publication of these financial statements the loan was drawn in the full amount.

19. Inventories

Figures in PLN thousand	31 December 2015	31 December 2014
Merchandise	3 234	3 871
Other	0	2
Total inventory, gross	**3 234**	**3 873**
Impairment charge for inventory	0	0
Total net inventory	**3 234**	**3 873**

20. Trade receivables

20.1. Age structure of trade receivables

Trade receivables do not carry any interest rate – the standard payment terms are 60 days.

The table below presents the age structure of trade receivables. The table does not include receivables covered by impairment charges.

Figures in PLN thousand		Total	Up-to-date	Overdue, not covered by impairment charges (overdue in days): < 30	30 – 60	60 – 90	90 – 180	>180
31 December 2015	From connected companies	127 358	56 244	26 929	19 967	8 445	15 773	0
	From non-connected companies	6 041	4 767	704	72	85	317	96
31 December 2014	From connected companies	141 048	62 662	35 479	10 574	8 856	23 477	0
	From non-connected companies	8 496	7 313	731	6	6	386	54

20.2. Impairment charges for receivables

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Impairment charge at the beginning of the period	**16 473**	**17 377**
Created	24 455	14 397
connected entities	*24 395*	*14 123*
other entities	*60*	*274*
Reversed, including:	-1 016	-1 700
connected entities	*-1 004*	*-1 242*
other entities	*-12*	*-458*
Utilised	-3 420	-2 916
Other	*-3 420*	*-2 916*
connected entities	0	-11 319
other entities	*0*	*-15 115*
FX differences arising on translation	*0*	*3 796*
Impairment charge at the end of the period	275	635
Impairment charge at the beginning of the period	**36 767**	**16 473**
including:		
Impairment charge for trade receivables	36 767	16 473

The total impairment charges on receivables created in 2015 were PLN 24,455k (see Note 7.2 for details).

21. Other receivables

Figures in PLN thousand	31 December 2015	31 December 2014
VAT claimed	14 525	18 992
Prepayments for deliveries	17	9
Settlements with employees	22	133
Other	1 606	1 592
Total other receivables	**16 170**	**20 726**

22. Cash and cash equivalents

Cash in bank carries variable rates of interest. Short-term deposits are opened for different periods (from one day to one month), and carry different interest rates. As at 31 December 2015, the fair value of cash and cash equivalents essentially corresponds to their book value.

The table below shows a structure of the cash balances at the balance sheet date.

Figures in PLN thousand	31 December 2015	31 December 2014
Cash in bank	4 673	3 446
Cash on hand	21	12
Cash in transit	121	1 705
Total Cash	**4 815**	**5 163**

As at 31 December 2015, the Company had unutilised credit lines of PLN 4.5m as part of the credit limits described above (without taking into account the loan agreement with EBRD as the contractual terms were not met). As at 31 December 2014: PLN 1.2m.

23. Registered capital, supplementary capital and reserves

23.1. Registered capital

23.1.1. Nominal value per share

The structure of the registered capital is shown in the table below.

Series	Type	Nominal value of shares (PLN)	Number	Value (PLN)
A	Preference	0,05	4 000 000	200 000
B	Ordinary	0,05	13 724 000	686 200
C	Ordinary	0,05	5 000 000	250 000
D	Ordinary	0,05	110 000	5 500
			22 834 000	**1 141 700**

All the shares are fully paid-up. In 2015, the number of shares did not change.

In accordance with the resolution of the Extraordinary General Meeting of 31 January 2012, the Management Board of Selena FM S.A. was authorised to acquire treasury shares in the maximum amount of 2 million shares, for a unit price not higher than PLN 8 per share. The shares could be purchased by 30 June 2014. For the purpose of the resolution, in 2012 a reserve capital of PLN 8m was set up (from the supplementary capital). The Management Board did not purchase own shares as the programme's triggering criteria were not met.

23.1.2. Shareholder rights

Series A are preference shares, carrying two votes each. Series B, C and D shares carry one share each. The shares of all series carry the same dividend rights and the same return on capital.

23.1.3. Major shareholders

The table below shows the stake in the share capital and the voting power of the major shareholders.

	31 December 2015		31 December 2014	
Shareholder	**share in capital**	**share in votes**	**share in capital**	**share in votes**
AD Niva Sp. z o.o.*	41,77%	50,45%	41,77%	50,45%
Syrius Investments S.a.r.l (Luxemburg)*	35,25%	30,00%	35,25%	30,00%
	77,02%	**80,45%**	**77,02%**	**80,45%**

* *Entity controlled by Krzysztof Domarecki

23.2. Supplementary capital

Figures in PLN thousand	Year recognised	Value
Excess of the shareholding value over the nominal value of the acquired shares in the merger with Domarecki i Wspólnicy spółka jawna	2007	10 042
Share capital increase and acquisition of new shares by Syrius Investment S.a.r.l	2007	13 588
Fair valuation of long-term liabilities as at the date of conversion into share and supplementary capital	2007	-530
Profit allocated to supplementary capital	2008	7 239
Excess of the issuance price over the nominal value of shares after deduction of the issuance costs	2008	161 287
Profit allocated to supplementary capital	2011	44 935
Profit allocated to supplementary capital	2012	37 263
Excess of the price of acquisition of subscription warrants over the nominal value	2012	104
Reserve capital for the purchase of treasury shares	2012	-8 000
Cover of loss for 2012	2013	-45 123
Payment of dividend	2013	-8 677
Profit allocated to supplementary capital	2014	25 611
Cover of loss for 2014	2015	-21 448
Payment of dividend	2015	-6 394
Supplementary capital		**209 897**

On 29 May 2015, the AGM of Selena FM S.A. adopted a resolution on covering the loss of PLN 21,447,749.06 for the year ended 31 December 2014. The loss was covered in full from the supplementary capital.

