



Annual Report for the year

2015

SPOLANA a.s.

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I. BASIC DATA ON THE COMPANY

Corporate name	SPOLANA a.s.
Registered office	ul. Práce 657, Neratovice, postal code 277 11
Legal form	joint stock company
Identification no.	451 47 787
Tax identification no.	CZ45147787
Commercial Court	Metropolitan Court in Prague
File no.	part B, entry 1462
Date of entry	1 May 1992
Web sites of the Company	http://www.spolana.cz
E-mail	spolana@spolana.cz
Telephone no.	315 66 1111
Fax	315 68 2821

I. 1 SUBJECT OF ACTIVITY:

- manufacture of chemical products in an industrial manner
- training courses and learning including specialized courses
- electric power production
- lease of industrial products
- electric power distribution
- heat energy production
- business activities in the hazardous waste disposal
- project activity in the building industry
- heat energy distribution
- production and import of chemical matters and chemical preparations classified as explosive, oxidizing, extremely inflammable, highly inflammable, highly toxic; toxic, carcinogenic, mutagenic, toxic for the reproduction, hazardous to the environment and the sale of chemical matters and chemical preparations classified as highly toxic and toxic
- sewage purification
- implementation of structures, their changes and removals
- providing technical services
- operating fuel stations with fuels and oils
- technical and organizational activity in the field of fire protection
- repairs of air and oxygen respirators
- trading in electric power
- trading in gas
- gas distribution
- providing electronic communication services

I. 2 SHAREHOLDERS OF THE COMPANY AT 31 DECEMBER 2015

ID	Corporate name	Address	Number of shares in the nominal value of CZK 116	Number of shares in the nominal value of CZK 11,600	Share in voting rights (%)
910128477	ANWIL SPÓŁKA AKCYJNA	Toruńska 222, 87-805 Włocławek Poland	29,636,460	1,500	100.0

Since November 2006, the Company is part of the capital group ANWIL in which the controlling entity is ANWIL SPÓŁKA AKCYJNA, registered office Toruńska 222, 87-805 Włocławek, Poland ("ANWIL S.A."). The ANWIL capital group is part of PKN ORLEN capital group in which the controlling entity is Polski Koncern Naftowy ORLEN Spółka Akcyjna, registered office Chemików 7, 09-411 Płock, Poland ("PKN ORLEN S.A.").

I. 3 BOARD OF DIRECTORS

At 31 December 2015, the Board of Directors was formed by:

Chairman	Karel Pavlíček
Vice-chairman	Michał Krzysztof Kaliciak
Member	Marek Kuchta
Member	Mirosław Bas

Changes in the Board of Directors made in 2015

On 26 January 2015, Mr. Artur Sławomir Jabłoński resigned from his office of the member of the Board of Directors and asked for the termination of the discharge of his office at 31 January 2015. On 29 January 2015, the sole shareholder issued its decision within the powers of the general meeting by which it decided on the termination of the office of the member of the Company's Board of Directors, Mr. Artur Sławomir Jabłoński, at 31 January 2015.

On 12 February 2015, the sole shareholder issued its decision within the powers of the general meeting based on which Mr. Michał Krzysztof Kaliciak was appointed as a new member of the Board of Directors at 13 February 2015.

On 13 April 2015, Jarosław Ptaszyński resigned from the office of the member of the Board of Directors and asked for the termination of the discharge of his office at 15 April 2015. On 15 April 2015, the sole shareholder issued a decision within the powers of the general meeting by which it decided on the termination of the office of the member of the Company's Board of Directors, Mr. Jarosław Ptaszyński, at 15 April 2015.

On 5 May 2015, the sole shareholder issued its decision within the powers of the general meeting based on which Mr. Mirosław Bas was appointed as a member of the Board of Directors with effect from 5 May 2015.

On 8 July 2015, members of the Board of Directors elected Mr. Michał Krzysztof Kaliciak a new vice-chairman of the Board of Directors at their regular session.

I. 4 SUPERVISORY BOARD

At 31 December 2015, the Supervisory Board was formed by:

Chairman	Rafał Maciej Trzebiński
Vice-chairman	Jacek Tomasz Podgórski
Member	Rafał Dariusz Tarka
Member	Waldemar Antoni Gabruś
Member	Mirosław Józef Kwiatkowski

Changes in the composition of the Supervisory Board made in 2015:

On 17 February 2015, Mr. Arkadiusz Banaszek resigned from his office of the member of the Supervisory Board and asked for the termination of the discharge of his office at 17 February 2015. The sole shareholder complied with the request and on 17 February 2015 it issued a decision within the powers of the general meeting by which it decided on the termination of the office of the Supervisory Board member,, Mr. Arkadiusz Banaszek, at 17 February 2015.

On 17 February 2015, the sole shareholder issued its decision within the powers of the general meeting by which Mr. Jacek Tomasz Podgórski was appointed as a new member of the Supervisory Board at 18 February 2015.

On 29 April 2015, the members of the Supervisory Board elected Mr. Jacek Tomasz Podgórski a new vice-chairman of the Supervisory Board at their regular session.

SPOLANA a.s. has no organizational unit abroad.

II. DESCRIPTION AND PRINCIPAL ACTIVITIES OF THE COMPANY

SPOLANA a.s. ("Spolana" or the "Company") ranks to the significant chemical companies of the Czech industry. It was established on 1 May 1992 by the transformation of the state enterprise with registered capital of CZK 4,329 billion. The Company has its registered office in Neratovice, 25 kilometres north of Prague on the Elbe River. Its premises occupy an area of 260 hectares. From the end of 2001 to November 2006, Spolana was part of the holding group UNIPETROL which has become part of the Polish concern PKN ORLEN since May 2005. In November 2006, UNIPETROL sold its share in Spolana to the company ZAKŁADY AZOTOWE ANWIL SA (today ANWIL SPÓŁKA AKCYJNA) which is also part of the concern PKN ORLEN.

Spolana operates two production units – PVC and Caprolactam. In addition to those main production units, the Company also operates a power and heating plant and water management and leases unused buildings. The Company exports about 80 percent of its production especially to European countries. The Company strives to apply its products to a maximum possible extent and with the lowest possible logistic costs on markets of the European Union countries.

The PVC plant produces in particular ethylene-based products (PVC) and sodium hydroxide. Secondary products include chlorine, hydrochloride acid and sodium hypochlorite.

PVC (sold under the brand name Neralit) is manufactured in various modifications and it is intended for both soft and hard plastic-based mixtures made by the process of injection, extrusion or blow moulding. It is suitable for the manufacture of window profiles, water and sewer pipes, moulded products (such as cups and bottles), cables, films, flooring and other products.

Sodium hydroxide is produced together with chlorine during the electrolysis of sodium chloride solution. While most of the chlorine produced is used for the production of PVC, Spolana also sells sodium hydroxide on a free market. It is an inorganic compound used in the production of many inorganic and organic chemicals, paper and cellulose, synthetic fibres, soaps, in food industry, etc. Profitability of the sale of sodium hydroxide is strongly influenced by costs of transport. Therefore, it is sold in particular in the Czech Republic, Austria, Slovakia and neighbouring regions of Germany.

The Caprolactam plant produces in particular caprolactam and ammonium sulphate, secondary products include sulphuric acid and oleum.

Caprolactam is a basic material for the production of synthetic fibre Polyamid 6 (PA6) which is further used in the textile or plastics industry. Polyamide fibres are widely used in the manufacture of textiles, carpets and carcass fabrics for tyres. Due to their elasticity they can be applied especially in sports clothing and the production of other sports equipment – for example for water and winter sports or mountaineering and climbing. The use of PA6 has also been recently dynamically developed for construction purposes and it is also used in the automobile industry.

Due to the low air permeability, PA6 is also used in the form of a foil for packing food. Caprolactam presents a minimum danger for the environment as it is easily biodegradable.

Ammonium sulphate (sold under the brand name Spolsan) is a commercial fertilizer and it is a by-product of the caprolactam production. It is used in the agriculture, where it is directly applied, or for the preparation of mixed fertilizers. Recently, due to the increased growing of oilseed rape used for the biodiesel production, demand after Spolsan has been growing because this fertilizer containing sulphur is very suitable for rapeseed.

SPOLANA a.s. is fully aware that its business activities influence the environment and therefore it has built and is improving:

- quality management system under the requirements of EN ISO 9001:2008,
- environmental management system in compliance with the requirements of EN ISO 14001:2004
- occupational health and safety management systems in compliance with the requirements of ČSN OHSAS 18001:2008.

The picture of SPOLANA a.s. as a reliable, responsible and stable company is enhanced by the implementation of the "Responsible Care" programme

The Company's management expects all its employees will accept the principle that the fulfilment of all obligations in the area of environmental protection and occupational health and safety operation constitutes one of the most important essential tasks of each employee of the Company.

III. REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS ACTIVITY AND ITS FINANCIAL POSITION FOR 2015

III. 1 OWNERSHIP STRUCTURE

During 2015, there were no changes in the Company's ownership structure. Since 3 January 2009 (i.e. after the transfer of proprietary rights after the squeeze-out of minority shareholders), ANWIL SPÓŁKA AKCYJNA, registered office 87-805 Włocławek, ul. Toruńska 222, Poland has become the sole shareholder of SPOLANA a.s.

