CAPITAL GROUP
CI GAMES S.A.

ANNUAL CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

Warsaw, 26 February 2016

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I. Introduction to the consolidated financial statement for the period from 1.01.2015 to 31.12.2015

1. Information about the Group

a) CI Games S.A. ("Parent Company", "Company") was registered on 1 June 2007 as City Interactive S.A., by transforming CITY INTERACTIVE Sp. z o.o. under a notarised deed Rep. A 2682/2007 of 16 May 2007. On 7 August 2013 the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register recorded the change of the Company's name from the existing one to CI Games S.A. The company registered office is in Warsaw, at ul. Puławska 182.

b) The Company is entered in the Register of Entrepreneurs under KRS no. 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register.

c) The core activities of the Company include production, publication and distribution of computer games.

d) According to the Company's Articles of Association, the term of the Company is not limited.

e) In 2015, the Management Board Members were:

• Marek Tymiński	President	
• Adam Pieniacki	Member	
• Łukasz Misiurski	Member	from 24 June 2015
• Monika Rumianek	Member	from 24 June 2015

f) In 2015, the Supervisory Board was as follows:

• Krzysztof Sroczyński	Chairman	till 6 September 2015
• Lech Tymiński	Member	till 6 September 2015
• Marek Dworak	Member	till 6 September 2015
• Grzegorz Leszczyński	Supervisory Board member	
• Tomasz Litwiniuk	Supervisory Board member	
• Dasza Gadomska	Chairwoman	from 7 September 2015
• Norbert Biedrzycki	Member	from 7 September 2015
• Mariusz Sawoniewski	Member	from 7 September 2015

g) The Company is the parent company of the Capital Group, which draws up this consolidated financial statement.

The composition of the Capital Group CI Games S.A. as at 31 December 2015:

- CI Games Germany GmbH in liquidation – company with its registered office in Frankfurt am Main, Germany. Share capital of EUR 25.000. 100% of shares held by CI Games S.A. The company was put into liquidation in Q4 2015.

- CI Games USA Inc. – a company having its registered office in Delaware, U.S. Share capital of USD 50.000. 100% of shares held by CI Games S.A.

- Business Area Spółka z o.o. – company headquartered in Warsaw, Poland. Share capital of PLN 5,000. 100% of shares held by CI Games S.A.

- City Interactive Studio S.R.L. – a company headquartered in Bucharest, Romania. 100% of shares held by CI Games S.A. Share capital of RON 200. On November 7, 2013, the company filed for bankruptcy at the VII Civil Division, Court in Bucharest.

- City Interactive Canada Inc. – company headquartered in Ontario, Canada. Share capital of CAD 10. 100% of shares held by CI Games S.A.

- CI Games Cyprus Ltd. headquartered in Nicosia, Cyprus. Share capital of EUR 1.200. 100% of shares held by CI Games S.A.

- CI Games Spółka Akcyjna Spółka Jawna (transformed from CI Games IP Sp. z o.o.) – company headquartered in Warsaw, Poland. 0.01% of shares held by CI Games S.A.

- Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna, transformed from Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., headquartered in Warsaw, Poland, with its share capital of PLN 1,050,000. 99.99% of shares held by CI Games S.A.

Moreover, in 2008, CI Games S.A. acquired shares in the following entities operating in Latin America, and then in 2009 resigned from their subsequent development:

- City Interactive Peru SAC (formerly UCRONICS SAC) – a company having its registered office in Lima, Peru. 99% of shares held by CI Games S.A. Share capital of SOL 2,436,650.

- City Interactive Jogos Electronicos LTDA – a company having its registered office in Sao Paulo, Brazil. Founding capital of BRL 100,000. 90% of shares held by CI Games S.A., remaining 10% held by CI Games USA Inc.

- City Interactive Mexico S.A. de C.V. – company headquartered in Mexico City, Mexico. Founding capital of MXN 50,000. 95% of share held by CI Games S.A., remaining 5% held by CI Games USA Inc.

2. Basis for presentation and preparation of the consolidated financial statements

a) The consolidated financial statement covers the period from 1 January 2015 to 31 December 2015. The comparable data cover the period from 1 January 2014 to 31 December 2014.

b) The consolidated financial statement was drawn up in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

c) The consolidated financial statement was drawn up assuming continued operations in the foreseeable future. The Management Board believes the Company is able to:

- carry out its current activities and pay liabilities;
- continue production of new games in 2016.

According to the Management Board, in relation to the games published in 2014 and 2015, the proceeds from their sales, enable to cover the current operating costs and launch new projects in 2016. According to the Management Board, there is no significant uncertainty related to the assumed continued operations for at least 12 months after the financial statements are drawn up.

3. Adopted accounting principles

a) Application of International Accounting Standards

The annual consolidated financial statement is drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) applicable in the business conducted by the Company and binding in annual reporting periods commencing January 1, 2007, together with the requirements of the Ordinance of the Minister of Finance of February 19, 2007 concerning current and periodical information provided by Issuers of securities and the terms and conditions for information required by the provisions of law of a non-member state being recognized as equivalent (Polish Journal of Laws no. 33, item 259).

The consolidated financial statement for the period from 1.01.2015 to 31.12.2015 is a subsequent annual financial statement prepared in accordance with IAS/IFRS. The comparable data for the period 1.01.2014 to 31.12.2013 come from the consolidated statement drawn in accordance with MSR/MSSF. IAS/IFRS were adopted on 1 January 2007.

b) Basis for preparing the consolidated financial statements

The data in the consolidated financial statement, in the notes to the financial statement, were provided in thousand PLN, unless indicated otherwise. The roundings were made by rejecting values below PLN 499 and 49 00/100 respectively and rounding up in the other circumstances.

The consolidated financial statement was drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which they were made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted consolidated financial statements as well as in drawing up an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007 for the purposes of implementing the transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) Principles of consolidation

(i) Subsidiaries

The CI Games Capital Group consolidated financial statements were drawn up applying the acquisition method as the means of settlement adopted on the date of the share purchase transaction (fully consolidated). In drawing up the financial statements, the parent combines the financial statements of the parent and subsidiaries through summing up individual assets, liabilities, shares in equity, revenues and costs.

In order to ensure appropriate presentation of financial information concerning the Capital Group in the consolidated financial statements as if it constituted a single commercial entity, only the carrying amount of the parent's investments in subsidiaries and such part of the subsidiary's equity as corresponds to the parent's share is presented.

The method applied for translation of the financial statements of foreign operations depends on the means by which they are financed and the type of business activity conducted in relation to the entity drawing up the consolidated financial statement. For this reason, in accordance with IAS 21, entities operating abroad are broken down into: "entities operating abroad, whose operations constitute an integral part of the operations of the entity drawing up the consolidated financial statements" and "foreign operations".

For conversion of the financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations" in accordance with IAS 21. After converting the financial statements of foreign operations, in order for these to be included in the financial statements of the entity drawing up the consolidated financial statements, the following principles were applied:

- assets and liabilities, both monetary and non-monetary, were translated at the closing rate.
- revenue and cost items of foreign operations were translated at the exchange rate as at the date of executing transactions, with the exception of situations where the foreign operation is drawing up reports in hyper-inflationary economic conditions. In this situation items would be converted at the closing rate.
- all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are recognized in the consolidated financial statements from/to the moment of their acquisition or disposal, respectively, if this constitutes significant value for the presented financial statements.

Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related parties covered by consolidation are subject to exclusion.

(ii) Affiliates, joint ventures

Associates are business entities where the parent Company exerts significant influence, although does not control their operational and financial policies.

The Group's joint ventures are entities where the parent Company exercises joint control over their operations pursuant to contractual arrangements.

The consolidated financial statements contain the Group's share of the profits and losses of associates / joint ventures using the equity method, from the moment of acquiring significant influence / joint control until the expiry of such influence/control. The Group also measures the loss in value of shares in the net assets of associates / joint ventures and makes the appropriate revaluation decreases. In the event of the Group's participation in losses exceeding the carrying amount of the associate / joint venture, such amount is reduced to zero and ceases to be recognized in further losses in as far as there is no legal obligation to cover losses or payment had not already been made to cover such liabilities.