On 29 May 2015, the AGM of Selena FM S.A. adopted a resolution on dividend distribution in respect of 2014 in a total amount of PLN 6,393,520.00, i.e. PLN 0.28 per share. The record date, when the list of shareholders eligible for dividend is determined, was set to 15 June 2015. The shares of all series carry the same dividend rights. The dividend was paid on 30 June 2015 from the Company's supplementary capital.

23.3. Other reserves

Figures in PLN thousand	Year recognised	Value
Results of the merger Selena FM Sp. z o.o. and Domarecki i Wspólnicy sp. j.	2007	9 530
Fair value of the warrants as part of the incentive programme	2010/2011	1 633
Reserve capital for the purchase of treasury shares	2012	8 000
Other reserves		**19 163**

23.4. Retained earnings and limitations on dividend payout

The Company is required under the Commercial Companies Code to create a supplementary capital for possible losses. The supplementary capital is created from at least 8% profit for the given financial year reported in the Company's financial statements to the point when the capital reaches at least a third of the share capital. The allocation of the reserve capital or the supplementary capital is the decision of the General Meeting, however a portion of the supplementary capital equal to a third of the share capital may be used only to cover the loss shown in the financial statements, and cannot be used for other purposes.

24. Trade liabilities

Figures in PLN thousand	31 December 2015	31 December 2014
Trade liabilities		
amounts due to connected companies	72 972	84 231
amounts due to other companies	5 518	4 810
Total	**78 490**	**89 041**

Trade creditors do not carry any interest rate – they are usually payable within 60 days.

25. Other liabilities

Figures in PLN thousand	31 December 2015	31 December 2014
Remuneration payable	1 719	1 436
Investment liabilities	153	1 416
Taxes and insurance payable	597	473
Prepayments received for deliveries	0	113
Other liabilities	36	200
Total other liabilities	**2 505**	**3 638**

26. Other financial liabilities

Figures in PLN thousand	31 December 2015	31 December 2014
Long-term financial liabilities	857	1 173
Finance lease liabilities	806	1 020
Other financial liabilities	51	153
Short-term financial liabilities	737	653
Finance lease liabilities	634	435
Other financial liabilities	103	218
Total financial liabilities	**1 594**	**1 826**

As at 31 December 2015, the other financial liabilities of PLN 154k (PLN 371k as at 31 December 2014) included:

- Obligations acquired from the subsidiary Selena S.A. in connection with the conditional assets potentially receivables by Selena Iberia in connection with the acquisition of the company in 2009 (transaction described in Note 28.1 of this report) – PLN 31k (PLN 47k as at 31 December 2014).
- Obligation in respect of the guarantee for Selena Iberia as a security for the bank loan granted by BBVA (transaction described in Note 28.1 of this report) – PLN 123k (PLN 269k as at 31 December 2014).
- The obligation in respect of the guarantee granted in 2011 to a bank by Selena Romania as part of the purchase of the receivables of EURO MGA Product sarl – PLN 55k as at 31 December 2014 (the obligation expired in 2015).

The obligations in respect of finance lease was described in Note 29.1.

27. Loans received

27.1. Balance of bank and other loans

The incurred bank and other loans are presented in the table below.

			31 December 2015		31 December 2014	
Ref.	**Loan type**	**Maturity**	***Long-term portion***	***Short-term portion***	***Long-term portion***	***Short-term portion***
1	Working capital loan	06/2016	0	53 606	11 515	0
2	Working capital loan	07/2016	0	12 312	14 793	0
3	Working capital loan	01/2017	0	0	24	20 885
4	Working capital loan	02/2018	58 728	0	9 169	0
5	Non-bank loan	12/2016	0	6 220	0	6 400
6	Non-bank loan	12/2018	2 450	0	6 451	0
7	Non-bank loan	12/2019	0	0	3 000	130
8	Non-bank loan	12/2019	1 500	130	1 500	0
9	Non-bank loan	12/2019	1 705	45	1 705	33
10	Non-bank loan	12/2019	749	0	3 197	0
Total bank and other loans			**65 132**	**72 313**	**51 354**	**27 448**

27.2. Specification of loans

1) Receivables Limit Agreement of 25 June 2009 for Selena FM and subsidiaries Orion PU sp. z o.o., Libra sp. z o.o. and Selena S.A. On 1 October 2013, Selena FM S.A., Orion PU sp. z o.o. SKA, Libra sp. z o.o., Selena S.A., PMI Izolacja – Matizol S.A. and TYTAN EOS sp. z o.o. signed an annex to the loan agreement, setting a total credit limit of PLN 70m. As at the balance sheet date, Selena FM S.A. has a sublimit of PLN 54m. The loan matures on 30 June 2016. It bears a variable rate of interest: 1M WIBOR +margin. The debt is secured by a mortgage on a property owned by Orion PU sp. z o.o. SKA, assignment of the receivables of Selena S.A. and a power of attorney to the borrowers' current accounts.