III. 2 MAIN EVENTS OF 2015

In August 2015, an accident happened in the ethylene unit in UNIPETROL RPA, s.r.o. in Litvínov. The accident resulted in the interruption of supplies of ethylene which is the main raw material for the PVC production and the Company had to suspend the production of both PVC and sodium hydroxide. UNIPETROL RPA, s.r.o. and Spolana, a.s. try to ensure substitute supplies of ethylene and other raw materials from which PVC can be manufactured, nevertheless the market situation and a limited capacity of means of transport do not allow to fully compensate the production breakdown in Litvínov. Therefore, the Company renewed the PVC production to a limited extent only in November 2015. A higher price for substitute supplies (especially due to high transport cost) results in a decrease of the achieved margin.

In November 2015, the Company received an insurance benefit for the interruption of the operation caused by the failure in ethylene supplies in the amount of CZK 37,951 thousand. Although the damage suffered by the breakdown of ethylene supplies was significantly higher, the Company will not receive any other insurance benefit as it has been limited by that amount in the insurance contract.

In December 2015, the liquidation of the insured event Floods 2013 was closed and the Company received an additional insurance benefit both for property damage and for the service interruption. In 2015, the Company received CZK 39,957 thousand for property damage and CZK 30,296 thousand for damage arising from the service interruption as an additional insurance benefit.

In 2015, ANWIL S.A., the sole shareholder of the Company, increased Spolana's registered capital by CZK 1,400,000,000 thousand by the subscription of new shares. The Company used such acquired financial means for the payment of loans from commercial banks and for a decrease in an obligation in the cash-pool.

III. 3 MARKET DEVELOPMENT

The economic revival and a decrease in oil prices in 2015 significantly influenced demand after the Company's principal products. After unfavourable results of January and February, since March 2015 the Company has again achieved a

significant growth in margins and at the end of July it reported a positive economic result at the level of about CZK 100,000 thousand. A favourable development was unfortunately interrupted by an accident in the ethylene unit in UNIPETROL RPA in Litvínov. Therefore, the entire year 2015 ended in a loss again.

S-PVC

At the beginning of 2015, as usual demand after S-PVC was lower due to the slower starting of production capacities after Christmas holidays and at the same time due to the expected decrease in prices in February 2015. Since March, the market situation has again significantly improved and achieved margins have been growing, which had also an impact on the entire Company's economic results.

However, an extraordinary event in the ethylene unit of UNIPETROL RPA in Litvínov on 13 August 2015 resulted in the interruption of ethylene supplies and the Company had to suspend the PVC production.

During the enforced production interruption, goods were distributed from stocks. With regard to a limited availability of ethylene on the market and complicated transport, the Company managed to ensure substitute ethylene supplies only in a limited amount and a substitute raw material, VCM, was also purchased in a limited amount. Such substitute supplies allowed to renew the PVC production to a limited extent only in November.

CAPROLACTAM

In 2015, Spolana sold by 3.5% of caprolactam more compared with 2014.

Unfavourable trends in Europe in 2014 influenced the caprolactam market also in 2015. Total demand after caprolactam was very low during 2015 especially due to the economic stagnation in China, which resulted in the local market saturation and the subsequent related limitation of exports of caprolactam to the entire region. The occurred excess supply of caprolactam in Europe subsequently pressed for its price drop. Another key factor influencing a decline in caprolactam prices can be seen in the declining price of oil and benzene, the average price of which fell by 36.7% compared with the average for 2014.

SODIUM HYDROXIDE

In 2015, the sale of sodium hydroxide did not achieve the planned level due to the stoppage of the sodium hydroxide production in Spolana from mid-August to November 2015, which was caused by the interruption of ethylene supplies from UNIPETROL RPA, s.r.o. after an accident in the ethylene unit in Litvínov. The plan of sodium hydroxide sales for 2015 was therefore fulfilled only for 73%.

Prices for sodium hydroxide are to be stable in 2016, as the market is balanced and no larger changes are expected.

Last year, Spolana had also to face strong competitive pressures from other European countries. Competitive manufacturers increased their sodium hydroxide supplies especially during the second half of 2015 when Spolana had to interrupt its own production and supplies.

SPOLSAN and SPOLSAN S

The year 2015 confirmed that ammonium sulphate was sold more and better as a raw material for the production of granulated ammonium sulphate, combined fertilizers DASA and NPK with sulphur. SPOLSAN is disqualified for direct fertilizing for its very soft-grained crystallization which is, however, welcomed by fertilizer producers on the other hand.

In the first half of the year, the price was adequate to the 100% production and competition. In the second half, since September to be more exact, the production has been gradually limited under 70% of our capacity.

Our largest customers include Lovochemie, a.s., DUSLO a.s. and Agrofert Holding for direct fertilizing. Also in 2016 we expect higher cooperation with AGROFERT and we can reckon on also IKR AGRÁR Kft of Hungary.

In 2015, Spolana sold 44% of SPOLSAN and SPOLSAN S. Export was mostly influenced by purchases by DUSLO a.s. (up the doubled increase in the production of DASA fertilizer).

In 2016, we expect high pressures from customers on a price decrease.

SULPHURIC ACID and OLEUM

In 2015, the sale of sulphuric acid doubled compared with the financial plan due to an accident in PRECHEZ Přerov in December 2014 and the subsequent stoppage of the production until November 2015 and also due to higher prices for sulphuric acid. In 2015, demand and prices on our market were higher than planned. A sales volume was influenced by the available capacity of railway tankers.

Oleum sales increased as the spot client has become a regular customer. Similarly as in case of sulphuric acid, a sales volume of oleum was limited by the available capacity of railway tankers.

In 2015, Spolana sold 73% of sulphuric acid and oleum in the Czech Republic and exported about 20,340 tons to neighbouring countries.

III. 4 INVESTMENT PROJECTS

In 2015, the Company's investment activities focussed in particular on following fields:

1) Replacement investment – ensuring the operating ability of production facilities

An increase in production reliability, replacement of facilities beyond their lifespan and a reduction in maintenance expenses (renewal of the brine cleaner TK 502 F in the electrolysis plant, renewal of the placing of a reactor-clarifier for the demineralised water production, the renewal of the oxides of nitrogen cooler in the HAS plant, the renewal of a suspension degasser in the PVC plant, the renewal of a liquid-ring vacuum pump in the PVC plant, the replacement of a boiler in the VCM plant, the renewal of a waste gas separator in the VCM plant, the renewal of pumps in KL and PVC plants, the renewal of lifts in KL and PVC plants, the renewal and migration of information systems of production processes).

2) Investment in ecology

Ensuring the compliance with legal provisions, minimizing any potential adverse influences of the Company's activity on the surroundings (the installation of oxygen measurement in activations of water treatment plants, the renewal of an analyzer for measuring NO_x in the HAS plant, the renewal of the noise damper on the ventilator in the HAS plant, the improvement of an emergency pit under gas oil storage tanks in the KS plant, the renewal of a degas washer in the VCM enterprise).

3) Investment in safety

Ensuring safety of operating production facilities (exchange of disconnecters and hanging insulators in the R00 switching station, ensuring security when moving on ladders, installation of security fittings in the ammonia warehouse, refurbishment of a staircase in the cooling station in the KS plant, stabilization of steel structures of SA production lines)

4) Investment in development

Implementation of investment with economic return (replacement of electric actuators in PVC air-jet driers, an increase in the transportation performance of the SA screw conveyor behind clarifiers, replacement of the over-dimensioned condensate pump from steam converters).

5) Investment in the removal of damage suffered during the flood in 2013

In 2015, the Check-tank switching station in the VCM plant was relocated under the project documentation worked out in 2014.

III. 5 MANAGEMENT SYSTEMS

In the period from 12 to 16 October 2015, the certification company, TÜV Rheinland Česká republika s.r.o. carried out a certification audit of the QMS and the EMS under the standards EN ISO:9001 2008, EN ISO 14001:2004 and newly a certification audit of the SMS under the standard ČSN OHSAS 18001:2008 in Spolana a.s. The audit resulted in the granting of the certificate for another three years for the QMS and EMS and the issue of a new certificate for the SMS.

In 2015, 21 internal audits (19 of which were planned) were performed and two customer audits were carried out by customers.

III. 6 PROFIT (LOSS)

In 2015, the Company's revenue achieved CZK 5,077,231 thousand, which is 86.6% of the level of 2014. The Company's revenue and profit (loss) for 2015 were adversely influenced by the interruption of production in the PVC plant due to the fire in the ethylene unit in UNIPETROL RPA in August 2015 and the subsequent stoppage of ethylene supplies. The Company's profit (loss) for the first 7 months of 2015 was positive and amounted to CZK 110,166 thousand. However, due to the stoppage of ethylene supplies, the entire year 2015 ended in a loss of CZK -114,924 thousand.

In December 2015, the sole shareholder increased the Company's registered capital by CZK 1,400,000 thousand, which resulted in the Company's positive equity in the amount of CZK 21,971 thousand at 31 December 2015. Financial means acquired from a contribution to equity were used for the payment of loans from commercial banks, which significantly reduced the Company's indebtedness and decreased interest expense.