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

(iii) Consolidation adjustments

The balance of internal settlements between Group entities, transactions executed within the Group and all unrealized profits or losses resulting hereunder, together with Group revenues and costs, are excluded during the preparation of the consolidated financial statements. Unrealized profits resulting from transactions with associates and joint ventures are excluded from the consolidated financial statements proportionally to the level of the Group's participation in such entities. Unrealized losses are excluded from the consolidated financial statements on the same principles as profits, until the moment when evidence indicating impairment arises.

d) Property, plant and equipment

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets which are retained to be used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a rental agreement and where there is expectation that they will not be used for longer than one period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Company will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the profit and loss statement in the period in which they were borne. The cost of production is augmented by fees and for defined assets by the costs of external finance capitalized in accordance with the principles defined in the Company's accounting policy.

Property, plant and equipment is measured at purchase price or manufacture cost less depreciation and impairment at the end of the reporting period.

Depreciation concerning such fixed assets commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components, with the depreciation method specified.

Fixed assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes, are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal/liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the profit and loss statement.

Land – the right of perpetual usufruct of plots of land is presented at purchase price.

The Group does not amortize rights to perpetual usufruct of land. Depreciation rates have been established with consideration to the period of economic usefulness of fixed assets.

Property, plant and equipment is depreciated using the straight-line method with the following rates:

- technical equipment and machinery: 20-60%
- other fixed assets: 20%.

(ii) Property, plant and equipment used pursuant to lease agreements

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Group’s assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Liability towards the lessor arising on this account is presented in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Financial costs are recognized in the profit and loss statement.

(iii) Later expenditures

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can reliably be measured and increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the profit and loss statement.

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

a) it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and

b) the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates have been established with consideration to the period of economic usefulness of intangible assets.
Intangible assets are amortized using the straight-line method with the following rates:

- licenses: 20%-90%
- computer software: 50%

Expenses on development works are recognized as costs at the moment they are borne.

Costs of development works borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Group can prove the following:

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,
- the intent to complete an intangible asset and to use or sell it,
- the capacity to use or sell an intangible asset,
- the means in which an intangible asset will create potential economic benefits. Amongst others, the Company should prove the existence of a market for products created thanks to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,
- the availability of appropriate technical, financial and other resources which are to serve completion of development works and the use or sale of the intangible asset,
- the possibility to establish outlays borne during development works which may be assigned to such intangible asset.

The costs of development works with a useful life assumed in advance are subject to amortization. Amortization charges commence as of the date when a given asset is ready for use, whereas they end at the moment when a given asset is allocated for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. The adopted amortization period and method for the costs of development works are verified at least as at the end of the financial year. Costs of development works are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than 3 years.

The Group does not amortize the costs of development works with an undefined useful life. Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 Impairment of Assets.

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such item. Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Company, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

(ii) Impairment

At the end of each reporting period the Group reviews assets in order to confirm that there have been no circumstances indicating the possibility of their impairment.

In the event of such circumstance existing, the recoverable amount of a given asset is estimated in order to establish a potential write-down.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with a defined useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

If the recoverable amount is lower than the net book value of an asset (or group of assets), the book value is decreased to the recoverable amount.

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset has been recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment where the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenue in as far as the asset has not been subject to prior restatement – in this event reversal of impairment is recorded in the revaluation reserve.

f) Investments

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.

Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period.

g) Financial instruments

Financial assets and liabilities are recognized in the balance sheet at the moment when the Company becomes a party to a binding agreement.

The Group classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

All assets used as financial instruments on the day of their purchase are classified into three categories:

- instruments held for trading (at fair value through profit or loss) - financial assets or liabilities which have been acquired or have arisen in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Company has the intent and capability to hold to maturity, with the exception of loans granted by associates and own debt claims valued based on the amortized cost , using the effective interest rate method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or than financial assets not held for trading, carried at fair value,

- loans and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Company values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

The Group includes transaction costs in the initial value of all financial assets and liabilities.
Differences in revaluation and revenues achieved or losses incurred depending on the classification of a financial instrument impact the financial result or the revaluation provision as available-for-sale financial assets, respectively.

Principles for valuation of financial instruments as at the end of the reporting period are evaluated by the Company at amortized costs, with consideration of the effective interest rate of:

- assets held to maturity,
- loans granted and receivables, and
- other financial liabilities not classified as held for trading.

Valuation may also take place:

- at the amount requiring payment if the discount effect is not significant;
- at the amount requiring payment: receivables and liabilities with short maturity period;
- at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.

Shares in other entities are valued at purchase price less impairment.

h) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Company, receivables with maturity of longer than 180 days are subject to discounting.

i) Financial liabilities

The financial liabilities held for trading, including the derivative instruments with a negative fair value, which were not assigned as hedging instruments, are revealed in their fair values, while the profits and losses resulting from their valuation are disclosed directly in the profit and loss account.

The other financial liabilities are valuated based on the amortized cost, using the effective interest rate method.

All financial liabilities are introduced into the books as at the contract date.

The rules of financial instrument valuation and presentation in the financial statement are as follows:

Group of assets or liabilities	Rules of valuation	Rules of presentation in the financial statement
The assets are valuated based on their fail value by the financial result	Based on the fair value (except for the ones which the fair value is impossible to determine for)	The valuation difference included in the financial result for the current reporting period in the financial revenues or financial costs.
Liabilities held for trading	Based on the fair value (except for the ones which the fair value is impossible to determine for)	The valuation difference included in the financial result for the current reporting period in the financial revenues or financial costs.
Other liabilities	Based on the amortized purchase price, using effective interest rate (IRR).	The valuation difference adjusts the value of the appraised asset and is included in the financial result for the current reporting period.
Loans granted and receivables	Based on the amortized purchase price using effective interest rate (IRR) and if the payment date is unknown, based on the purchase price (e.g. for loans granted without a set payment date)	The valuation difference adjusts the value of the appraised asset and is included in the financial result for the current reporting period.
Assets held to maturity	Based on the amortized purchase price, using effective interest rate (IRR).	The valuation difference adjusts the value of the appraised asset and is included in the financial result for the current reporting period.
Available-for-sale financial assets	Based on the fair value (except for the ones which the fair value is impossible to determine for)	The valuation difference to the fair value included in the revaluation provision. For the debt instruments, the accrued interest is included directly in the profit and loss account.
The financial assets and liabilities held for trading or available for sale, with the fair value impossible to determine.	Based on the purchase price, adjusted with impairment losses.	An asset or a liability is included with the purchase price, until such asset/liability is executed (e.g. sold). Impairment losses are included in the financial costs.

j) Inventory

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

Impairment losses on inventory

Impairment losses on current property, plant and equipment connected with their impairment or valuation as at the end of the reporting period correspond to their own operating costs (IAS2).

The Company creates impairment losses equity to net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an inventory depreciation write-down resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as other operating revenue which the write-down reversal concerns.

As at the balance sheet date, the inventory is valued at acquisition or purchase price, and such a price may not exceed the net sales price for a given inventory item.

Foreign-currency advance payments are recognized at the currency selling FX rate of the bank used by the Group.

The Group measures advance payments for inventory at nominal value and presents these in the financial statement at the historic rate less impairment. The Group inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger "supplier accounts", and provides explanations and settlement of potential variance.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Current investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Group's liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

l) Share capital

Share capital is recognized at the nominal value of issued and paid-up shares.

(i) Purchase of own shares

In the event of purchase of own shares, the payment amount, together with direct transaction costs, is recognized as a change in equity. Purchased shares are recognized as a decrease in equity.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are authorized.

m) Provisions

Provisions are liabilities of uncertain time and amount. Groups create provisions when all of the following conditions are met simultaneously:

- the companies are burdened with an existing obligation (legal or constructive) resulting from past events,
- it is probable that fulfillment of an obligation will result in necessary outflow of resources representing economic benefits,
- the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

- deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,
- provisions for employee benefits - provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,
- other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

n) Trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

- maturing in within 12 months from the balance sheet date - classified as short-term liabilities,
- payables not classified as trade payables and which do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the end of the reporting period at repayment value increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All turnovers and account balances should be reconciled, and potential adjustments should be made to the accounts, including in the financial statement of the entity. In the event of discrepancies in agreeing a balance between the entity and the contracting party, the seller’s position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.
Interest for late payment of liabilities is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances interest is calculated and recorded as per the principles below:

- systematically, pursuant to interest notes received,
- at estimated value, where estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

The notes to the financial statements should include this fact, the occurrence of due payables and the associated risk that interest will be charged by creditors.

o) Revenue

Revenue from sale of products and services includes sale of products manufactured by the Company to which it has exclusive license rights for their production or it purchased a license for release and distribution, together with services provided by the Group to other entities.