2) Multi-product agreement of 22 February 2011 Selena FM and subsidiaries Carina Silicones sp. z o.o. and Orion PU sp. z o.o. The loan amount in PLN 40m, including a sublimit of PLN 16.2k allocated to Selena FM S.A as at the balance sheet date. The loan is secured by mortgages on the properties owned by the subsidiaries: Selena Labs Sp. z o.o. and Tytan EOS Sp. z o.o., registered pledge on the properties of Carina Silicones Sp. z o.o. and Tytan EOS Sp. z o.o. as well as assignment of rights from property. The borrowers also signed statements of submission to forced debt collection. The loan is to be repaid by 7 July 2016.. The loan bears a variable interest rate of 1M WIBOR + margin.

3) Multi-product line agreement of 25 January 2013 for Selena FM S.A. and Orion PU Sp. z o.o. The loan amount is EUR 7.35m, but in November and December of each of the agreement's life the limit will be temporarily reduced to an amount being an equivalent of EUR 2.45m, and in January it will be reinstated to the full amount. As at the balance sheet date, Selena FM did not used the loan, leaving the limit of EUR 2.45m for potential drawdown by the other loan participant. The loan bears a variable interest rate (WIBOR/EURIBOR/LIBOR, depending on the currency + margin). The agreement is secured by a mortgage on the property owned by Orion PU Sp. z o.o. and blank bills of exchange issued by the borrowers. The loan is to be repaid by 13 January 2017.

4) Multipurpose agreement of 26 November 2013 for Selena FM and subsidiaries Selena S.A., Tytan EOS sp. z o.o. and PMI Izolacja–Matizol S.A. On 12 March 2015, an annex was signed to the agreement for Selena FM S.A. and its subsidiaries Selena S.A., Tytan EOS Sp. z o.o., PMI IZOLACJA – MATIZOL S.A and Libra sp. z.o.o. The annex set the credit limit at PLN 45m. On 6 August 2015, an annex was signed to the agreement for Selena FM S.A. and its

subsidiaries Selena S.A., Tytan EOS Sp. z o.o., PMI IZOLACJA – MATIZOL S.A., Libra sp. z.o.o. and Orion PU Sp. z o.o. The annex increased the financing amount to PLN 65m and extended the payment date to 22 February 2018. As at the balance sheet date, Selena FM S.A. has a sublimit of PLN 59m. The facility bears a variable interest rate of 1M WIBOR + margin. The facility is secured by an assignment of all the material receivables from specified debtors, assignment of insurance rights, a statement of submission to debt enforcement and a legal mortgage on a property owned by Libra sp. z o.o.

5) Agreement of 28 June 2014: Selena FM S.A. signed a loan agreement of EUR 1,500k with a subsidiary. By annex of 30 June 2015, the loan was converted into PLN (PLN 6,479k). During the year, PLN 259k of the loan was set off.. The loan carries a variable market rate + margin. Due date of the loan: 31 December 2016.

6) Agreement of 10 December 2013: Selena FM S.A. signed a loan agreement of PLN 4,00k and EUR 575k with a subsidiary. As at 31 December 2015, the value of the obligation was EUR 575k. The loan matures on 31 December 2018. The loan carries a variable market rate + margin.

7) Agreement of 30 June 2014: Selena FM S.A. signed a loan agreement of PLN 3,000k with a subsidiary. The loan matured on 31 December 2019. The loan carried a variable market rate + margin. In 2015, the loan was set off.

8) Agreement of 31 December 2014: Selena FM S.A. signed a loan agreement of PLN 1,500k with a subsidiary. The loan matures on 31 December 2019. The loan carries a variable market rate + margin.

9) Agreement of 31 December 2014: Selena FM S.A. signed a loan agreement of EUR 400k with a subsidiary. The loan matures on 31 December 2019. The loan carries a variable market rate + margin.

10) Agreement of 31 December 2014: Selena FM S.A. signed a loan agreement of PLN 3,197k with a subsidiary. As at 31 December 2015, the value of the obligation was EUR 749k. The loan matures on 31 December 2019. The loan carries a variable market rate + margin.

On 22 May 2015, a loan agreement was signed between Selena FM S.A. and Selena CA LLP and the European Bank for Reconstruction and Development (EBRD). The loan amount is EUR 10m, including:

a) after conversion to Kazakh tenge, an equivalent of EUR 7m will be provided to Selena CA L.L.P. (e.g. to finance development of production capacity in Kazakhstan and to develop human resources). The interest rate is to be based on the refinancing rate of the Central Bank of Kazakhstan, increased by the bank's margin;

b) EUR 3m is to be used for the purpose of working capital requirements of Selena FM S.A.; the interest rate to be based on EURIBOR increased by the bank's margin.

The loan is secured by a mortgage on the properties owned by Izolacja-Matizol S.A., a registered pledge on the movables of Izolacja Matizol and Orion PU Sp. z o.o., registered pledge and financial pledge on the shares of Izolacja Matizol and guarantees of the subsidiaries: Selena S.A. and Orion PU Sp. z o.o. As at 31 December 2015, Selena Group did not meet the Debt Service Cover Ratio (DSCR) covenant. As at the balance sheet date and by the date of publication of the financial statements the loan was not disbursed. Maturity date of the loan: 22 May 2020.