Neratovice, 22 April 2016



Karel Pavlíček

Chairman of the Board of Directors



Michał Krzysztof Kaliciak

Vice-chairman of the Board

IV. OTHER INFORMATION

IV. 1 ORGANIZATIONAL CHANGES IN 2015

At 1 January 2015, the brine management was again included back to Spolana a.s. (to the Electrolysis plant of the PVC production unit) from ORLEN Serwis S.A.

At 1 July 2015, the Financial Analysis and Reporting department was cancelled and the Business Controlling department and the Budgeting & Reporting department were newly established.

At 30 September 2015, the Administrative Support department was cancelled.

IV. 3 EMPLOYMENT POLICY

Remuneration system and personnel policy

In 2015, a basic wage continued to play a decisive role in the Company's remuneration system. The basic wage is a subject-matter of the contractual relationship between the employer and the employee. It follows the HAY wage system according to which a scale of 16 degrees, i.e. the so-called reference levels,, is determined for a decisive range of jobs.

In addition to the basic wage, the Company's employees are also provided with

- Extra pays,
- Monthly remuneration and bonuses within the motivation system,
- Quarterly bonuses based on the evaluation of ORLEN's corporate values,
- Remuneration for a working anniversary of 25 and 35 years of uninterrupted employment in the Company,
- Remuneration on the occasion of retirement under the Collective Agreement,
- Extraordinary bonuses.

The Company's personnel policy is closely connected with the remuneration policy. The principal objectives of the personnel policy are:

- to ensure qualified employees (substitutes for retired employees and common fluctuation),
- to stabilize existing employees,
- to permanently train employees.

Learning policy, the most important training courses held in 2015

The principal objective of training is to keep employees' professional competence for the performance of work as required by the legislation. Another task includes the deepening of employees' knowledge and support for their continual learning. Corporate learning is a significant factor for the stabilization of employees.

In the first half of 2014, an application for a grant from the EU fund was submitted within the project "Let us extend our knowledge for the growth in the Central Bohemian Region". In August, the project was approved in the total amount of CZK 1,155,712.

In September 2014, training courses were launched. Individual training modules focus on the development of masters in the area of effective management, decision-making, communication and managing conflicts.

In March 2015, training courses, in which total 23 employees took part, were ended.

The corporate training system was significantly changed in an effort to focus on abilities, skills and competences of human resources so that the understanding is strengthened of the Company's needs as a whole, the Company's business strategy in relation to the policy of growth and differentiation in learning employees is achieved.

In order to cover needs for employees' training, the Company used resources, especially ESF, and also funds earmarked for members of the Chemical Industry Union.

Changes in the remuneration, personnel and training policy

In 2015, the Company's remuneration policy especially focussed on:

- maintaining the Company's ability to compete on the job market,
- reducing the risk of leaving capable employees to the competition due to low average earnings.

Wage growth ratio in 2015

In 2015, an average wage amounted to CZK 25,491. In comparison with the last year, the average earning was almost at the same level. With regard to the Company's economic situation, neither basic wages nor floating wage components were amended.

Changes in the Collective Agreement in 2015

The Collective Agreement for the years 2015 – 2017 was signed on 22 January 2015. It has been agreed that the Company will renew the payment of supplementary pension insurance contributions and a system of remuneration for job anniversaries of 25 and 35 years of uninterrupted employment with the Company. Spolana established a system of monthly bonuses based on the fulfilment of the Company's operating plan, the TRR (the personal accident rate) as well as an attendance bonus. The Company also implemented a quarterly evaluation taking individual employees' contributions to the Company under ORLEN's corporate values into consideration.

On 31 August 2015, the Company's Board of Directors terminated the Collective Agreement with a six (6)-month notice period.

Numbers and structure of people by education

Numbers of employees in the Company in the period of 2002-2015 by education (at 31 December of the year concerned)

Year	Elementary (E)	Trained (T)	School-leaving exam (S)	University (U)
2002	164	581	541	144
2003	104	472	448	123
2004	86	444	419	126
2005	82	424	396	117
2006	73	419	392	110
2007	69	408	378	106
2008	65	400	352	101
2009	61	365	317	87
2010	54	330	318	79
2011	53	316	298	73
2012	49	307	291	73
2013	47	311	294	70
2014	56	309	269	64
2015	54	298	267	68

It is evident from the numerical series that the Company has been successful in reducing the number of employees having only elementary education. A long-term problem and risk consists in The ensuring of employees educated in chemistry is a long-term problem for the Company which has also solve the risk of loss of experience with operated facilities after the retirement of long-standing experienced employees.

Changes in the number of employees for the given years are given by transfers to created subsidiaries or by transfers of activities together with employees to external companies. The other half of savings is formed by rationalization measures connected with the cancellation of jobs in individual departments of the enterprise or even of entire departments.

The Company ended the year 2015 with 692 employees, of which 445 were workers and 242 were technicians.

Number of trade union organizations' members in the Company

In Spolana, there are 2 trade union organizations belonging to the energy and chemistry trade union, i.e. the basic organization of the energy and chemistry trade union Spolana a.s. Neratovice and the basic organization of energy and chemistry trade union ZAPRAZAM. Trade union organizations report that about 23% of the total number of the Company's employees is organized in trade unions.

Other factors with an influence on the HR

In 2015, the Company reported a lower interest in employment in Spolana, which was adversely influenced by the job market structure and the fact that the Company cannot compete by its wage policy on the job market.

IV. 4 SAFETY AT WORK

As well as in previous years, one of Spolana's priorities is the permanent enhancement of safety at work and health protection of employees.

In 2015, one accident at work was registered in the Company resulting in the temporary incapacity to work exceeding three days. The frequency of registered accidents was reduced by more than a half compared with the previous year. The number of injuries without any subsequent incapacity to work decreased by 11 cases (total 2 cases were registered, of which one concerned a woman). The number of calendar days of incapacity to work due to an accident at work decreased to 11 days, which resulted in a significant decrease in the gravity ratio.

Statistic ratio values	2011	2012	2013	2014	2015
Frequency of accidents at work	0.53	0.41	0.42	0.44	0.14
TRR – frequency of accidents at work	3.2	2.4	2.5	2.7	0.889

Note.: Frequency – the number of accidents at work falling to 100 employees

TRR - frequency of accidents at work: number of accidents x 10 / number of hours worked

In the period from 12 to 16 October 2015, the certification company, TÜV Rheinland Česká republika s.r.o. carried out a certification audit of the SMS under the standard ČSN OHSAS 18001:2008 in Spolana a.s. The audit resulted in the granting of the certificate for the SMS.

In 2015, total 928 laboratory measurements were made of the concentration of chemical pollutants in the working environment, of which 817 were carried out based on the plan of measurement and 111 were operational measurements. In addition, 222 whole-shift personal samplings were made.

As for the planned measurements, 86.66% of values complied with the hygienic standard, 109 values exceeded the PEL limit (12.97%) and 3 values exceeded the NPK-P limit (0.37%).

IV. 5 ENVIRONMENTAL PROTECTION

In 2012, a new Act on ambient air protection including implementation regulations was issued. The new act stipulates a change that tightens emission limits of solid matters, SO₂ and NO_x for energy boilers as from 1 July 2020. From 1 June 2016 to 30 June 2020, emissions will be gradually regulated through a temporary national emission reduction plan. This fact will have a principal impact on the energy conception of Spolana and ash sludge beds.

Regardless of the future development, other capacity for the ash floating must be prepared as from 1 January 2017. At present, the project is ready for implementation so that the ash floating capacity is sufficient for the next two years.

According to the Act on integrated prevention, the operator is obliged to observe the terms and conditions within 4 years after the issue of respective conclusions on the best available techniques ("BAT"). A review of BAT is currently under preparation for waste water treatment plants and combustion facilities. A BAT review for waste water treatment plants should be issued in May 2016, which means for Spolana to introduce nitrification and denitrification technology for the waste water treatment system until May 2020 or cover the waste water treatment plant with the subsequent elimination of exit gases (it is not exactly defined, yet). Within the prepared BAT review for combustion facilities to be issued in 2017, stricter emission limits beyond the terms of the Industrial Emissions Directive are under preparation. Therefore, they will have to be considered in the prepared study.

Within the national legislation, a new water act is under preparation which intends to apply a principal increase in charges for waste water discharge.

The amalgam electrolysis plant is to be closed at 30 June 2017 according to binding terms and conditions of the integrated permit. Another binding condition of the integrated permit is to submit a project of the closing of the amalgam electrolysis plant by the end of 2016 to the Regional Office of the Central Bohemian Region including the removal of unused buildings, waste facilities and putting the locality into a satisfactory state. At present, a team was formed in Spolana to coordinate activities for working out the project.

Until 31 March 2017, Spolana is to launch a trial run of the PVC production from alternative raw materials (EDC). In 2015, a building permit was issued and at present the implementation project is being worked out.

In August 2014, the Company filed an application to the European Chemical Agency for the permission to use trichloroethylene during the production of caprolactam. The application was submitted based on the REACH regulation, appendix no. XIV. At present, proceedings are held concerning the application.

Integrated permit – changes in 2015.