Revenue from sale of goods for resale and materials includes sale of products which were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods is recognized if the following conditions are met:

- the Group has transferred significant risk and benefits resulting from the right of ownership of goods and products to the purchaser,
- the Group ceases to be permanently involved in managing the sale of goods or products to the extent that such function is usually exercised in relation to goods and products to which there is right of ownership, and it does not exercise effective control over them,
- the revenue amounts may be measured reliably,
- it is probable that the Group will achieve economic benefits from the transaction,
- costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Group of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectability of an amount due which is already counted as revenue, then the uncollectible amount in relation to which achievement has ceased to be probable is recognized as costs and not as a correction of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

p) Costs

The Company draws up a profit and loss statement in multiple-step format. Costs are classified in accordance with their function.

(i) (i) Finance lease payments

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

(ii) Net financing costs

Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Company, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss at the moment when the Group acquires the right to receipt thereof. The part constituting the cost of finance arising in connection with finance lease fees is indicated in the statement of profit and loss applying the effective interest rate method.

q) Tax

Mandatory encumbrances on the result include current tax (CIT) and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current previous periods is recognized as a liability in the amount which has not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting the basis as the tax rates (and tax regulations) legally in force or actually binding as at the end of the reporting period.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the profit and loss statement, aside from a situation where it concerns items directly recognized in equity. In this last instance deferred tax is also settled directly in equity. The Group offsets deferred income tax assets with provisions for deferred income tax exclusively when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

r) Foreign-currency transactions

Transactions executed in foreign currencies are translated into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

- in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Company;
- in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Company;
- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Cash items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the statement of profit and loss, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

s) Segment reporting

A reportable segment is a separate part of the Group which deals with the supply of defined products or services (operating segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

The Capital Group CI Games S.A. presents revenue from sales broken down into the following segments:

- operating – covering sales divided into products, goods and services,
- geographical – covering sales divided into the following areas: Europe, America and Australasia, Africa.

Revenue from sale of products covers sale of products manufactured by the Group to which it has exclusive licensing rights for their production or it purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Group to other entities.

Revenue from sale of goods for resale covers sale of products which have been purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Operating costs are divided as follows:

- direct costs, which may be assigned to a given product or service, or the value of goods or materials sold at purchase price,
- indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. overhead, sales and other operating costs.

Segment reporting – assignment to specific operating segments - concerns direct costs and such part of indirect costs as can be assigned to a given segment. The Group distinguishes a single segment.

t) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to the assets held for sale, valuation of assets (or all assets and liabilities constituting a group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial classification as held for sale, a fixed asset or group of assets held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the profit and loss statement even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Group's activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the group held for sale.

4. Accounting principles change (financial statement conversion)

When the accounting principles are changed, the Group uses the solution pursuant to IAS 8 "Accounting principles (policy) - changes in accounting estimates and errors".

The accounting principles (policy) applied to draw up the financial statement are compliant with the ones used for drawing up the financial statement of the Company for the year ending on 31 December 2014, except for the following changes, required by standards and new interpretations in force for the annual periods starting on 1 January 2015:

• IFRS 10 Consolidated financial statements and IAS 27 Individual financial statements

IFRS 10 replaces a part of the previous standard IAS 27 "Consolidated and individual financial statement" with respect to the consolidated financial statements and introduces a new control definition. IFRS 10 may bring about changes within the consolidated group with respect to the possibility to consolidate entities which were consolidated before or vice versa. It does not introduce any changes related to the consolidation procedures and methods of transaction settlement in the consolidated financial statement.

Applying those changes did not affect the financial situation or results of the Company.

• IFRS 11 Joint arrangements and IAS 28 Investments in affiliated entities and joint ventures

IFRS covers the joint contractual arrangements. It introduces two categories of joint arrangements: joint operations and joint ventures, with the appropriate valuation methods.

Applying the standard may result in changing the valuation method for joint arrangements (e.g. the ventures classified before as the entities with joint control, valuated using pro-rata method, can be classified as joint ventures now, and valuated using the equity method).

IAS 28 was amended and includes guidelines concerning the application of the equity method
for joint ventures.

Applying those changes did not affect the financial situation or results of the Company.

• IFRS 12 Disclosure of interest in other entities

IFRS 12 contains many disclosures related to the entity's interest in subsidiaries, affiliates or joint ventures. The standard application may lead to wider disclosures in the financial statement, e.g.:

- of key financial information, including the risk related to the Group ventures;

- disclosure of interest in unconsolidated special entities and risks related to such ventures,

- information on every venture, in which material non-controlling interest exist,

- disclosure of material judgement and assumptions taken for classifying particular ventures, as subsidiaries, interdependent entities or affiliates.

Applying those changes did not affect the financial situation or results of the Company.

• Investment entities - amendment to IFRS 10, IFRS 12 and IAS 27

The amendments introduce the concept of investment entities, released from the obligation to consolidate subsidiaries and which, after the amendments, valuate their subsidiaries in the fair value through profit or loss.

Applying those changes did not affect the financial situation or results of the Group.

• Offsetting financial assets and liabilities - amendments to IAS 32

The amendments to IAS 32 offer precise description for and consequences of the good legal title to offset a financial asset or liability, and a precise description of offsetting criteria for gross settlement systems (e.g. settlement houses).

Applying those changes did not affect the financial situation or results of the Group.

• Disclosures concerning the recoverable amount of non-financial assets - amendments to IAS 36

The amendments removed the unintentional consequences of IFRS 13 related to disclosures required under IAS 36. Moreover, the amendments introduce the additional disclosures of the recoverable value for assets or cash generating units (CGU) for which the loss of value was recognized or reversed in a given period, when the usable value corresponds to the fair value less the costs of disposal.

Applying those changes did not affect the financial situation or results of the Group.

• Renewal of derivative instruments and continued hedge accounting - amendment to IAS 39

The amendments to IAS 39 pertain to the application of hedge accounting after the renewal (novation) of derivative instruments and release from the obligation to quit hedge accounting when the novation meets specific criteria, named in IAS 39.

The application of those amendments did not affect the financial standing or the operating results of the Group, nor the scope of information presented in the financial statement of the Group.

The Group did not decide to apply any standard, interpretation or amendment before, which was published but did not enter in force under the EU regulations.

The standards and interpretations published and approved by the EU which have not come in force:

The following standards and interpretations were published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, and have not come in force so far:

• IFRS 9 Financial instruments (published on 24 July 2014), applying to one-year periods starting on 1 January 2018 or later, not approved by the EU by the date of this financial report's approval,

• IFRIC 21 Levies (published on 20 May 2013) - applying to one-year periods starting on 1 January 2014 or later, in EU applying not later than for one-year periods starting on 17 June 2014 or later,

• Amendments to IAS 19 Defined benefit plans Employee Contributions (published on 21 November 2013) - applying to one-year periods starting on 1 July 2014 or later, in EU applying no later than for one-year periods starting on 1 February 2015 or later,

• Amendments resulting from the review of IFRS 2010-2012 (published on 12 December 2013) – some amendments apply to one-year periods starting on 1 July 2014 or later, and the other prospectively to transactions executed on 1 July 2014 or later, in EU applying no later than for one-year period starting on 1 February 2015 or later,

• Amendments resulting from the review of IFRS 2011 - 2013 (published on 12 December 2013) - applying to one-year periods starting on 1 July 2014 or later, in EU applying no later than for one-year periods starting on 1 January 2015 or later,

• IFRS 14 Regulatory Deferral Accounts (published on 30 January 2014) - applying to one-year periods starting on 1 January 2016 or later - no decision made with respect to the date when EFRAG carries out particular work stages to approve this standard - not approved by EU before the date when this financial report is approved,

• Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on 6 May 2014) - applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval,

• Amendments to IAS 16 and IAS 38 Explanation of acceptable methods of depreciation and amortisation (published on 12 May 2014) - applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval,

• IFRS 15 Revenue from contracts with customers (published on 28 May 2014), applying to one-year periods starting on 1 January 2017 or later, not approved by the EU by the date of this financial report's approval,

• Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on 30 June 2014) - applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval,

• Amendments to IAS 27 Equity method in an individual financial statement (published on 12 August 2014) - applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval,

• Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on 11 September 2014) - applying to one-year periods starting on 1 January 2016 or later, with this deadline postponed by

IASB - no decision concerning the date when EFRAG carries out particular stages of works to approve these amendments was made - not approved by the EU by the date of this financial report's approval,

• Amendments resulting from the review of IFRS 2012-2014 (published on 25 September 2014) - applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval,

• Amendment to IFRS 10, IFRS 12 and IAS 28 Investment entities: Application of an exception concerning consolidation (published on 18 December 2014), applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval,

• Amendments to IAS 1 Disclosures (published on 18 December 2014) - applying to one-year periods starting on 1 January 2016 or later, not approved by the EU by the date of this financial report's approval.