O 11 September 2015, the European Bank for Reconstruction and Development (EBRD) confirmed to Selena FM S.A. its acceptance of the corporate guarantees provided by the subsidiaries Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.) and Selena S.A. – each separately. Each of the guarantees sanctioned covers the whole loan amount (up to EUR 10m) plus all other cash claims that the lender might have against the borrowers (Selena FM S.A. and Selena CA LLP) under the loan agreement of 22 May 2015. Both guarantees were sanctioned on a permanent basis and will continue in force as long as the borrowers have any outstanding liabilities towards the lender in connection with the loan.

On 3 November 2015, the following agreements were signed between the European Bank for Reconstruction and Development (Bank) and Selena FM S.A. and Selena CA L.L.P:

- Agreement establishing a registered pledge of the assets of Orion PU Sp. z o.o. (formerly Orion Polyurethanes Sp. z o.o. S.K.A.). Agreement on transferring the rights, receivables and claims to the insurance of the assets covered with the registered pledge. The agreements were signed between the Bank and Orion PU Sp. z o.o.

- Agreement establishing a registered pledge on the assets of Izolacja- Matizol S.A.
- A legal mortgage up to EUR 15m (PLN 63.742m at the average NBP rate of 3 November 2015) on the land held in perpetual usufruct and in freehold, including the buildings and equipment situated on that land, owned by Izolacja-Matizol S.A. The mortgage was established by Izolacja- Matizol. Agreement on transferring the rights, receivables and claims to the insurance of the assets covered with the registered pledge and the mortgage.
- Agreement on registered and financial pledges on the assets of Izolacja- Matizol. The pledge covers 538,980 shares with a nominal value of 1,956k, representing 100% of the company's share capital. The agreement was concluded between the Bank and Selena FM S.A.

Events occurring after the balance sheet date

On 17 March 2016, Selena FM S.A. and its subsidiaries Selena S.A., Tytan EOS Sp. z o.o., PMI IZOLACJA – MATIZOL S.A, Libra Sp. z. o.o. and Orion PU Sp. z o.o. entered into an annex to the loan agreement (item 4 on the list), increasing the credit limit from PLN 65m to PLN 70m. The limit increase will be used for a bank guarantee for a treasury transaction limit and a bank loan for the subsidiary Selena Sulamericana.

27.3. Loan agreement terms

As part of the loan agreements signed by the Company separately or jointly with its subsidiaries, Selena FM undertook to maintain certain financial ratios at the levels agreed with banks. As at the balance sheet date, Selena Group did not meet the DSCR (Debt Service Cover Ratio) covenant under the loan agreement with EBRD. In 2015, Selena Group maintained other consolidated financial ratios at the levels required by the lenders.

28. Contingent liabilities and guarantees granted

28.1. Guarantees given to subsidiaries

Material guarantees that Selena FM S.A. grants to its subsidiaries are presented in the table below.

Comment	Secured obligation	Beneficiary	Amount in currency (m)	Currency	Expires
1	Joint credit limit	Bank	2,32	PLN	02/2018
	Joint credit limit	Bank	22,88	PLN	07/2016
	Joint credit limit	Bank	10,11	PLN	01/2017
	Joint credit limit	Bank	14,72	PLN	06/2016
2	Invoice purchase loan	Bank	1,19	EUR	01/2016
	Loan	Bank	3,81	PLN	03/2018
	Financing	Bank	0,51	EUR	2016
	Financing	Bank	0,58	EUR	2017
	Financing	Bank	1,45	EUR	2020
3	Supplies	Supplier	4,12	EUR	
4	Settlement of purchase of contingent assets	Holding Lowinter	1,32	EUR	-
5	Bank guarantee	Customs Office	0,10	PLN	06/2016

1 – Loan agreements signed jointly by the company and its subsidiaries provide for their joint liabilities towards bank. The amounts shown in the table indicate the value of the loans of other parties to the agreements (i.e. except Selena FM S.A.) as at 31 December 2015. In the opinion of the Management Board the risk of the companies' default under the agreements is marginal.

2 – Loan agreements (other forms of finance) taken out independently by subsidiaries.

3 – Guarantee securing the payments by subsidiaries to towards the supplier. The amount in the table indicates the maximum guarantee limit.

4 – On 12 December 2012, Selena FM S.A., Selena S.A. (formerly: Selena Co. S.A.) and Holding Lowinter XXI, SL (legal successor of Quilosa Holding XXI) entered into an agreement whereby Selena FM S.A. acquired from Selena S.A. towards Holding Lowinter XXI, connected with the acquisition of Industrias Quimcas Lowenberg (now: Selena Iberia) in 2009. The obligation results from the return of the benefits that might flow to Selena Iberia in the future in respect of the conditional tax assets; the maximum nominal value of the obligation as at 31 December 2015 is EUR 1.32m; in the year ended 31 December 2015, an asset of EUR 49.7k materialised.

5 – bank guarantee issued against the limit sanctioned to Selena FM in favour of a Polish customs office.

The obligations in respect of the guarantees were presented in Note 26.

28.2. Court disputes

As at the balance sheet date and as at the date of preparation of this report Selena FM S.A. is not a party to any material court dispute.