PVC plant

On 26 August 2015, the Regional Office of the Central Bohemian Region issued the 8th change in the integrated permit consisting in an increase in capacity for storing packed PVC.

On 16 November 2015, the Regional Office of the Central Bohemian Region issued the 9th change in the integrated permit consisting in the determination of conditions during the temporary stoppage of the production.

Caprolactam, Sulphuric Acid, and the Waste Water Treatment Plant

On 2 April 2015, the Regional Office of the Central Bohemian Region issued the 17th change in the integrated permit consisting in the determination of conditions for the temporary stoppage of the production.

Production of chlorine and caustic soda by amalgam electrolysis

On 27 April 2015, the Regional Office of the Central Bohemian Region issued the 6th change in the integrated permit consisting in the cancellation of the hazardous waste treatment facility, i.e. the warehouse and waste treatment plant and stipulating conditions during the temporary stoppage of the production.

Other factors and events

In 2014, a study of feasibility of Anti-flood Measures concerning Libiš, Neratovice and Spolana was worked out. In 2015, it was opposed and a tender was launched for the EIA contractor and the working out of a mathematical model of influencing the underground water flow.

Older ecological burdens:

In October 2015, the final control day of the remediation of the Old amalgam electrolysis plant and the locality was provided to Spolana. The remediation was finished.

As for underground water remediation, the long-term monitoring of underground waters has been made under the contract entered into in 2008.

In March 2015, a study of feasibility of underground water remediation in the Old plant was approved. Spolana delivered the documentation on the remediation of underground water contaminated by chlorinated hydrocarbons in the area of Petrochemistry to the Czech Ministry of Finance. The order will be announced in 2016.

IV. 6 RESEARCH AND DEVELOPMENT

In the area of research and development the Company focuses in particular on rationalization measures taken to reduce costs for raw materials and energy or to decrease an impact of production activities on the environment. In 2015, the Company implemented or prepared the following rationalization investments:

- Documentation was worked out for the refurbishment of a brimstone furnace in the HAS production plant with the concentration of SO₂ of up 18% instead of 16% in order to increase the production of heat.

- The air dosing was optimized to activations of the biological line of the waste water treatment plant under the consumption of oxygen for biochemical reactions.
- A corporate conception of the energy greening to 2019 was worked out.

IV. 7 EXPECTED DEVELOPMENT OF THE COMPANY'S ACTIVITY

According to the valid integrated permit, the Company can operate the existing amalgam electrolysis plant until June 2017. In December 2013, the Company applied for a change in the integrated permit for the PVC production so that it could produce PVC from the purchased EDC after the closing of the amalgam electrolysis plant. The Regional Office of the Central Bohemian Region issued that change on 9 July 2014. With regard to the market revival of main products, the Company also considers other possible variants of the development including the building of a membrane electrolysis plant. As for the production of caprolactam and ammonium sulphate, the Company does not expect any significant changes except for partial modernization and intensification.

IV. 8 SIGNIFICANT SUBSEQUENT EVENTS

Until the date of compilation of the financial statements, no changes in the Company's bodies were entered in the Commercial Register.

In January 2016, the Company signed a loan agreement for an unbinding credit line up to CZK 200,000 thousand with UNIPETROL, a.s. The credit line is secured by a mortgage created to the Company's land situated outside production unit of enterprises for PVC, Caprolactam and EVH. At the date of compilation of the financial statements, the loan was not drawn.

In February 2016, an appendix to the loan agreement entered into with ING Bank N.V. was signed. The appendix extended the term of the agreement by one year, i.e. the credit line maturity is extended to 1 March 2017. After the payment of bank loans, the credit line will cover only the bank guarantee for supplies of cyclohexanone (CZK 50,000 thousand) and a customs guarantee (CZK 500 thousand). The credit limit amount was reduced to CZK 50,500 thousand.

Within the renewal and restructuring of guarantees, the Company created a pledge right to stocks of selected raw materials, semi-finished products and products up to the total amount of CZK 160,000 thousand in favour of the parent company, ANWIL S.A. The pledge covers guarantees issued by the parent company for the Company (a guarantee of the natural gas supplies, a guarantee for ING Bank for a credit line).

Neratovice, 22 April 2016



Karel Pavlíček

Chairman of the Board of Directors



Michał Krzysztof Kaliciak

Vice-chairman of the Board

V. REPORT ON RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY FOR 2015

according to Section 82 of Act No. 90/2012 Coll., the Business Corporation Act as amended (the "Act").

A decisive period for this Report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity (the "Report on relations") is the accounting period from 1 January 2015 to 31 December 2015.

Structure of relations between the entities

Controlled entity

SPOLANA a.s., registered office Neratovice, ul. Práce 657, postal code 277 11, ID: 451 47 787, incorporated in the Commercial Register maintained by the Metropolitan Court in Prague, Part B, entry 1462 ("SPOLANA a.s.").

Controlling entities

ANWIL SPÓŁKA AKCYJNA, registered office Toruńska 222, 87-805 Włocławek, Poland ("ANWIL S.A.").

Polski Koncern Naftowy ORLEN Spółka Akcyjna, registered office Chemików 7, Płock, Poland ("PKN ORLEN S.A."), that is a majority owner of ANWIL S.A.

Other controlled entities

Companies controlled by the controlling entity - PKN ORLEN S.A., which are part of the business group PKN ORLEN, whose organizational structure is given in Appendix 1.

The business group PKN ORLEN is also formed by companies controlled by the controlling entity – UNIPETROL, a.s., forming the business group UNIPETROL, the structure of which is given in Appendix 2.

Role of the controlled entity

The role of SPOLANA a.s. within the business group is the production and sale of chemical products and plastics, production, distribution and supplies of energy, in particular heat, electricity and gas.

Way and means of control

ANWIL S.A. is the only partner of SPOLANA a.s. and applies directly its controlling influence in the Company.

PKN ORLEN S.A. is a majority partner of ANWIL S.A. and applies indirectly its controlling influence in the Company through ANWIL S.A.

An overview of acts made in the last accounting period at the suggestion or in the interest of the controlling entity or entities controlled by it, provided that such act concerned assets exceeding 10% of the controlled entity's equity specified under the last financial statements.

In the decisive period, no acts were made under Section 82 (2) (d) of the Business Corporation Act

Overview of mutual contracts between the controlled entity and the controlling entity or between controlled entities

Mutual contractual relations between SPOLANA a.s., ANWIL S.A., PKN ORLEN S.A. and other controlled entities were made under common contractual terms and conditions and agreed and provided performance or consideration corresponded to the conditions of common business relations.

An overview of mutual contracts with more details is given in Appendix 3.

Conclusion

According to the information available to the statutory body of SPOLANA a.s. it can be stated that the above mentioned companies within the business group have not entered into a contract, have not made any other act or have not taken any measure that would result in detriment, special advantage or disadvantage for SPOLANA a.s. under Section 82 (4) of the Business Corporation Act. In addition to risks usual for the participation in an international business group, no risks arise for SPOLANA a.s. from relations with the companies within the above mentioned business group.

The Company's statutory body has worked out the Report on Relations with due diligence based on information available to it at the date of working out this Report.

An integral part of the submitted Report on Relations is formed by its Appendixs no. 1, 2 and 3.

Neratovice, 31 March 2016

For the statutory body of SPOLANA a.s.



Karel Pavlíček
Chairman of the Board of Directors



Michał Krzysztof Kaliciak
Vice-chairman of the Board

Appendix no. 1

PKN ORLEN S.A. BUSINESS GROUP – controlled companies
1 January 2015 – 31 December 2015