The Management Board has been assessing the impact of introducing the said standards and interpretations on the accounting principles (policy) adopted by the Group.

II. Consolidated financial highlights

The balance sheet data was converted based on the mean FX rate announced by the President of the National Bank of Poland as at the financial statement date, being as follows as at the balance sheet date:

as at 31.12.2015 - PLN/EUR 4.2615,
as at 31.12.2014 - PLN/EUR 4.2623.

The data in the profit and loss account and cash flow statement were converted to EUR based on the FX rate being the arithmetic mean of mean rates announced by the President of the National Bank of Poland as at the last day of each month in a year:

for 2015 - PLN/EUR 4.1848,
for 2014 - PLN/EUR 4.1893.

STATEMENT OF PROFIT AND LOSS	2015		2014	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Net revenue from sales	**25,019**	**5,979**	**109,021**	**26,024**
Profit / (Loss) from operating activities	-9,001	-2,151	2,411	576
Gross profit / (loss)	-8,065	-1,927	2,314	552
Net profit / (loss)	**-7,860**	**-1,878**	**2,084**	**497**
Number of shares (in thousands)	13,914	13,914	13,914	13,914
Profit (loss) per ordinary share (PLN/share)	-0.56	-0.13	0.15	0.04

STATEMENT OF CASH FLOWS	2015		2014	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Net cash flows from operating activities	18,296	4,372	31,891	7,613
Net cash flows from investing activities	-26,257	-6,274	-27,410	-6,543
Net cash flows from financing activities	5,635	1,347	-6,180	-1,475
Net cash flows	**-2,326**	**-555**	**-1,699**	**-405**

BALANCE SHEET	31.12.2015		31.12.2014	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Non-current assets	71,396	16,754	56,997	13,372
Current assets	19,282	4,525	42,261	9,915
Total assets	**90,678**	**21,278**	**99,258**	**23,287**
Equity	75,227	17,653	83,041	19,483
Share capital	*1,391*	326	*1,391*	326
Liabilities	**15,451**	**3,626**	**16,217**	**3,805**
Non-current liabilities	2,748	645	4,468	1,048
Short-term liabilities	12,703	2,981	11,749	2,756
Total equity and liabilities	**90,678**	**21,278**	**99,258**	**23,287**

III. Financial highlights of CI Games S.A. for the period from 1 January 2015 to 31 December 2015

CONSOLIDATED FINANCIAL STATEMENT

	ASSETS	NOTE	31.12.2015	31.12.2014
A.	**NON-CURRENT ASSETS**		**71,396**	**56,997**
	Tangible fixed assets	1	971	1,292
	Intangible assets	2	45,943	30,114
	Deferred income tax assets	3	24,482	25,591
B.	**CURRENT ASSETS**		**19,282**	**42,261**
	Inventory	4	4,333	2,963
	Current investments	5	3	2
	Advances granted	6	36	274
	Trade receivables	6	5,663	27,672
	Cash and cash equivalents	8	7,183	9,509
	Other current assets	9	2,064	1,841
TOTAL ASSETS			**90,678**	**99,258**

	LIABILITIES	NOTE	31.12.2015	31.12.2014
A.	**EQUITY**		**75,227**	**83,041**
	Share capital	11	1,391	1,391
	Share premium	12	15,530	15,530
	Exchange differences on translation of foreign operations		478	433
	Reserve capital for the acquisition of shares	13	16,000	16,000
	Retained earnings		41,828	49,687
	including profit for the period	32	- 7 860	2,084
	Equity attributable to owners of the Parent		**75,227**	**83,041**
	Equity attributable to non-controlling interests		**-**	**-**
B.	**LIABILITIES**		**15,451**	**16,217**
	Non-current liabilities		**2,748**	**4,468**
	Provision for retirement and similar benefits	17	-	27
	Deferred income tax provision	3	2,748	4,441
	Short-term liabilities		**12,703**	**11,749**
	Borrowings including credits, loans and other debt instruments	14	5,677	11
	Income tax liabilities	7	679	247
	Trade liabilities	18 19	4,586	9,541
	Finance lease liabilities	14 15	-	14
	Other liabilities	20	173	463
	Other current provisions	21	1,588	1,473
TOTAL EQUITY AND LIABILITIES			**90,678**	**99,258**
	Book value (in PLN thousand)		**75,227**	**83,041**
	Number of shares (in thousands)		**13,914**	**13,914**
	Book value per share (in PLN)		**5.41**	**5.97**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	For the period 1 Jan. - 31 Dec. 2015	For the period 1 Jan. - 31 Dec. 2014
Continuing operations			
Net revenue from sales	**22**	**25,019**	**109,021**
Revenue from sale of products and services		24,377	109,015
Revenue from sale of goods and materials		642	6
Costs of products, goods and services sold	23	**- 18,477**	**- 77,543**
Manufacturing cost of products sold		- 18,173	- 77 536
Value of goods and materials sold		- 304	- 7
Gross profit (loss) on sales		**6,542**	**31,478**
Other operating revenues	25	1,695	656
Selling costs	23	- 7,061	- 20,229
General and administrative costs	23	- 8,472	- 5,569
Other operating expenses	26	- 1,705	- 3,925
Profit (loss) on operating activities		**- 9,001**	**2,411**
Financial revenues	27	1,081	382
Financial expenses	27	- 145	- 479
Profit (loss) before tax		**- 8,065**	**2,314**
Income tax	28 29	205	- 230
Profit (loss) on continuing operations	**32**	**- 7,860**	**2,084**
Discontinued operations			
Loss from discontinued operations			
NET PROFIT (LOSS)		**- 7,860**	**2,084**
Total other comprehensive income, including:			
Exchange differences on translation of foreign operations		**45**	411
TOTAL INCOME FOR THE FINANCIAL YEAR		**- 7,815**	**2,495**
Net profit (loss) in thousands of PLN		**-7,860**	**2,084**
Number of shares (in thousands)		**13,914**	**13,914**
Profit (loss) per ordinary share (in PLN)		**-0.56**	**0.15**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD Jan 1 - Dec 31, 2014	Share capital	Share premium	Reserve capital for the purchase of own shares	Translation losses/profits	Retained earnings	Total equity
AS AT 1 JAN. 2014	**1,391**	**15,530**	**16,000**	**22**	**47,603**	**80,546**
Changes in accounting policy	-	-	-	-	-	-
AS AT 1 JAN. 2014, AFTER CONVERSION	**1,391**	**15,530**	**16,000**	**22**	**47,603**	**80,546**
CHANGES IN EQUITY						
Profit and loss for the period					2,084	2,084
Exchange differences on translation	-	-	-	411		411
AS AT 31 DEC. 2014	**1,391**	**15,530**	**16,000**	**433**	**49,687**	**83,041**

FOR THE PERIOD Jan 1 - Dec 31, 2015	Share capital	Share premium	Reserve capital for the purchase of own shares	Translation losses/profits	Retained earnings	Total equity
AS AT 1 JAN. 2015	**1,391**	**15,530**	**16,000**	**433**	**49,687**	**83,041**
Changes in accounting policy	-	-	-	-	-	-
AS AT 1 JAN. 2015, AFTER CONVERSION	**1,391**	**15,530**	**16,000**	**433**	**49,687**	**83,041**
CHANGES IN EQUITY						
Profit and loss for the period					- 7,860	- 7,860
Exchange differences on translation				45		45
AS AT 31 DEC. 2015	**1,391**	**15,530**	**16,000**	**478**	**41,827**	**75,226**