28.3. Tax settlements

Tax payment and other regulated areas of business (including customs or currency-related activities) may be subject to inspection by administrative bodies, which have the right to impose high fines and sanctions. In the absence of well-established legislation, Polish regulations tend to be unclear and inconsistent. There are frequent differences in interpretation of tax regulations both within State administration bodies and between such bodies and corporations, which gives rise to uncertainties and conflicts. As a result, the tax risk in Poland is substantially higher than in the countries with a more mature tax system.

Tax payments may be inspected for five years after the year when the tax was paid.

Currently the Company's tax settlements are not subject to control by any competent authorities.

29. Leases

29.1. Finance lease liabilities – Company as a lessee

The Company uses vehicles under finance leases. The future minimum lease payments under such leases and the present value of the minimum lease payments are presented in the table below.

	31 December 2015		31 December 2014	
Figures in PLN thousand	Nominal value	Current value	Nominal value	Current value
Total lease payments	**1 499**	**1 440**	**1 566**	**1 455**
Payments up to 1 year	665	634	486	435
Payments from 1 to 5 years	834	806	1 080	1 020
Less financial expenses	59	0	111	0
Current value of total minimum lease payments	**1 440**	**1 440**	**1 455**	**1 455**

Terms of the material leases (cars):

- lease term – 3 years
- amortisation period – mainly 5 years
- lease payments vary depending on current interest rate

- At the lease termination, the lessee has the right to purchase the leased asset for a price equal to its residual value.

29.2. Operating lease liabilities – Company as a lessee

The future minimum lease payments under the leases are presented in the table below.

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Lease payments recognised as cost for the period	2 716	2 691
Future minimum operating lease payments		
payable up to 1 year	1 925	2 530
payable from 1 to 5 years	6 579	7 703
payable over 5 years	0	1 765
Total operating lease liabilities	**8 504**	**11 998**

The Company uses office and storage space under operating leases.

29.3. Operating lease receivables – Company as a lessor

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Lease payments recognised as income for the period	528	262
Future receivables in respect of minimal lease payments:		
payable up to 1 year	18	20
payable from 1 to 5 years	0	0
Operating lease receivables – total	**18**	**20**

30. The reasons for differences between some balance sheet changes in some items and changes presented in the statement of cash flows

The table below shows the reasons for differences between some balance sheet changes in some items and changes presented in the statement of cash flows.

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Change in the balance of receivables	**20 486**	**-3 802**
Change in receivables in respect of conversion into loans	-22 297	-13 687
Change in receivables in respect of set-off	-472	-88
Change in the balance of receivables in the statement of cash flows	**-2 283**	**-17 577**

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Balance sheet change of liabilities	**46 882**	**30 419**
Change in the balance of loans and advances	-58 643	-33 507
Change in the balance of liabilities on account of leasing	14	-1 146
Change in the balance of investment liabilities	1 030	-1 095

Change in income tax liabilities	31	508
Change in guarantee obligations	218	422
Change in liabilities in respect of set-offs	11 009	6 336
Change in the balance of obligations on account of purchase of shares in subsidiaries	-26	0
Change in the balance of liabilities in respect of conversion into loans	0	10 385
Change in the balance of provisions	-187	-628
Change in the balance of liabilities in the statement of cash flows	**328**	**11 694**

The "Other" item in operating activities includes a outflow of funds of PLN 2,095k connected with FX transactions (Note 8.2).

31. Related party transactions

The Company provides advisory services to its subsidiaries, and is a distributor of the Group's products to foreign companies. The transactions for the sale and purchase of goods and services to/from the related parties are carried out on an arm's length. The table below shows a summary of the transactions with related parties in 2015 and 2014. Information about the value of impairment charges, including created and reversed charges for receivables and loans, is presented in Notes 7, 8, 18 and 20.2 of these financial statements.

	Figures in PLN thousand	Period	Revenue from sales	Purchase of goods and services	Other income	Other costs
Subsidiaries		2015	325 021	279 234	76 132	548
		2014	367 189	318 365	2 791	814
Associates		2015	2 608	122	0	0
		2014	1 742	0	0	0
Owners	AD Niva Sp. z o.o. (Krzysztof Domarecki)	2015	8	0	1 180	0
		2014	8	0	0	0
	AD Niva Sp. z o.o. SKA (Krzysztof Domarecki)	2015	3	0	0	0
		2014	8	0	0	0
Supervisory Board Members	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2015	1 191	0	59	0
		2014	0	0	1	0
Management Board Members	Kazimierz Przełomski * (KONSULTHOUSE)	2015	0	0	0	0
		2014	1	0	0	0
TOTAL		**2015**	**328 831**	**279 356**	**77 371**	**548**
		2014	**368 948**	**318 365**	**2 792**	**814**

[1] the amount includes other operating revenues and financial revenues

* value of sales and purchases until the VP was removed from office on 30 September 2014

The table below shows the balance of transactions with related parties as at 31 December 2015 and 31 December 2014.

	Figures in PLN thousand	Period	Bonds, loans	Trade receivables	Other receivables	Liabilities
Subsidiaries		2015	107 017	126 023	0	85 981
		2014	70 701	141 046	0	107 258
Associates		2015	0	174	0	123
		2014	0	0	0	0
Owners	AD Niva Sp. z o.o. (Krzysztof Domarecki)	2015	60 000	1	0	0
		2014	0	1	0	0
	AD Niva Sp. z o.o. SKA (Krzysztof Domarecki)	2015	0	0	0	0
		2014	0	1	0	0
Supervisory Board Members	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2015	753	1 159	0	6
		2014	0	0	0	0

TOTAL	**2015**	**167 770**	**127 357**	**0**	**86 110**
	2014	**70 701**	**141 048**	**0**	**107 258**

32. Emoluments of directors

The emoluments of the Management Board and the Supervisory Board members of the Parent Company are presented in the table below.