Company controlled by PKN ORLEN S.A.	Residence	Shares in directly and indirectly controlled company		Note
		as at 1.1.2015	as at 31.12.2015	
1. Unipetrol a.s.	Praha	62,99%	62,99%	
2. AB ORLEN Lietuva	Juodeikiai	100,00%	100,00%	
2.1 UAB Mazeikiu Nafta Trading House	Vilnius	100,00%	100,00%	
2.1.1 SIA ORLEN Latvija	Riga, Latvia	100,00%	100,00%	
2.1.2 ORLEN Eesti OU	Tallin, Estonia	100,00%	100,00%	
2.2 UAB Mazeikiu Nafta Paslaugos Tau	Juodeikiai	100,00%	100,00%	
2.3 UAB EMAS	Juodeikiai	100,00%	100,00%	
3. AB Ventus Nafta	Vilnius	100,00%	100,00%	
4. Anwil S.A.	Włocławek	100,00%	100,00%	
4.1 Przedsiębiorstwo Inwestycyjno - Remontowe REMWIL Sp. z o.o.	Włocławek	100,00%	0%	PKN purchased 100% of shares on 26.1.2015 and company merged to Orlen Serwis S.A. on 20.2.2015
4.2 Pro-Lab Sp. z o.o. w likwidacji	Włocławek	99,32%	99,99%	Anwil acquired 0,67% share on 18.2.2015. Company entered into liquidation on 1.8.2015
4.3 SPOLANA a.s.	Neratovice	100,00%	100,00%	
4.4 Przedsiębiorstwo Usług Technicznych Wircom Sp. z o.o.	Włocławek	49,02%	97,38%	Anwil acquired: 48,03% stake on 20.11.2015 and 0,33% on 15.12.2015
5. Inowrocławskie Kopalnie Soli "SOLINO" S.A.	Inowrocław	100,00%	100,00%	
6. Kopalnia Soli Lubień sp. z o.o.	Warszawa	100,00%	100,00%	
7. ORLEN Administracja Sp. z o.o.	Płock	100,00%	100,00%	
8. ORLEN Asfalt Sp. z o.o.	Płock	100,00%	100,00%	
8.1 ORLEN Asfalt Ceska Republika s.r.o.	Pardubice	100,00%	100,00%	
9. ORLEN Automatyka Sp. z o.o.	Płock	100,00%	0%	Company merged to ORLEN Serwis S.A. on 20.2.2015
10. ORLEN Serwis S.A.	Płock	100,00%	100%	
11. ORLEN Budonaft Sp. z o.o.	Limanowa	100,00%	100%	
12. ORLEN Centrum Serwisowe Sp. z o.o.	Opole	99,33%	99,33%	
13. ORLEN Deutschland GmbH	Elmshorn	100,00%	100,00%	
14. ORLEN EKO Sp. z o.o.	Płock	100,00%	100,00%	
15. ORLEN Gaz Sp. z o.o.	Płock	100,00%	0%	Company merged to Orlen Paliwa (prev. Orlen Petrotank) on 30.10.2015
16. Orlen Holding Malta Limited	Sliema, Malta	99,50%	99,50%	The remaining share owned by Unipetrol, a.s.
16.1 Orlen Insurance Ltd.	Sliema, Malta	99,99%	99,99%	The remaining share owned by PKN ORLEN S.A.
17. ORLEN KolTrans Sp. z o.o.	Płock	99,85%	99,85%	
18. ORLEN Centrum Usług Korporacyjnych sp. z o.o.	Płock	100,00%	100,00%	
19. Orlen Laboratorium Sp. z o.o.	Płock	99,38%	99,38%	
20. ORLEN Ochrona Sp. z o.o.	Płock	100,00%	100,00%	
20.1 ORLEN Apsauga UAB	Juodeikiai	100,00%	100,00%	
21. ORLEN OIL Sp. z o.o.	Kraków	100,00%	100,00%	
21.1 Platinum Oil Sp. z o.o.	Lublin	100,00%	0%	Company merged to ORLEN Oil on 5.1.2015
21.2 ORLEN Oil Cesko s.r.o. w likwidacji	Brno	100,00%	0%	Company liquidated on 14.2.2015

22. ORLEN Paliwa Sp. z o.o.	Płock	100,00%	0%	Company merged to Orlen Paliwa (prev. Orlen Petrotank) on 30.06.2015
23. ORLEN Paliwa Sp. z o.o.	Wielka	100,00%	100%	till 30.06.2015 ORLEN PetroTank Sp. z o.o.
23.1 Petro-Mawi Sp. z o.o. w likwidacji	Sosnowiec	60,00%	60,00%	
24. ORLEN Projekt S.A.	Płock	99,77%	99,77%	
25. ORLEN Transport Kraków Sp. z o.o. w upadłości	Kraków	98,41%	98,41%	
26. ORLEN Transport S.A.	Płock	100,00%	100,00%	
27. ORLEN Upstream Sp. z o.o.	Warszawa	100,00%	100,00%	
27.1 ORLEN Upstream International B.V.	Amsterdam	100,00%	100,00%	
27.1.1 Orlen Upstream Canada Ltd	Calgary	100,00%	100,00%	Till 31.3.2015 TriOil Resources Ltd.
27.1.1.1 Kicking Horse Energy Inc.	Calgary	0,00%	100,00%	Company acquired on 1.12.2015
27.1.1.1.1 KCK Operating Company Ltd.	Calgary	0,00%	100,00%	Company acquired on 1.12.2015
27.1.1.1.2 Columbia Natural Resources Canada Ltd.	Calgary	0,00%	100,00%	Company acquired on 1.12.2015
27.1.1.1.3 Kicking Horse International Exploration Ltd.	Calgary	0,00%	100,00%	Company acquired on 1.12.2015
27.1.1.1.4 Pierdiae Production GP Ltd.	Calgary	0,00%	50,00%	Company acquired on 1.12.2015
27.1.1.1.4.1 671519 N.B. Ltd. (New Brunswick)	Saint John	0,00%	100,00%	Company acquired on 1.12.2015
27.1.1.1.5 KCK Atlantic Holdings Ltd.	Calgary	0,00%	100,00%	Company acquired on 1.12.2015
27.1.1.1.5.1 Pierdiae Production LP	Calgary	0,00%	80,00%	Company acquired on 1.12.2015
27.1.1.2 1426628 Alberta Ltd.	Calgary	100,00%	100,00%	
27.1.1.3 OneEx Operations Partnership	Calgary	100,00%	100,00%	
27.2 ORLEN International Exploration - Production Company BV	Amsterdam	100,00%	0,00%	Company liquidated on 31.10.2015
27.2.1 SIA Balin Energy in liquidation	Riga	50,00%	0,00%	Company liquidated on 2.7.2015
27.3 Kiwi Acquisition Corp.	Carson City	0,00%	100,00%	Company established on 9.10.2015
27.3.1 FX Energy Inc.	Salt Lake City	0,00%	100,00%	Company shares (67,3%) acquired on 15.12.2015. Remaining part (to 100%) acquired on 31.12.2015
27.3.1.1 FX Drilling Company, Inc.	Salt Lake City	0,00%	100,00%	Company acquired altogether with FX Energy Inc.
27.3.1.2 FX Producing Company, Inc.	Salt Lake City	0,00%	100,00%	Company acquired altogether with FX Energy Inc.
27.3.1.4 Frontier Exploration, Inc.	Salt Lake City	0,00%	100,00%	Company acquired altogether with FX Energy Inc.
27.3.1.4 FX Energy Netherlands Partnership C.V.	n/a	0,00%	100,00%	Company acquired altogether with FX Energy Inc.
27.3.1.4.1 FX Energy Netherlands B.V.	Utrecht	0,00%	100,00%	Company acquired altogether with FX Energy Inc.
27.3.1.4.1.1 FX Energy Polska Sp. z o.o.	Warszawa	0,00%	100,00%	Company acquired altogether with FX Energy Inc.
28. ORLEN Wir Sp. z o.o.	Płock	76,59%	76,59%	
29. Petrolot Sp. z o.o.	Warszawa	100,00%	100,00%	
30. Rafineria Nafty Jedlicze S.A.	Jedlicze	100,00%	0%	Company merged to Rafineria Trzebinia (Orlen Południe) on 5.1.2015
30.1 KONSORCJUM OLEJÓW PRZEPRACOWANYCH "ORGANIZACJA ODZYSKU OPAKOWAŃ I OLEJÓW" S.A.	Jedlicze	81,00%	0,00%	Shares transferred to Orlen Południe on 5.1.2015
30.2 „RAF-KOLTRANS" Sp. z o.o. w likwidacji	Jedlicze	100,00%	0,00%	Company liquidated on 3.6.2015

30.3 „RAF- SŁUŻBA RATOWNICZA” Sp. z o.o. w likwidacji	Jedlicze	100,00%	0,00%	Company liquidated on 14.12.2015
30.4 "RAN-WATT" Sp. z o.o. w likwidacji	Toruń	51,00%	0,00%	Shares transferred to Orlen Południe on 5.1.2015
31. ORLEN Południe S.A.	Trzebinia	99,46%	100,00%	Till 5.1.2015 Rafineria Trzebinia S.A.
31.1 Energomedia Sp. z o.o.	Trzebinia	100,00%	100,00%	
31.2 Euronafł Trzebinia Sp. z o.o.	Trzebinia	100,00%	100,00%	
31.3 Fabryka Parafin NaftoWax Sp. z o.o.	Trzebinia	100,00%	0%	Company merged to Rafineria Trzebinia (Orlen Południe) on 5.1.2015
31.4 EkoNaft Sp. z o.o. w likwidacji	Trzebinia	100,00%	100,00%	
31.5 Zakładowa Straż Pożarna Sp. z o.o.	Trzebinia	100,00%	0,00%	Company merged to Rafineria Trzebinia (Orlen Południe) on 5.1.2015
31.7 KONSORCJUM OLEJÓW PRZEPRACOWANYCH - ORGANIZACJA ODZYSKU OPAKOWAŃ I OLEJÓW S.A.	Jedlicze	8,00%	89,00%	Share increase through merger with Rafineria Nafty Jedlicze on 5.1.2015
31.8 RAN-WATT Sp. z o.o. w likwidacji	Toruń	0,00%	51,00%	Shares acquired on 5.1.2015 through merger with Rafineria Nafty Jedlicze
32. Ship - Service S.A.	Warszawa	60,86%	60,86%	
33. ORLEN Finance AB	Stokholm	100,00%	100,00%	
34. ORLEN Capital AB	Stokholm	100,00%	100,00%	
35. Baltic Power Sp. z o.o.	Warszawa	100,00%	100,00%	
36. Baltic Spark Sp. z o.o.	Warszawa	100,00%	0,00%	Company merged to Baltic Power on 19.3.2015
37. Basell Orlen Polyolefins Sp. z o.o.	Płock	50,00%	50,00%	
37.1 Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	Płock	100,00%	100,00%	
38. Płocki Park Przemysłowo-Technologiczny S.A.	Płock	50,00%	50,00%	
38.1 Centrum Edukacji Sp. z o.o.	Płock	69,43%	69,43%	