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the period 1 Jan. - 31. Dec. 2015	For the period 1 Jan. - 31. Dec. 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit / (loss)	**- 8,444**	**2,314**
Total adjustments	**26,740**	**29,577**
Depreciation	10,774	42,258
Impairment loss (reversal)	-	5
Profit (loss) on exchange differences	46	90
Interest	11	158
Commission on bonds	6	185
Profit (loss) on sale of non-current assets	- 24	- 37
Change in receivables	22,009	- 18,137
Change in inventory and prepayments	- 1,132	572
Change in trade and other payables	- 4,842	1,167
Change in employee benefit provisions and liabilities	115	- 32
Change in other current assets	- 223	223
Tax paid	-	3,125
Net cash flows from operating activities	**18,296**	**31,891**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment and intangible assets	35	225
Interest received	-	104
Cash outflows on acquisition of property, plant and equipment and intangible assets	- 184	- 663
Cash outflows on development works	- 26,108	- 27,076
Net cash from investing activities	**- 26,257**	**- 27,410**
CASH FLOWS FROM FINANCING ACTIVITIES		
Incurrence of borrowings	5,677	5,066
Other financial inflows (factoring)	-	4,815
Commission on bonds	- 6	- 185
Repayment of finance lease liabilities	- 14	- 25
Interest	- 11	- 260
Cash outflows on repayment of credits and loans	- 11	- 5,056
Buy-back of debt securities	-	- 5,720
Other financial outflows (factoring)	-	- 4,815
Net cash from financing activities	**5,635**	**- 6,180**
TOTAL NET CASH FLOWS	**- 2,326**	**- 1,699**
EXCHANGE DIFFERENCES ON CASH	-	-
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS	**-**	**- 1,699**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**9,509**	**11,208**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**7,183**	**9,509**

IV. Additional information to the consolidated financial statement of CI Games S.A.

Note 1 Changes in fixed assets by type

FOR THE PERIOD 1 Jan - 31 Dec 2015	Buildings, premises, civil and water engineering structures	Technical equipment and machinery	Vehicles	Other tangible fixed assets	Total
Gross value as at 1 Jan. 2015	**999**	**2,644**	**212**	**111**	**3,966**
Increases:	-	283	-	25	308
- acquisition	-	242	-	25	267
- transfer	-	41	-	-	41
Decreases:	-	-70	-111	-	-181
- sale	-	- 10	-	-	- 10
- liquidation	-	- 60	- 111	-	- 171
Gross value as at 31 Dec. 2015	**999**	**2,857**	**101**	**136**	**4,093**
Depreciation as at 1 Jan. 2015	**299**	**2,153**	**164**	**58**	**2,674**
Increases:	203	373	15	24	615
Depreciation	203	373	15	24	615
Decreases:	-	- 50	- 111	- 6	- 167
- liquidation	-	- 50	- 111	- 6	- 167
Depreciation as at 31 Dec. 2015	**502**	**2,476**	**68**	**76**	**3,122**
Net value					
As at 1 Jan. 2015	**700**	**491**	**48**	**53**	**1,292**
As at 31 Dec. 2015	**497**	**381**	**33**	**60**	**971**

Note 1 Changes in fixed assets by type ctd.

FOR THE PERIOD 1 Jan - 31 Dec 2014	Buildings, premises, civil and water engineering structures	Technical equipment and machinery	Vehicles	Other tangible fixed assets	Total
Gross value as at 1 Jan. 2014	**975**	**2,749**	**1,172**	**156**	**5,052**
Increases:	24	472	-	4	500
- acquisition	24	472	-	4	500
Decreases:	-	577	960	49	1586
- sale	-	4	960	32	996
- liquidation	-	573	-	17	590
Gross value as at 31 Dec. 2014	**999**	**2,644**	**212**	**111**	**3,966**
Depreciation as at 1 Jan. 2014	**99**	**2,421**	**486**	**78**	**3,084**
Increases:	**200**	**386**	**157**	**19**	**762**
Depreciation	200	386	157	19	762
Decreases:	**-**	**654**	**479**	**39**	**1,172**
- sale	-	4	98	32	134
- liquidation	-	650	381	7	1,038
Depreciation as at 31 Dec. 2014	**299**	**2,153**	**164**	**58**	**2,674**
Net value					
As at 1 Jan. 2014	**876**	**328**	**686**	**78**	**1,968**
As at 31 Dec. 2014	**700**	**491**	**48**	**53**	**1,292**

Note 2 Changes in intangible assets by type

All intangible assets of the Group have a specific useful life and are amortized. The recoverable value of the used intangible assets as at the balance sheet date is higher than their non-amortized value. The development works disclosed as an intangible asset will be, according to the Management Board, completed and bring the anticipated economic results except for those for which write-downs were created.

FOR THE PERIOD 1 Jan - 31 Dec 2015	R&D expenses	Proprietary copyright, licences, concessions	Rights to press titles	Other intangible assets	Total
Gross value as at 1 Jan. 2015	**110,290**	**220**	**51**	**2,021**	**112,581**
Increases:	26,458	-	-	48	26,506
- acquisition	15,627	-	-	48	15,675
- produced internally	10,831	-	-	-	10,831
Gross value as at 31 Dec. 2015	**136,748**	**220**	**51**	**2,069**	**139,087**
Depreciation as at 1 Jan. 2015	**80,796**	**220**	**51**	**1,401**	**82,468**
Increases:	10,494	-	-	183	10,677
Depreciation	10,494	-	-	183	10,677
Depreciation as at 31 Dec. 2015	**91,289**	**220**	**51**	**1,584**	**93,144**
Net value					
As at 1 Jan. 2015	**29,494**	**-**	**-**	**620**	**30,114**
As at 31 Dec. 2015	**45,459**	**- 0**	**-**	**485**	**45,943**

R&D expenses were PLN 26.5 million in this period.

Note 2 Changes in intangible assets by type (ctd.)

FOR THE PERIOD 1 Jan - 31 Dec 2014	R&D expenses	Proprietary copyright, licences, concessions	Rights to press titles	Other intangible assets	Total
Gross value as at 1 Jan. 2014	**82,167**	**837**	**51**	**1,874**	**84,929**
Increases:	28,228	-	-	163	28,391
- acquisition	15,167	-	-	163	15,330
- produced internally	13,061	-	-	-	13,061
Decreases:	105	617	-	16	738
- liquidation	-	617	-	16	633
- impairment loss	105	-	-	-	105
Gross value as at 31 Dec. 2014	**110,290**	**220**	**51**	**2,021**	**112,581**
Depreciation as at 1 Jan. 2014	**39,120**	**781**	**51**	**1,193**	**41,145**
Increases:	**41,676**	**45**	**-**	**215**	**41,936**
Depreciation	41,676	45	-	215	41,936
Decreases:	**-**	**606**	**-**	**7**	**613**
- liquidation	-	606	-	7	613
Depreciation as at 31 Dec. 2014	**80,796**	**220**	**51**	**1,401**	**82,468**
Net value					
As at 1 Jan. 2014	**43,047**	**56**	**-**	**681**	**43,784**
As at 31 Dec. 2014	**29,494**	**-**	**-**	**620**	**30,114**

Note 3 Assets and deferred tax provision

DEFERRED TAX	As at 31 Dec. 2015	As at 31 Dec. 2014
Deferred tax assets		
Opening value	**25,590**	**22,329**
Including assets compared to the financial result	25,590	22,329
Increases compared to the financial result	24,482	25,591
cost provision	2	130
receivables valuation allowances	802	685
interest valuation allowances	475	475
allowances to reduce inventory	66	51
exchange differences	0	59
tax loss	10,350	7,870
damages	0	61
unpaid payables	551	1,209
provision for returns	0	955
value of bought trade marks	9,755	14,091
other	2,481	5
Decreases compared to the financial result	25,590	22,329
Closing value	**24,482**	**25,591**
Deferred tax provisions		
Opening value	**4,441**	**1,075**
Including assets compared to the financial result	4,441	1,075
Increases compared to the financial result	2,748	4,441
revenue and interest accrued	3	2
difference between the balance-sheet and tax value of tangible fixed assets	2,745	4,439
Decreases compared to the result	4,441	1,075
Closing value	**2,748**	**4,441**

Note 4 Inventory - Breakdown and aging

INVENTORY	As at 31 Dec. 2015	As at 31 Dec. 2014
Materals	318	214
Final goods	4,364	2,997
Goods	0	23
Total gross inventory	**4,682**	**3,234**
Impairment losses	-349	-271
Total net inventory	**4,333**	**2,963**

INVENTORY - AGING	As at 31 Dec. 2015	As at 31 Dec. 2014
0-90 days	1,739	1,037
91-180 days	94	60
181-360 days	124	984
above 360 days	2,725	1,153
Impairment losses	-349	-271
Total net inventory	**4,333**	**2,963**

According to the Issuer's Management Board, all inventories not covered with the write-down for their impairment represent the recoverable value higher than their accounting value.