MANAGEMENT BOARD **Figures in PLN thousand**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Short-term employment benefits, including bonuses (remuneration and deductions)	1 792	1 737
Jarosław Michniuk	934	934
Krzysztof Kluza	196	41
Robert Konaszewski	206	89
Andrzej Feruga	190	170
Marcin Macewicz	266	30
Kazimierz Przełomski	0	330
Beata Pawłowska	0	143
Retirement benefits	0	0
Termination benefits	15	0
Total	**1 807**	**1 737**

SUPERVISORY BOARD **Figures in PLN thousand**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Short-term employment benefits, including bonuses (remuneration and deductions)	193	200
Krzysztof Domarecki	65	67
Czesław Domarecki	5	12
Grzegorz Kostrzyński	9	31
Andrzej Krämer	49	48
Paweł Wyrzykowski	0	15
Krzysztof Kluza	0	27
Borysław Czyżak	22	0
Stanisław Knaflewski	23	0
Sylwia Sysko-Romańczuk	20	0
Retirement benefits	0	0
Termination benefits	0	0
Total	**193**	**200**

Management Board members receive fixed and variable (bonus-based) remuneration. A decision on bonus payment for 2015 will be taken by the Supervisory Board.

AD Niva Sp. z o.o. and Syrius Investment S.a.r.l. as shareholders of Selena FM S.A. received a dividend in 2015 (Note 11), corresponding to the number of their shares (Note 23.1.3).

The Group's consolidated accounts for 2015 (Note 33) show the transactions with connected entities (including the Parent Company's Management Board members) of all the Group companies.

33. Auditor's fee

The table below shows the fee payable to the auditor of the Company's 2015 and 2014 financial statements. The 2015 and 2014 accounts were audited by Deloitte Polska Sp. z o.o. Sp.k.

Figures in PLN thousand	Year ended 31 December	Year ended 31 December 2014
Audit of the annual financial statements	85	85
Review of the interim financial statements	55	55
Total	**140**	**140**

The fee includes the audit and review of the half-yearling financial statements of the Company and the Group's consolidated accounts.

On 23 May 2014, the Supervisory Board of Selena FM S.A. resolved to appoint Deloitte Polska sp. z o.o. as the auditor responsible for review of the interim financial statements and audit of the annual financial statements of the Parent Company, and the Group's consolidated financial statements for 2014 and 2015. The audit agreement was concluded on 18 June 2014.

34. Goals and rules of financial risk management

Selena FM S.A. as a holding entity of the Group primarily focuses on ensuring finance for its subsidiaries' operating and investment needs, and on securing their liquidity. The key tools for this policy include:
- purchase of registered bonds issued by the subsidiaries, and
- granting interest-bearing loans to the subsidiaries.

The Company's cash is put on short-term deposits.

Financial risk management in the Company includes the process of identification, assessment, measurement and management of this risk.

The main risks arising from the utilised financial instruments include the market risk (including the interest rate and currency risk), credit risk and liquidity risk.

34.1. Market risk

34.1.1. Interest rate risk

In accordance with the policy to ensure financing for its subsidiaries, the Company purchases bonds of these companies and grants them loans. See Note 18 of this report for details on these assets.

Selena FM S.A. is exposed to interest rate risk in respect of:

- changes in the fair value of the bonds purchased and bank deposits, for which interest is calculated at the fixed interest rates;
- changes in the cash flows connected with the granted loans for which interest is calculated at variable interest rates.

The age structure of interest-bearing financial instruments (at nominal value) is presented in the table below.

Instruments with a fixed interest rate	31 December 2015				31 December 2014			
Figures in PLN thousand	< 1 year	1-3 years	>3 years	Total	< 1 year	1-3 years	> 3 years	Total
Bonds purchased	753	60 000	0	**60 753**	0	0	0	**0**
Loans granted	3 355	14 258	7 519	**25 132**	0	0	13 032	**13 032**

Instruments with a variable interest rate	31 December 2015				31 December 2014			
Figures in PLN thousand	< 1 year	1-3 years	>3 years	Total	< 1 year	1-3 years	> 3 years	Total
Loans granted	5 534	32 046	44 305	**81 885**	4 183	1 000	52 451	**57 634**
Finance lease obligations	634	806	0	**1 440**	435	1 020	0	**1 455**
Bank loans	72 313	58 728	6 404	**137 445**	27 448	35 501	15 853	**78 802**

The potential impact of the market interest rates changes during the year on the financial result generated by the financial instruments with a variable yield is presented in the table below.

	31 December 2015		31 December 2014	
Figures in PLN thousand	PLN	EUR	PLN	EUR
Loans granted	1 007	74 713	2 617	53 432
Loans received	113 477	23 968	37 701	41 101
Other financial liabilities	0	0	-1 455	0
Net exposure	**114 484**	**98 681**	**38 863**	**94 533**
Impact * of an increase ** in interest rate*** by 1 pp	1 145	987	389	945

* excluding possible tax effects
** impact of a decrease is the same
*** respectively: WIBOR / EURIBOR

The Company does not use any IRSs or similar contracts to mitigate its interest rate risk.