Appendix no. 2

CAPITAL GROUP OF UNIPETROL, a.s. - CONTROLLED COMPANIES
1 January 2015 – 31 December 2015

Companies controlled by UNIPETROL, a.s. Companies with direct share of UNIPETROL, a.s. Companies with indirect share of UNIPETROL, a.s.	Residence	Shares in directly and indirectly controlled companies		Note
		Share in % of the capital		
		1.1.	31.12.	
1. UNIPETROL RPA, s.r.o., IČ 275 97 075	Litvínov, Záluží 1	100,00	100,00	
1.1 HC VERVA Litvínov, a.s., IČ 640 48 098	Litvínov, S.K. Neumanna 1598	70,95	70,95	Other shareholders - Litvínov city owns 22,14% and HC Litvínov, o.s. owns 6,91%
1.2 CHEMOPETROL, a.s., IČ 254 92 110	Litvínov, Záluží 1	100,00	100,00	
1.3 POLYMER INSTITUTE BRNO, s.r.o., IČ 607 11 990	Brno, Tkalcovská 36/2	99,00	99,00	1% owned by UNIPETROL, a.s. Effectively from 31.12.2015 the merger with UNIPETROL RPA, s.r.o. was registered, decisive day of the merger was 1.1.2015
1.4 UNIPETROL DOPRAVA, s.r.o., IČ 640 49 701	Litvínov, Růžodol 4	99,88	99,88	0,12% owned by UNIPETROL, a.s.
1.5 UNIPETROL DEUTSCHLAND GmbH, IČ HRB 34346	Langen, Germany, Paul-Ehrlich-Strasse 1B	99,90	99,90	0,1% owned by UNIPETROL, a.s.
1.6 UNIPETROL SLOVENSKO, s.r.o., IČ 357 77 087	Panónská cesta 7, Bratislava, Slovensko	86,96	86,96	13,04% owned by UNIPETROL, a.s.
1.7 UNIPETROL RPA Hungary Kft., IČ 01-09-272652	1042 Budapest, Árpád út 48-50. I. em. 5., Hungary	0,00	100,00	
2. UNIPETROL SERVICES, s.r.o., IČ 276 08 051	Litvínov, Záluží 1	100,00	100,00	
3. Výzkumný ústav anorganické chemie, a.s., IČ 622 43 136	Ústí nad Labem, Revoluční 84/ 1521	100,00	100,00	
4. BENZINA, s.r.o., IČ 601 93 328	Praha 4, Na Pankráci 127	100,00	100,00	
4.1 PETROTRANS, s.r.o., IČ 251 23 041	Praha 8, Střelnická 2221	99,37	99,37	0,63% owned by UNIPETROL, a.s.
5. UNIPETROL RAFINÉRIE, s.r.o. IČ 278 85 429	Litvínov, Záluží 1	100,00	100,00	
6. ČESKÁ RAFINÉRSKÁ, a.s., IČ 627 41 772	Litvínov, Záluží 2	67,56	100,00	
7. UNIPETROL AUSTRIA, GmbH, in liquidation, IČ 43 551	Vienna, Apfelgasse 2, Austria	100,00	100,00	
8. PARAMO, a.s., IČ 481 73 355	Pardubice, Svítkov, Přerovská 560	100,00	100,00	

8.1 MOGUL SLOVAKIA, s.r.o., IČ 36 222 992	Hradiště pod Vrátnou, U ihriska 300, Slovakia	100,00	100,00	
8.2 Paramo Oil, s.r.o., IČ 246 87 341	Pardubice, Přerovská 560	100,00	100,00	
9. Butadien Kralupy a.s., IČ 278 93 995	Kralupy nad Vltavou, O. Wichterleho 810	51,00	51,00	49% shares owned by SYNTHOS Kralupy a.s.
Other companies with share of UNIPETROL, a.s.				
1. UNIVERSAL BANKA, a.s. in bankruptcy, IČ 482 64 865	Praha 1, Senovážné náměstí 1588/4	16,45	16,45	12,24% shares owned by UNIPETROL RPA, s.r.o.
2. ORLEN HOLDING MALTA LIMITED, IČ C 39945	Malta, Level 1, 36, Strand Towers, The Strand, Sliema SLM 1022	0,5	0,5	99,5% shares owned by PKN ORLEN S.A.

Appendix no. 3

Overview of mutual contracts entered into between the controlled entity and the controlling entity or between the controlled entities

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
269 - 2012	Supplier	Long-term contract for ammonia supplies	ANWIL S.A.	25.10.2012	Contracted price settlement	Sale of ammonia
117 - 2015	Supplier	Agreement on the termination of long-term contract 269 - 2012	ANWIL S.A.	30.4.2015	Without consideration	Expiry of the contract
118 - 2015	Supplier	Long-term contract for ammonia supplies	ANWIL S.A.	1.5.2015	Contracted price settlement	Sale of ammonia
180 - 2015	Supplier	Purchase contract – one-off extraordinary purchase of ammonia	ANWIL S.A.	14.9.2015	Contracted price settlement	Sale of ammonia
211 - 2007	Supplier	Cooperation agreement	ANWIL S.A.	27.3.2007	Contracted price settlement	Providing advisory services
358 - 2012	Supplier	General agreement on cooperation in purchases	ANWIL S.A.	9.11.2012	Contracted price settlement	Providing services in purchases
228 - 2010	Supplier	Contract for Cash - pool	ANWIL S.A..	18.6.2010	Payment of the agreed loan	Providing a loan in the form of cash - pool
195 - 20090	Supplier	Commission contract for the guarantee of a loan from ING Bank	ANWIL S.A.	29.5.2009	Payment of the contracted commission	Providing a guarantee for the loan
323 - 2010	Supplier	Commission contract for the guarantee of a loan from RBS	ANWIL S.A.	23.12.2010	Payment of the contracted commission	Providing a guarantee for the loan
162 - 2014	Supplier	Contract on providing a guarantee for natural gas supplies from Vemex	ANWIL S.A..	19.2.2014	Payment of the contracted commission	Providing a guarantee for natural gas supplies
187 - 2014	Supplier	Contract on providing a guarantee for natural gas supplies from RWE	ANWIL S.A.	9.10.2014	Payment of the contracted commission	Providing a guarantee for natural gas supplies

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
180 - 2014	Supplier	Agreement on cooperation in IT	ANWIL S.A.	5.11.2014	Contracted price settlement	Providing IT services
Orders as necessary	Supplier	Deliveries of sodium hydroxide – mutual assistance	ANWIL S.A.	Year 2015	Contracted price settlement	Deliveries of sodium hydroxide
Orders as necessary	Customer	Deliveries of sodium hydroxide – mutual assistance	ANWIL S.A.	Year 2015	Deliveries of sodium hydroxide	Contracted price settlement
225 - 2015	Supplier	Agreement on confidentiality UNIPETROL, a.s. is another contracting party	ANWIL S.A.	1.12.2015	Without consideration	Keeping confidentiality
214 - 2013	Customer	General agreement for the sale of S-PVC Neralit	ANWIL S.A.	17.6.2013	Deliveries S-PVC Neralit	Contracted price settlement
74 - 2015	Supplier	Purchase contract for liquid sulphur deliveries	PKN ORLEN S.A.	26.3.2015	Contracted price settlement	Deliveries of liquid sulphur
190 - 2009	Supplier	Contract on the commission for the maintenance of the SAP information system licences	PKN ORLEN S.A.	27.7.2009	Contracted price settlement	Maintaining of SAP licences
29 - 2014	Supplier	Contract for providing services of the corporate services centre	ORLEN Centrum Usług Korporacyjnych Spółka z o.o.	1.1.2014	Contracted price settlement	Providing services
368 - 2012	Supplier	Contract to ensure security guard	ORLEN Ochrona, organizational unit	26.11.2012	Contracted price settlement	Watching of the premises
369 - 2012	Supplier	Contract on supporting services of the security guard	ORLEN Ochrona, organizational unit	26.11.2012	Contracted price settlement	Services connected with the watching of the premises
377 - 2012	Customer	Contract for providing telecommunication and postal services	ORLEN Ochrona, organizational unit	26.11.2012	Providing services	Settlement of the contracted price
383 - 2012	Customer	Contract for the lease of non-residential premises and lease-connected services	ORLEN Ochrona, organizational unit	26.11.2012	Lease and related services	Contracted price settlement