Note 5 Loans granted and loan revaluation deductions

LOANS GRANTED	As at 31 Dec. 2015	As at 31 Dec. 2014
Loans granted	3	2
Total loand	**3**	**2**

LOANS GRANTED	Maturity	As at 31 Dec. 2015
Non-affiliated entity	Short-term	3
Total loans		**3**

Note 6 Trade receivables and advance payments

RECEIVABLES - BREAKDOWN	As at 31 Dec. 2015	As at 31 Dec. 2014
Trade receivables from related parties	0	0
Trade receivables from other parties	7,870	31,436
up to 12 months	*7,870*	*31,436*
above 12 months	*0*	*0*
Trade receivables	**7,870**	**31,436**
Valuation allowances for trade receivables	-2,207	-3,764
Net trade receivables	**5,663**	**27,672**

Advances granted	36	274

RECEIVABLES - AGING	As at 31 Dec. 2015	As at 31 Dec. 2014
when due	4,290	19,219
behind due:	3,580	12,217
1-30 days	*192*	*1,795*
31-90 days	*209*	*6,937*
91-180 days	*446*	*811*
above 180 days	*2,733*	*2,674*
Valuation allowance	-2,207	-3,764
Net trade receivables	**5,663**	**27,672**

RECEIVABLES - CURRENCY STRUCTURE	As at 31 Dec. 2015	As at 31 Dec. 2014
PLN	2,124	2,695
AUD	0	0
JPY	0	1
EUR	743	1,916
GBP	11	274
USD	503	4,365

Note 7 Deferred tax receivables and payables

INCOME TAX SETTLEMENTS	As at 31 Dec. 2015	As at 31 Dec. 2014
Income tax receivables		
- from legal persons	0	0
- from natural persons	0	0
Income tax liabilities		
- from legal persons	680	247
- from natural persons	93	86

Note 8 Cash and cash equivalents

CASH AND CASH EQUIVALENTS	As at 31 Dec. 2015	As at 31 Dec. 2014
Bank accounts	7,173	1,149
Short-term deposits	0	8,359
Cash in hand	10	1
Total cash and cash equivalents	**7,183**	**9,509**

Note 9 Other current assets

OTHER CURRENT ASSETS	As at 31 Dec. 2015	As at 31 Dec. 2014
Tax receivables (excluding income tax)	1,318	1,267
Other settlements with employees	145	6
Settlements with shareholders	5	5
Securities	36	60
Other settlements	27	5
Prepayments	533	498
Insurances	*82*	*82*
Subscriptions	*60*	*23*
Other prepayments and accruals	*391*	*393*
Total current assets	**2,064**	**1,841**

Note 10 Share capital

As at 31 December 2015, the share capital was composed of five series of shares with the following parameters:

SHARE SERIES	QUANTITY	NOMINAL VALUE	REGISTRATION	RIGHT TO DIVIDEND FROM
A - ordinary bearer / paid up	10,000,000	1,000	2007-06-01	2007-01-01
B - ordinary bearer / paid up	40,000	4	2008-08-10	2008-01-01
C - ordinary bearer / paid up	2,500,000	250	2008-12-17	2008-01-01
D - ordinary bearer / paid up	110,000	11	2009-10-09	2009-01-01
E - ordinary bearer / paid up	1,264,999	126	2014-01-09	2014-01-01
TOTAL	**13,914,999**	**1,391**		

The shareholding structure was as follows as at signing this financial statement:

SHAREHOLDING STRUCTURE	Number of shares	% of votes
Marek Tymiński	6,366,357	45.75%
Other shareholders	6,775,754	48.69%
Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna	772,888	5.55%
All shareholders	**13,914,999**	**100.00%**

In 2015 there were no changes in the share capital, affecting the Company's shareholding structure. Pursuant to resolution no. 17/2015 of the Ordinary General Meeting of Shareholders of 28 April 2015, the conditional increase of the share capital by issuing no more than 500,00 named subscription warrants entitling to acquire no more than 500,000 ordinary bearer shares of the Company, F series, with the nominal value of PLN 10/100 each. The warrants will be awarded to key employees and associates of the Company, including but not limited to Management Board members, within the incentive programme adopted by the same resolution. As at the date of this financial statement, the Company did not issue any shares within the said conditional increase in the share capital.

Note 11 Share premium

SHARE SERIES	QUANTITY	SURPLUS
A - ordinary bearer / paid up	40,000	36
B - ordinary bearer / paid up	2,500,000	22,250
C - ordinary bearer / paid up	110,000	99
D - ordinary bearer / paid up	1,264,999	11,259
TOTAL	**3,914,999**	**33,644**
Decrease due to the cost of the issue of C series		-1,829
Decrease due to the cost of the issue of E series		-285
Transferring to the reserve capital		-16,000
Status as at 31 Dec. 2015		**15,530**

Note 12 Reserve capital for the purchase of own shares

Created by the resolution of the Extraordinary General Meeting of Shareholders of Ci Games S.A. of 8 November 2010 in connection with the resolution of the same day, concerning the consent for the Company to acquire its own shares. The capital was created by transferring, from the Company's supplementary capital, amounts which under Art. 348 para. 1 Commercial Companies' Code, can be distributed among shareholders.

The supplementary capital for buying own shares as at 31 December 2015: PLN 16.000.000. (31.12.2014 r.: PLN 16.000.000)

The own shares were not bought by the Issuer by the date when the financial statement was drawn up.

Note 13 Revaluation reserve

In the financial period, the Group used the hedge accounting. Its purpose was to eliminate FX risk related to the anticipated future currency surplus.

Forward contracts (for currency sale) were executed, which are hedging vis-a-vis the hedged item, being the surplus in major currencies, in which the Company's revenues are earned (USD, EUR, GBP), expected by the Company. This surplus took place in the settlement period for particular forward contracts.

The forward transactions are evaluated by comparing spot FX rates for the hedged currency. The interest rate is included in the costs for the period. The efficient hedging part is included in the revaluation reserve. As at 31 December 2015, the Group did not have any open forward contracts.

Note 14 Borrowings including credits, loans and debt instruments

Non-current liabilities	As at 31 Dec. 2015	As at 31 Dec. 2014
Finance lease liabilities - long-term	0	0
Total:	0	0

Note 15 Borrowings including credits, loans and financial lease

LENDING COMMITMENTS	As at 31 Dec. 2015	As at 31 Dec. 2014
Finance lease liabilities - short-term	0	14
Borrowings including credits, also current account credits	5,677	11
TOTAL	**5,677**	**25**

All liabilities related to the above-mentioned transactions are short-term.

Note 16 Information about the credits raised and liabilities under debt securities

On 21 February 2014 CI Games S.A. signed an overdraft facility agreement with Bank Spółdzielczy in Ostrów Mazowiecka, seated in Ostrów Mazowiecka, ul. 3-go Maja 32 (hereinafter "Bank"), an overdraft facility agreement pursuant to the following terms and conditions:

1) Limit granted: PLN 5 million; 2) Designation: ongoing operations of the Issuer, including production and marketing of Enemy Front and Lords of the Fallen games; 3) Repayment deadline: 31 March 2015; 4) Interest rate - variable interest rate in the interest accrual periods, calculated by: WIBOR 1M for the previous month plus Bank's margin 2.99%; exposure commission (calculated on the unused loan amount yearly) – 0.7%; Bank commission for awarding the loan — 1.3% of the amount awarded; 5) Loan collateral: a) registered lien on CI Games S.A. shares held by Mr Marek Tymiński, Management Board President and Major Shareholder of the Issuer, amounting to 2.5 times the value of the loan awarded; b) the loan repayment guarantee by Bank Gospodarstwa Krajowego within the portfolio guarantee line de minimis PLD amounting to 60% of the loan value, that is PLN 3 million for the loan term plus 3 months, that is till 30 June 2015; c) declaration of submission to enforcement; d) the power of attorney to dispose of the cash on the current account held by the Bank. As at 31 December 2015, the debt related to the bank loan was zero.

On 27 May 2015, CI Games S.A. executed an overdraft facility with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, with its seat in Warsaw, ul. Puławska 15 (hereinafter "Bank"), pursuant to the following terms and conditions:

1) Limit granted: PLN 5 million;

2) Designation: ongoing operations of the Issuer;

3) Repayment deadline: 26 May 2017.

4) Interest rate – variable interest rate in the interest accrual periods, calculated by: WIBOR 1M for the previous month plus Bank's margin 1.8%; exposure commission (calculated on the unused loan amount yearly) – 0.15%; Bank commission for awarding the loan — 0.7% of the amount awarded; front-end commission - 0.1%;

5) Loan collateral: a) the loan repayment guarantee by Bank Gospodarstwa Krajowego within the portfolio guarantee line de minimis PLD amounting to 60% of the loan value, that is PLN 3 million for 27 months, that is till 31 August 2017; b) registered lien on the claims from the Issuer's accounts kept by the Bank; c) blank promissory note issued by the Company together with promissory note declaration; d) the power of attorney to dispose of the cash on the current account held by the Bank.