34.1.2. FX risk

Selena FM S.A. carries on its business in Poland and the zloty is its functional currency.

The table below shows the open positions denominated in euro, and the estimated impact of changes in PLN/EUR rate on the result on valuation of the open currency positions.

Exposure currency	31 December 2015		31 December 2014	
Figures in PLN thousand	EUR	Other currencies	EUR	Other currencies
Loans granted	77 076	28 933	53 432	14 617
Receivables	96 418	31 076	113 652	32 277
Cash	2 371	868	3 200	1 298
	175 865	**60 877**	**170 284**	**48 192**
Trade and other liabilities	69 907	296	85 202	225
Loans received	23 968	0	41 101	0
	93 875	**296**	**126 303**	**225**
Net exposure	**81 990**	**-**	**43 981**	**-**
Impact where the rate is 4,0671 PLN/EUR*	-3 740		-2 227	
Impact where the rate is 4,3580 PLN/EUR*	1 857		-257	

* rates at the max. / min. levels from years 2013-2015

	2015	2014
Rate at the balance sheet date	4,2615	4,2623
Min rate	4,0671	4,0465
Max rate	4,3580	4,5135

The column “other currencies” shows the total currency exposures other than euro (mainly US dollar, Turkish lira, Romanian leu, Hungarian forint, Czech crown, Bulgarian lev and Chinese yuan). Due to the low exposure to these currencies, their sensitivity is not analysed separately. Selena FM S.A. as such does not have any material FX exposures in such currencies as Russian rouble, Kazakh tenge, Ukrainian hryvnia or Brazilian real.

Since 2015, the Company has hedged its expected cash flows with FX forwards and other financial instruments (see Note 8.2 of these financial statements).

34.2. Credit risk

The main items that carry credit risk include:

- Bonds, loans and other instruments described in Note 18 to this report
- Trade receivables and
- Cash and cash equivalents.

Due to the nature of the Company's business, financial assets (loans, bonds, trade debtors) mainly relate to connected entities. The Management Board regularly monitors and current and projected financial position of these companies and its impact on their ability to meet payments under the financial instruments. If there are any concerns about the ability to pay specific assets, an impairment charge is created. In 2015, impairment charge for the amounts due from connected entities was PLN 24,395k (2014: PLN 14,123k; the charge for the amounts due from non-connected entities was PLN 60k (2014: PLN 274k) – Note 7.2.

In the case of cash and cash equivalents, the Management Board believes that the credit risk is low.
Concentration of financial risk in the Company results from the fact that the Company's financial assets mainly relate to its subsidiaries.

34.3. Liquidity risk

In the Management Board's opinion, the risk of liquidity loss understood as the ability to meet obligations as and when they fall due is currently marginal.

Taking into account the Company's balance sheet structure, no major liquidity risk exists at the balance sheet date. The Company's short-term assets (PLN 168.1m) are much higher that the value of its short-term liabilities (PLN 154.2m).

The table below shows a specification of other financial obligations as at 31 December 2015.

Figures in PLN thousand	On demand	Below 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing borrowings	0	175	72 138	65 132	0	137 445
Financial liabilities	46	145	546	857	0	1 594
Trade liabilities	27 494	50 996	0	0	0	78 490
Other liabilities	0	791	1 714	0	0	2 505
Total liabilities	**27 540**	**52 107**	**74 398**	**65 989**	**0**	**220 034**

The comparative data as at 31 December 2014 are presented in the table below.

Figures in PLN thousand	On demand	Below 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest bearing borrowings	0	0	27 448	51 354	0	78 802
Financial liabilities	0	184	469	1 173	0	1 826
Trade liabilities	35 931	53 102	8	0	0	89 041
Other liabilities	0	2 191	1 478	0	0	3 669
Total liabilities	**35 931**	**55 477**	**29 403**	**52 527**	**0**	**173 338**

Out of the trade debtors shown as payable on demand, PLN 27,256k relates to the obligations towards connected companies.

Furthermore, in Note 28.1 of the financial statements the Company shows contingent liabilities and liabilities in respect of guarantees given that in the future might cause an outflow of cash from the company.

35. Financial instruments

35.1. Fair value of the individual classes of financial instruments

Instrument class		31 December 2015 Book value	31 December 2015 Fair value	31 December 2014 Book value	31 December 2014 Fair value
Financial assets					
PiN	Trade receivables	133 399	133 399	149 544	149 544
	Other receivables	547	547	459	459
	Loans	107 017	107 017	70 666	70 666
	Bonds	60 753	60 753	35	35
WwWGpWF	Cash	4 815	4 815	5 163	5 163
	Forward transactions	150	150	0	0
Financial liabilities					
PZFwgZK	Trade liabilities	78 490	78 490	89 041	89 041
	Loans and advances	137 445	137 445	78 802	78 802
	Other	4 099	4 099	5 495	5 495

WwWGpWF - Financial assets / liabilities measured at fair value through profit and loss
PiN - Loans and receivables
PZFwgZK - Other liabilities measured at amortised cost

A major portion of the information that underlies estimation of fair value of financial instruments is highly subjective and results from the Management's judgement, therefore it may not be accurate. Fair value is estimated at the balance sheet date. For the instruments measured at amortised cost fair value is estimated as the current value of future contractual cash flows discounted by a rate corresponding to the market rate that would be determined for such instrument had it been initially recognised at the balance sheet date. The amounts that will be actually achieved or paid at maturity may be significantly different than the estimates.