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
20 - 2015	Supplier	Contract for providing services in the area of accounting, taxes, financial management, human resources, public relations, premises management, information technologies	UNIPETROL SERVICES, s.r.o.	1.1.2015	Providing services in agreed areas	Contracted price settlement
203 - 2013	Supplier	Agreement on confidentiality in IT	UNIPETROL SERVICES, s.r.o.	30.11.2013	Without consideration	Confidential data protection
135 - 2009	Customer	Lease of part of building D3600	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	31.12.2008	Lease of part of the building	Contracted price settlement
139 - 2009	Customer	Lease of operating workshops	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	31.3.2009	Lease of workshops	Contracted price settlement
330-2012 0	Customer	Lease of non-residential premises in building C5440	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	12.2.2013	Lease of non-residential premises	Contracted price settlement
68 - 2015	Customer	Lease contract	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	25.3.2015	Lease of non-residential premises	Contracted price settlement
153 - 2014	Supplier	Contract for providing services in safety and protection of health at work and fire protection	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	17.7.2014	Contracted price settlement	Providing services in safety and protection of health at work and fire protection
184 - 2014	Supplier	Sublease of a passenger vehicle	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	4.12.2014	Contracted price settlement	Providing the sublease of a passenger vehicle

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
189 - 2014	Customer	Contract for leasing a passenger vehicle	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	4.12.2014	rent of a passenger vehicle	Contracted price settlement
109-2015	Supplier	Sublease of a passenger vehicle	ORLEN SERWIS S.A., odštěpný závod Neratovice	20.5.2015	Contracted price settlement	Providing the sublease of a passenger vehicle
110-2015	Supplier	Sublease of a passenger vehicle	ORLEN SERWIS S.A., odštěpný závod Neratovice	20.5.2015	Contracted price settlement	Providing the sublease of a passenger vehicle
111-2015	Supplier	Sublease of a passenger vehicle	ORLEN SERWIS S.A., odštěpný závod Neratovice	20.5.2015	Contracted price settlement	Providing the sublease of a passenger vehicle
112-2015	Supplier	Sublease of a passenger vehicle	ORLEN SERWIS S.A., odštěpný závod Neratovice	20.5.2015	Contracted price settlement	Providing the sublease of a passenger vehicle
113-2015	Supplier	Sublease of a passenger vehicle	ORLEN SERWIS S.A., odštěpný závod Neratovice	20.5.2015	Contracted price settlement	Providing the sublease of a passenger vehicle
139 - 2014	Customer	Contract for electric energy supplies	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	31.12.2013	Electric energy supplies	Contracted price settlement
80 - 2014	Customer	Contract for heat energy suppliers	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	31.12.2013	Heat energy supplies	Contracted price settlement

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
94 - 2014	Customer	Contract for water supplies from the public water system	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	31.12.2013	Deliveries of water	Contracted price settlement
112 - 2014	Customer	Contract for the waste water treatment	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	31.12.2013	Waste water treatment	Contracted price settlement
198 - 2015	Customer	Contract for energy supplies	ORLEN SERWIS S.A., odštěpný závod Neratovice	10.12.2015	Supplies of energy and other lease- related services	Contracted price settlement
Orders as necessary	Supplier	Repairs and maintenance as required by production plants and non-production units	ORLEN SERWIS S.A. odštěpný závod Neratovice (former Remwil)	Year 2015	Contracted price settlement	Repairs and maintenance
76 - 2015	Supplier	Contract on cooperation	ORLEN SERWIS S.A., odštěpný závod Neratovice	26.3.2015	Without consideration	The contract specifies rules of movement in premises of SPOLANA a.s.
84 - 2015	Supplier	Contract on coaling	ORLEN SERWIS S.A.	1.5.2015	Contracted price settlement	Coaling
177 - 2013	Customer	Contract for exclusive sales	UNIPETROL DEUTSCHLAND GmbH	17.6.2013	Deliveries of PVC for German customers	Contracted price settlement
Monthly orders	Customer	Deliveries of sodium hydroxide for customers in Germany	UNIPETROL DEUTSCHLAND GmbH	Year 2015	Deliveries of sodium hydroxide	Contracted price settlement

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
Monthly orders	Customer	Deliveries of caprolactam for customers in Germany	UNIPETROL DEUTSCHLAND GmbH	Year 2015	Deliveries of moulded caprolactam	Contracted price settlement
Orders as necessary	Customer	Deliveries of granulated caprolactam for customers in Germany	UNIPETROL DEUTSCHLAND GmbH	Year 2015	Deliveries of granulated caprolactam	Contracted price settlement
Quarterly orders	Customer	Deliveries of sulphuric acid for customers in Germany	UNIPETROL DEUTSCHLAND GmbH	Year 2015	Deliveries of sulphuric acid	Contracted price settlement
Orders as necessary	Customer	Deliveries of ammonium sulphate for customers in Germany	UNIPETROL DEUTSCHLAND GmbH	Year 2015	Deliveries of ammonium sulphate	Contracted price settlement
261 - 2013	Supplier	General agreement for purchases of fuels by Benzina cards	BENZINA, s.r.o.	10.9.2013	Contracted price settlement	Deliveries of fuels
261 - 2013	Customer	General agreement for deliveries of sodium hydroxide	Česká rafinérská, a.s.	30.6.2013	Deliveries of sodium hydroxide	Contracted price settlement
Orders as necessary	Customer	Deliveries of sodium hydroxide	Paramo a.s.	Year 2015	Deliveries of sodium hydroxide	Contracted price settlement
2 orders as necessary	Supplier	Light fuel oil with a low amount of sulphur	Paramo a.s.	March and July 2015	Contracted price settlement	Deliveries of light fuel oil
16 orders as necessary	Supplier	Greases	Paramo a.s.	Year 2015	Contracted price settlement	Deliveries of greases

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
84-2013	Supplier	Cooperation agreement	UNIPETROL, a.s.	1.8.2013	Contracted price settlement	Providing services
121-2015	Supplier	Administration of liability insurance – 1 st layer	UNIPETROL, a.s.	1.5.2015	Contracted price settlement	Intermediation of insurance
193-2015	Supplier	Administration of liability insurance – the 2 nd layer	UNIPETROL, a.s.	1.5.2015	Contracted price settlement	Intermediation of insurance
225 - 2015	Supplier	Agreement on confidentiality UNIPETROL, a.s. is other contracting party	ANWIL S.A.	1.12.2015	Without consideration	Keeping confidentiality
67 - 2004	Customer	Contract for the lease of real property and providing related services	UNIPETROL DOPRAVA, s.r.o.	1.1.2004	Lease of real property and providing lease-related services	Contracted price settlement
194 - 2005	Customer	Contract for providing telecommunication and postal services	UNIPETROL DOPRAVA, s.r.o.	23.5.2005	Providing telecommunication and postal services	Contracted price settlement
121 - 2003	Customer	Contract for services and lease of computing technology	UNIPETROL DOPRAVA, s.r.o.	30.6.2002	Providing services and lease of computing technology	Contracted price settlement

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
362-2005	Supplier	Contract for providing transportation services	UNIPETROL DOPRAVA, s.r.o.	1.7.2002	Contracted price settlement	a) Transportation by siding (Neratovice) b) Railway transport and rail forwarding except for the siding, c) lease of railway wagons
2010-102	Supplier	Mandate contract for operating transportation on the siding	UNIPETROL DOPRAVA, s.r.o.	1.1.2002	Without consideration	Ensuring the operation of a railway
52-2015	Supplier	Contract for ensuring maintenance and repairs connected with the operation of a railway - siding	UNIPETROL DOPRAVA, s.r.o.	1.1.2015	Contracted price settlement	Ensuring the maintenance of the siding
113-2014	Supplier	Deliveries of pressure air	UNIPETROL DOPRAVA, s.r.o.	1.1.2014	Deliveries of pressure air	Settlement of the purchase price
Orders as necessary	Customer	Deliveries of sodium hydroxide	UNIPETROL RPA, s.r.o.	Year 2015	Deliveries of sodium hydroxide	Contracted price settlement
Orders as necessary	Customer	Deliveries of sulphuric acid	UNIPETROL RPA, s.r.o.	Year 2015	Deliveries of sulphuric acid	Contracted price settlement
207-2012	Supplier	Purchase of liquid sulphur	UNIPETROL RPA, s.r.o.	1.1.2012	Settlement of the purchase price	Sale of liquid sulphur

Contract no./Annex no.	Partner role	Subject of the document	Company	Date of entering into the contract	Subject of performance for the contracted partner	Performance from the contracted partner
54 - 2014	Supplier	General purchase contracts	UNIPETROL RPA, s.r.o.	21.3.2014	Settlement of the purchase price	Sale of fuels
53 - 2014	Supplier	Unipetrol RPA will provide confidential information to SPOLANA a.s. arising from the Study of ethylene conduit life – National ethylene conduit worked out by CEPS a.s. in December 2012	UNIPETROL RPA, s.r.o.	12.3.2014	Protection of provided confidential information	Providing confidential information
25-2015	Supplier	Contract for deliveries of ethylene	UNIPETROL RPA, s.r.o.	1.1.2015	Contracted price settlement	Deliveries of ethylene
103-2015	Supplier	Purchase of ammonia	UNIPETROL RPA, s.r.o.	1.1.2015	Contracted price settlement	Sale of ammonia
Order 40066293	Supplier	Purchase of propylene	UNIPETROL RPA, s.r.o.	29.9.2015	Contracted price settlement	Sale of propylene
Order 45028426	Supplier	Propylene analysis	UNIPETROL RPA, s.r.o.	17.4.2015	Contracted price settlement	Propylene analysis
90-2015	Supplier	Contract for the lease of a vehicle	UNIPETROL RPA, s.r.o.	1.1.2015	Contracted price settlement	Lease of a passenger car