As at 31 December 2015, the debt related to the overdraft facility was PLN 3,690,800.

On 27 May 2015, CI Games S.A. executed an open-end current loan agreement with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, with its seat in Warsaw, ul. Puławska 15 (hereinafter "Bank"), in PLN, pursuant to the following terms and conditions: 1) Limit granted: PLN 10 million; 2) Designation: financing production of new computer game titles, including Sniper Ghost Warrior 3; 3) Repayment deadline: 26 May 2017; 4) Interest rate – variable interest rate in the interest accrual periods, calculated by: WIBOR 1M for the previous month plus Bank's margin 1,8%; exposure commission (calculated on the unused loan amount yearly) – 0.15%; Bank commission for awarding the loan — 0.7% of the amount awarded; front-end commission - 0.1%; 5) Loan collateral: a) registered lien on CI Games S.A. shares held by Mr Marek Tymiński, Management Board President and Major Shareholder of the Issuer, in the quantity of 1,898,740; b) registered lien on the cash claims (receivables from distributors); c) registered lien on the claims from the Issuer's accounts kept by the Bank; d) blank promissory note issued by the Company together with promissory note declaration; e) the power of attorney to dispose of the cash on the current account held by the Bank.

As at 31 December 2015, the debt related to the bank loan was PLN 1,981,349.

Note 17 Provisions for employee benefits

Provisions for employee benefits cover the sums in lieu of holiday leaves unused as at 31 December 2015.

Provisions for the retirement and disability compensation related to low mean age of employees and resulting negligible provision value were not created.

Note 18 Trade payables

PAYABLES - DIVISION	As at 31 Dec. 2015	As at 31 Dec. 2014
Trade payables to related parties	0	571
Trade payables to other parties	4,586	8,970
up to 12 months	*4,586*	*8,970*
above 12 months	0	0
Trade payables	**4,586**	**9,541**

Note 19 Trade payables aging

PAYABLES - AGING	As at 31 Dec. 2015	As at 31 Dec. 2014
when due	2,472	2,017
Behind due:	2,114	7,524
1-30 days	*263*	*2,478*
31-90 days	*2*	*3,872*
91-180 days	*1*	*185*
above 180 days	*1,848*	*989*

Note 20 Other payables

OTHER PAYABLES	As at 31 Dec. 2015	As at 31 Dec. 2014
Tax payables except Corporate Income Tax	120	379
Other liabilities	51	73
Special funds (Company Social Benefits Fund, CSBF)	2	11
Trade liabilities	**173**	**463**

Note 21 Other current provisions

OTHER PROVISIONS	As at 31 Dec. 2015	As at 31 Dec. 2014
Other current provisions		
Provision for balance sheet auditing costs	20	90
Provision for bonus costs	0	0
Provision for non-invoiced costs	1,588	1,383
Total other current provisions	**1,588**	**1,473**
Provision for returns - reduced revenues and receivables	**894**	**6,384**

Note 22 Net revenues on sales of products Geographical structure

Geographical structure	As at 31 Dec. 2015	As at 31 Dec. 2014
Country	222	3,397
- including from related parties	34	3,380
Export	24,797	105,624
- including from related parties	9,478	32,473
Total income	**25,019**	**109,020**
Europe	5,697	56,256
North America	18,854	48,545
Asia and Australia	468	4,219
Total	**25,019**	**109,020**

Note 23 Costs by type

COSTS BY TYPE	As at 31 Dec. 2015	As at 31 Dec. 2014
Depreciation	10,775	42,277
Consumption of materials and energy	3,313	574
Third-party services	6,457	16,476
Taxes and charges	51	12
Employee benefits	2,021	2,501
Other expenses	5,774	18,766
Costs by type	**28,391**	**80,606**
Selling cost	-7,061	-20,229
Overheads	-8,472	-5,569
Value of products sold	792	22,728
Cost of products sold	**13,650**	**77,536**

Note 24 Employee benefits

COSTS BY TYPE	As at 31 Dec. 2015	As at 31 Dec. 2014
Remuneration	1,643	2,250
Social insurance	119	70
Other employee benefits	259	181
Total employee benefits	**2,021**	**2,501**

Note 25 Other operating revenues

OTHER OPERATING REVENUES	As at 31 Dec. 2015	As at 31 Dec. 2014
Release of receivables valuation allowance	34	23
Release of other provisions	0	0
Damages received	653	37
Profit on selling non-financial fixed assets	30	209
Liabilities listed	16	13
Re-invoices	74	56
Stock-taking discrepancies	237	86
Subsidies	67	178
Other	14	54
Return of tax on civil law transactions	570	0
Total other operating revenues	**1,695**	**656**

Note 26 Other operating expenses

OTHER OPERATING EXPENSES	As at 31 Dec. 2015	As at 31 Dec. 2014
Valuation allowances for receivables	0	2,099
Impairment loss on inventory	151	192
Stock-taking discrepancies	250	100
Liquidation of defective materials (returned)	0	6
Covenants, contractual penalties, sanctions	0	142
Donations granted	2	11
Listed receivables	128	138
Legal expenses	19	1
Tax at source	959	791
Other	195	445
Total other operating expenses	**1,704**	**3,925**

Note 27 Financial revenues/costs

FINANCIAL REVENUES/COSTS	As at 31 Dec. 2015	As at 31 Dec. 2014
Interest received	103	93
Net exchange rate gains	977	198
Dividend received	1	0
Other	0	91
Total financial revenues	**1,081**	**382**
Interest accrued	38	238
Impairment losses on finacial assets	0	11
Other	107	230
Total financial costs	**145**	**479**

Note 28 Income tax

INCOME TAX	as at 31 Dec. 2015	as at 31 Dec. 2014
Current income tax	379	178
Current income tax for previous years	0	-201
Deferred tax	-584	253
Total income tax	**-205**	**230**

Note 29 Effective tax rate

EFFECTIVE TAX RATE	As at 31 Dec. 2015	As at 31 Dec. 2014
Profit/loss before tax	-8,065	2,314
Tax based on 19% tax rate	1,532	440
Non-taxable revenues, tax value	-304	-772
Tax amortization of trade marks	-4,383	-4,335
Non-deductible expenses, tax value	2,517	1,537
Difference resulting from applying other tax rates	0	95
Temporary differences – trade marks	0	2,677
Other	433	0
Income tax	**-205**	**230**
Tax for previous years	**0**	**-202**
Effective tax rate	**3%**	**10%**

Note 30 Activity segments

FOR THE PERIOD 1 Jan - 31 Dec 2015	Own products	Licenses	Online sales	Other sales	Total
Total revenue (A)	**8,080**	**108**	**16,463**	**368**	**25,019**
Total direct costs (B), including:	**-10,940**	**-84**	**-21,273**	**-201**	**-32,498**
Depreciation	-1,902	-58	-8,808	-6	**-10,774**
Financial revenue / costs	302	4	616	14	**936**
Income tax	66	1	135	3	**205**
Net profit (loss) for the financial year	**-2,538**	**-34**	**-5,172**	**-116**	**-7,860**
Total assets, including:	15,676	474	72,547	1,621	**90,318**
Intangible assets	8,120	246	37,578		**45,943**
Liabilities	2,551	77	11,808	264	**14,700**
Investment outlays	4,732	143	21,898		**26,773**

Note 30 Activity segments ctd.

FOR THE PERIOD 1 Jan - 31 Dec 2014	Own products	Licenses	Online sales	Other sales	Total
Total revenue (A)	**80,911**	**1,948**	**26,136**	**26**	**109,020**
Total direct costs (B), including:	**-61,431**	**-773**	**-15,323**	**-16**	**-77,543**
Depreciation	-26,026	-773	-14,903	-152	**-41,854**
Financial revenue / costs	-72	-2	-23	0	**-97**
Income tax	171	4	55	0	**230**
Net profit (loss) for the financial year	**-2,335**	**650**	**3,766**	**3**	**2,084**
Total assets, including:	73,666	1,773	23,795	23	**99,258**
Intangible assets	22,355	538	7,221	0	**30,114**
Liabilities	12,035	290	3,888	4	**16,217**
Investment outlays	21,447	516	6,928	0	**28,891**

Note 31 Profit/loss per 1 share

The consolidated net loss per 1 outstanding share is PLN 0.56 as at 31 December 2015.