The Company presents in its balance sheet short-term financial assets – fixed-rate loans and bonds issued by subsidiaries/related parties (as per the table above). Due to the short settlement dates and the interest rates close to market rates, the fair value of these instruments is not significantly different than their book value.

The fair value of cash is determined on the first level of the fair value hierarchy in accordance with IFRS 13. The fair value of other financial instruments is determined on the third level of the fair value hierarchy in accordance with IFRS 13.

35.2. Revenues, expenses, profits and losses disclosed in the profit and loss account by categories of financial instruments

31 December 2015	FINANCIAL ASSETS		FINANCIAL LIABILITIES		
Figures in PLN thousand	**PiN**	**AF WwWGpWF**	**ZFwgZK**	**ZFwzzMSR39**	**RAZEM**
Interest income / expense	4 693	0	-2 373	-57	2 263
FX gains / losses	2 341	-1 113	88	0	1 316
Creation of impairment charges	-28 389	0	0	0	-28 389
Reversal of impairment charges	2 534	0	0	0	2 534
TOTAL (net profit / loss)	**-18 821**	**-1 113**	**-2 285**	**-57**	**-22 276**

WwWGpWF - Financial assets / liabilities measured at fair value through profit and loss,

PiN - Loans and receivables

ZFwgZK - Financial liabilities measured at amortised cost
ZFwzzMSR39 - Financial liabilities out of scope of IAS 39

31 December 2014	FINANCIAL ASSETS		FINANCIAL LIABILITIES		
Figures in PLN thousand	**PiN**	**AF WwWGpWF**	**ZFwgZK**	**ZFwzzMSR39**	**RAZEM**
Interest income / expense	3 503	2	-1 548	-25	1 932
FX gains / losses	8 961	324	-3 513	0	5 772

Creation of impairment charges	-33 844	0	0	0	-33 844
Reversal of impairment charges	1 700	0	0	0	1 700
TOTAL (net profit / loss)	**-19 680**	**326**	**-5 061**	**-25**	**-24 440**

WwWGpWF - Financial assets / liabilities measured at fair value through profit and loss,

PiN - Loans and receivables

ZFwgZK - Financial liabilities measured at amortised cost

ZFwzzMSR39 - Financial liabilities out of scope of IAS 39

35.3. Hedging

The Company does not use hedge accounting.

36. Capital management

Capital structure is managed at the level of the Group for which the Company is a parent. The Company seeks to maintain good credit rating and safe capital ratios to facilitate the Group's operations and increase its value for shareholders.

The Company manages its capital structure, and modifies it in response to changes in the economic conditions. To maintain or adjust its capital structure the Company may paid a dividend to shareholders, return the capital to shareholders or issue new shares. In the year ended 31 December 2015 and in the year ended 31 December 2014 no changes were made to the goals, rules and processes applicable in this area.

36.1. Net debt

For the purpose of the Group's and Parent's capital management, the Company monitors the level of capital using the gearing ratio, which is calculated as net debt to total equity increased by net debt. Net debt includes interest-bearing loans and advances and other financial liabilities, decreased by cash and cash equivalents. Equity includes the equity attributed to the shareholders of the Parent.

The table below shows a calculation of the Company's net debt.

Figures in PLN thousand	Year ended 31 December 2015	Year ended 31 December 2014
Interest bearing borrowings	137 445	78 802
Other financial liabilities	1 594	1 826
Less cash and cash equivalents	-4 815	-5 163
Net debt	**134 224**	**75 465**
Equity	273 700	236 596
Equity and net debt	**407 924**	**312 061**
Gearing (net debt / equity + net debt)	**33%**	**24%**

37. Employment structure

The average employment in the Company is presented in the table below.

	Year ended 31 December 2015	Year ended 31 December 2014
Management Board	5	3
Sales	70	83
Administration	47	44
Other	21	16
TOTAL	**143**	**146**

38. Employee options programme

In accordance with the resolution of the Extraordinary General Meeting of 31 January 2012, the Management Board of Selena FM S.A. was authorised to acquire treasury shares in the maximum amount of 2 million shares, for a unit price not higher than PLN 8 per share. The shares could be purchased by 30 June 2014. For the purpose of the resolution, in 2012 a reserve capital of PLN 8m was set up (from the supplementary capital). The Management Board did not purchase own shares as the programme's triggering criteria were not met.

39. Events occurring after the balance sheet date

On 17 March 2016, Selena FM S.A. and its subsidiaries Selena S.A., Tytan EOS Sp. z o.o., PMI IZOLACJA – MATIZOL S.A, Libra Sp. z. o.o. and Orion PU Sp. z o.o. entered into an amendment to the loan agreement of 26 November 2013, increasing the credit limit from PLN 65m to PLN 70m. The limit increase will be used for a bank guarantee for a treasury transaction limit and a bank loan for the subsidiary Selena Sulamericana.

Person responsible for maintenance of accounting books

....

Agnieszka Rumczyk

President of the Management Board

....

Jarosław Michniuk

Vice-President of the Management Board responsible for finance

....

Krzysztof Kluza

Management Board Member

....

Andrzej Feruga

Management Board Member

....

Marcin Macewicz