Note 32 Appropriation of profit for 2014 and 2015

On 28 April 2015, the Company's Ordinary General Meeting of Shareholders decided to appropriate the profit for the financial year 2014 for the dividend fund of the Company.

Recommendation concerning the appropriation of profit for 2015: the Issuer's Management Board recommends that the loss for the current year should be covered from subsequent years' profits.

Note 33 Contingent liabilities and receivables

As at 31 Dec. 2015, the Company had no contingent liabilities, except one bank guarantee issued by Alior Bank S.A. on 18 March 2015 up to the cap of 433,082 PLN, for letting rooms to Bertie Inwestment Sp. z o.o. The guarantee is valid until 30 April 2016. Additionally, in June 2014, the Issuer issued an in-blanco promissory note to secure a repayment of financing granted by the Ministry of Economy seated in Warsaw, based on a project financing agreement entitled "Promotion of CI Games S.A. and increase of the Company's competitiveness on the international market - Gamescom" no. POIG.06.05.02-00-587/13-00 in the amount of PLN 264,750. The promissory note is valid until the end of August 2017.

The regulations concerning the Goods and Services Tax, Corporate Income Tax, Personal Income Tax or social security contributions undergo frequent changes and consequently there is often no reference to the established regulations or legal precedents. The applicable regulations are unclear at times, resulting in differing opinions concerning legal interpretation of tax regulations both between the public bodies, and between the public bodies and companies. The tax and other settlements (including customs or foreign currency) can be checked by bodies authorised to impose significant penalties and the additional payables determined during the inspection must be paid be paid together with the applicable interest. For this reason, the tax-related risk is higher in Poland than in the countries with more developed tax system.

The tax settlements can be checked for five years. Consequently, the sums named in the financial statement can be changed on a later date, after the tax authorities determine their ultimate value. The Company believes that appropriate provisions were created for the probable and quantifiable risks.

Note 34 Pending court proceedings

At the reporting date the following litigations are pending:
- brought by ARDO S.A. against CI Games S.A. for the payment of PLN 116,781.00 in respect of damage to the rented premises. The Issuer has created a reserve for the amount of the claim.

Note 35 Transactions with related parties

All transactions were executed pursuant to market terms and conditions.

Transactions with companies related personally with Marek Tymiński, major shareholder of the Company, who controls the following entities directly or indirectly:

	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Onimedia Sp. z o.o.	-	5	3	-
Premium Restaurants Sp. z o.o.	2	1	0	1
Premium Food Restaurants S.A.	7	64	72	4
Tech Marek Tymiński	-	-	18	-
MT Golf Sp. z o.o.	-	8	28	-
TOTAL	**10**	**79**	**121**	**4**

Transactions with companies related personally with Supervisory and Management Board Members:

	COSTS	REVENUES	RECEIVABLES	LIABILITIES
APKO Adam Pieniacki	141	-	0	-
TOTAL	**141**	**-**	**0**	**-**

Note 36 Cash structure

CASH STRUCTURE	As at 31 Dec. 2015	As at 31 Dec. 2014
Cash on hand	10	1
Cash on bank accounts	7,173	1,150
Other cash	0	8,358
Other cash equivalents	0	0
Total	**7,183**	**9,509**
Short-term financial assets classified as held for the purpose of the cash flow statement	0	0
Total cash for the purpose of the cash flow statement	**7,183**	**9,509**

Note 37 Information on employment

	As at 31.12.2015	As at 31.12.2014
Blue-collar workers	91	97
Administration and sales	7	10
Total employment	**98**	**107**

Note 38 Remuneration of the Management and Supervisory Board Members

Value of remuneration paid to the Management Board Members in 2015:

Marek Tymiński - President		1,002,000
Adam Pieniacki - Member		396,450
Monika Rumianek - Member		106,592
Łukasz Misiurski - Member		115,853
	Total:	1,620,895

Value of remuneration paid to the Supervisory Board Members in 2015:

Krzysztof Sroczyński - Chairman		32,136
Marek Dworak - Member		22,955
Grzegorz Leszczyński - Member		28,955
Lech Tymiński - Member		22,955
Tomasz Litwiniuk - Member		28,955
Dasza Gadomska - Chairwoman		8,000
Norbert Biedrzycki - Member		6,000
Mariusz Sawoniewski - Member		6,000
	Total:	155,956

Note 39 Number of shares held by the Management and Supervisory Board Members

As at 31 December 2015, the Management Board Members held the following number of shares in the Company: 6,366,357 – Marek Tymiński, President.

As at 31 December 2015, the Supervisory Board Members did not have any shares in the Company.

Note 40 Financial instruments

FINANCIAL INSTRUMENTS - CLASSIFICATION	As at 31 Dec. 2015	As at 31 Dec. 2014
Credits and loans	3	2
Receivables	5,663	27,672
Payables related to debt securities	0	0
Financial payables for the hedging instrument valuation	0	0
Bank loans	-5,677	-10
Cash and cash equivalents	7,183	9,509

Fair value of all financial instruments does not differ significantly from their balance-sheet value as at the balance sheet date.

Risks the financial instruments are exposed to. Way to protect from the

Loan risk, cash flow risk

The Company does not have any trade receivables insurance. The protection against the risk related to the lost value of those financial instruments takes the form of cooperation with vendors having stable financial situation and its ongoing monitoring. In the financial period, there was no significant decrease in payable value. There are no significant delays in paying the Company's receivables.

FX risk

The payables and receivables resulting from current operations were created mostly in foreign currencies which is a functional and presentation currency. The Issuer uses the payables in the non-functional currencies to control the FX risk related to currency receivables.

Moreover, the value of the outstanding financial surplus in specific currencies is secured with forward contracts within hedge accounting.

Forward contracts (for currency sale) are hedging item vis-a-vis the hedged item, being the surplus in major currencies, in which the revenues are earned (USD, EUR, GBP), expected by the Issuer. This surplus shall take place in the settlement period for particular forward contracts. The Issuer valuates the hedging items, except for the interest rate, as at the balance sheet date. The forward transactions are valuated by comparing spot FX rates for the hedged currency. The interest rate was included in the costs for the period. The efficient hedging part was included in the revaluation reserve.

In 2015, the Company executed forward contracts for buying USD which were executed as at the balance sheet date as specified below:

transaction date	USD amount	buying FX rate	PLN amount	Settlement date
30 June 2015	437,380	3.7689	1,648,441	30 July 2015
30 June 2015	158,730	3.7722	598,761	31 August 2015
30 June 2015	128,700	3.7766	486,048	30 September 2015
30 June 2015	128,700	3.7818	486,718	30 October 2015
total:	**853,510**		**3,219,969**	

Sensitivity analysis

Financial instruments - sensitivity	As at 31 Dec. 2015	sensitivity*
Receivables	5,663	430
Liabilities	-4,586	-371
Cash	7,183	582
Total	**7,900**	**640**

* impact on the net result and equity with the FX rate changing +/- 10%

Interest rate risk

The interest rate value was conditional on the interbank rates LIBOR and WIBOR, and consequently on the interest rate risk of the whole economic systems.

The Company does not have any instruments to control this risk type.

As at the balance sheet date, the Company has fixed-interest bonds. Consequently, the Company is not exposed to significant risk related to interest rate changes.

Price risk

The Company secures itself against the possible decrease in financial interest value and the risk of reduced cash flows related thereto, by selling in many countries and economic systems. This offers protection against fluctuations on a single market. The Group introduces new, improved products and new consoles into its offer, expanding the offer and strengthening its competitive advantage. Careful selection of distributors and evaluation of their financial standing also offer greater reduction of price risk.

Risk of new game titles

The Company's operations are focused on computer game production. Computer game production requires significant outlays for R&D works and for marketing which reduces the abilities to diversify risk and distribute it among different products (titles). Consequently, the risk is focused on relatively few game titles which are awaiting marketing. Such risk accumulation means that any failure in game selling, the Company is exposed to significant decrease in profits on sales, net results and liquidity issues.

Note 41 Events after the balance sheet date

On 10 February 2016, CI Games S.A. executed an appendix to the open-end current loan with Powszechna Kasa Oszczędności Bank Polski S.A. resulting in increasing the limit of the awarded loan by PLN 10 million. Executing the appendix, the Company has a loan limit amounting to PLN 25 million in the Bank.

Marek Tymiński
President of the Management Board

Adam Pieniacki
Member of the Management Board

Monika Rumianek
Management Board Member

Łukasz Misiurski
Management Board Member

Warsaw, 26 February 2016