BALANCE SHEET

in full format

as at 31 December 2015

(in thousands of Czech crowns "TCZK")

Translated from the Czech original

Name and regist. office of the company

Identification number

451 47 787

SPOLANA a.s.

ul. Práce 657

277 11 Neratovice

Czech Republic

Ident. a	ASSETS b	line c	Current period			Prior period
			Gross 1	Adjust. 2	Net 3	Net 4
	TOTAL ASSETS (L.02+03+31+63)	001	15 086 220	-13 904 332	1 181 888	1 246 393
A.	Receivables for subscribed registered capital	002				
B.	Fixed assets (L.04+13+23)	003	13 943 466	-13 761 911	181 555	186 894
B.I.	Intangible fixed assets (L.05 to 12)	004	62 260	- 62 260		
B.I.1.	Incorporation expenses	005				
	2. Research and development	006	7 262	- 7 262		
	3. Software	007	39 379	- 39 379		
	4. Intellectual property rights	008	7 737	- 7 737		
	5. Goodwill	009				
	6. Other intangible fixed assets	010	3 337	- 3 337		
	7. Intangible fixed assets under construction	011	4 545	- 4 545		
	8. Advance payments for intangible fixed assets	012				
B.II.	Tangible fixed assets (L.14 to 22)	013	13 877 692	-13 697 016	180 676	186 015
B.II.1.	Land	014	102 102	- 1 276	100 826	100 826
	2. Buildings	015	4 201 172	-4 154 574	46 598	51 086
	3. Plant and equipment	016	9 472 547	-9 439 295	33 252	34 103
	4. Cultivated areas	017				
	5. Adult livestock	018				
	6. Other tangible fixed assets	019	806	- 806		
	7. Tangible fixed assets under construction	020	101 065	- 101 065		
	8. Advance payments for tangible fixed assets	021				
	9. Adjustments to acquired fixed assets	022				
B.III.	Long-term investments (L.24 to 30)	023	3 514	- 2 635	879	879
B.III.1.	Equity investments - subsidiaries	024				
	2. Equity investments - associated companies	025				
	3. Other long-term securities and ownership interests	026	3 514	- 2 635	879	879
	4. Loans - group undertakings, associated companies	027				
	5. Other long-term investments	028				
	6. Long-term investments (provisional value)	029				
	7. Advance payments for long-term investments	030				

SPOLANA a.s.

Balance sheet

as at 31 December 2015

Ident. a	ASSETS b	line c	Current period			Prior period
			Gross 1	Adjust. 2	Net 3	Net 4
C.	Current assets (L.32+39+48+58)	031	1 135 885	- 142 421	993 464	1 046 128
C.I.	Inventories (L.33 to 38)	032	665 511	- 99 999	565 512	542 880
C.I.1.	Raw materials	033	374 969	- 75 777	299 192	241 378
	2. Work-in-progress and semi-finished products	034	131 973	- 10 089	121 884	151 696
	3. Finished goods	035	158 451	- 14 133	144 318	149 335
	4. Young and other livestock	036				
	5. Goods for resale	037	118		118	471
	6. Advance payments for inventories	038				
C.II.	Long-term receivables (L.40 to 47)	039				
C.II.1.	Trade receivables	040				
	2. Receivables - group undertakings	041				
	3. Receivables - associated companies	042				
	4. Receivables from shareholders/members	043				
	5. Long-term advances paid	044				
	6. Estimated receivables	045				
	7. Other receivables	046				
	8. Deferred tax asset	047				
C.III.	Short-term receivables (L.49 to 57)	048	406 476	- 42 422	364 054	483 990
C.III.1.	Trade receivables	049	371 937	- 41 904	330 033	395 082
	2. Receivables - group undertakings	050				
	3. Receivables - associated companies	051				
	4. Receivables from shareholders/members	052				
	5. Social security and health insurance	053				
	6. Tax receivables	054	25 051		25 051	76 242
	7. Short-term advances paid	055	8 931		8 931	12 592
	8. Estimated receivables	056				
	9. Other receivables	057	557	- 518	39	74
C.IV.	Short-term financial assets (L.59 to 62)	058	63 898		63 898	19 258
C.IV.1.	Cash	059	225		225	198
	2. Bank accounts	060	63 673		63 673	19 060
	3. Short-term securities and ownership interests	061				
	4. Short-term investments (provisional value)	062				
D.I.	Deferrals (L. 64+65+66)	063	6 869		6 869	13 371
D.I.1.	Prepaid expenses	064	6 614		6 614	13 295
	2. Complex prepaid expenses	065				
	3. Accrued revenues	066	255		255	76

SPOLANA a.s.

Balance sheet

as at 31 December 2015

Ident.	LIABILITIES	line	Current period	Prior period
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY (L.68+89+122)	067	1 181 888	1 246 393
A.	Equity (L.69+73+80+83+87+88)	068	21 971	-1 263 105
A.I.	Registered capital (L.70+71+72)	069	3 455 229	2 055 229
A.I.1.	Registered capital	070	3 455 229	2 055 229
2.	Own shares and ownership interests (-)	071		
3.	Changes in registered capital	072		
A.II.	Capital contributions (L.74 to 79)	073	3 362	3 362
A.II.1.	Premium	074		
2.	Other capital contributions	075	3 362	3 362
3.	Revaluation of assets and liabilities	076		
4.	Revaluation reserve on transformations	077		
5.	Differences resulting from transformations	078		
6.	Change in revaluation reserve on transformations	079		
A.III.	Funds from profit (L.81+82)	080	2 397	2 397
A.III.1.	Reserve fund	081		
2.	Statutory and other funds	082	2 397	2 397
A.IV.	Retained earnings (L.84+85+86)	083	-3 324 093	-2 121 578
A.IV.1.	Retained profits	084		
2.	Accumulated losses	085	-3 324 093	-2 121 578
3.	Other retained earnings	086		
A.V.1	Profit (loss) for the current period (+/-)	087	- 114 924	-1 202 515
A.V.2	Approved advance profit distribution (-)	088		
B.	Liabilities (L.90+95+106+118)	089	1 158 132	2 503 511
B.I.	Provisions (L.91 to 94)	090	155 567	126 240
B.I.1.	Tax-deductible provisions	091	7 853	7 845
2.	Provision for pensions and other similar payables	092		
3.	Income tax provision	093		
4.	Other provisions	094	147 714	118 395
B.II.	Long-term liabilities (L.96 to 105)	095		
B.II.1.	Trade payables	096		
2.	Liabilities - group undertakings	097		
3.	Liabilities - associated companies	098		
4.	Liabilities to shareholders/members	099		
5.	Long-term advances received	100		
6.	Debentures and bonds issued	101		
7.	Long-term bills of exchange payable	102		
8.	Estimated payables	103		
9.	Other payables	104		
10.	Deferred tax liability	105		

SPOLANA a.s.**Balance sheet**

as at 31 December 2015

Ident.	LIABILITIES	line	Current period	Prior period
a	b	c	5	6
B.III.	Short-term liabilities (L.107 to 117)	106	1 002 565	1 199 800
B.III.1.	Trade payables	107	283 088	460 746
2.	Liabilities - group undertakings	108	335 949	338 227
3.	Liabilities - associated companies	109		
4.	Liabilities to shareholders/members	110		
5.	Payables to employees	111	13 412	14 538
6.	Social security and health insurance liabilities	112	8 390	9 340
7.	Tax liabilities and subsidies	113	2 539	3 148
8.	Short-term advances received	114	053	1 380
9.	Debentures and bonds issued	115		
10.	Estimated payables	116	358 050	371 213
11.	Other payables	117	484	1 208
B.IV.	Bank loans and overdrafts (L.119 to 121)	118		1 177 471
B.IV.1.	Long-term bank loans	119		
2.	Short-term bank loans	120		1 177 471
3.	Short-term financial liabilities	121		
C.I.	Accruals (L.123+124)	122	1 785	5 987
C.I.1.	Accrued expenses	123		16
2.	Deferred revenues	124	1 785	5 971

INCOME STATEMENT
classification by nature
for the year ended 31 December 2015
(in thousands of Czech crowns "TCZK")

Translated from the Czech original

Name and regist. office of the company

Identification number

451 47 787

SPOLANA a.s.

ul. Práce 657

277 11 Neratovice

Czech Republic

Ident.	TEXT	Line	Current period	Prior period
a	b	c	1	2
I.	Revenue from goods	01	22 537	4 066
A.	Cost of goods sold	02	24 301	4 683
+	Gross profit (L.01-02)	03	- 1 764	- 617
II.	Revenue from production (L.05+06+07)	04	4 992 824	5 929 357
II.1.	Revenue from own products and services	05	5 054 694	5 856 802
II.2.	Change in inventory of own production	06	- 61 870	72 555
II.3.	Own work capitalised	07		
B.	Cost of sales (L.09+10)	08	4 727 001	5 917 125
B.1.	Materials and consumables	09	4 290 608	5 461 820
B.2.	Services	10	436 393	455 305
+	Added value (L.03+04-08)	11	264 059	11 615
C.	Personnel expenses (L.13 to 16)	12	294 928	302 479
C.1.	Wages and salaries	13	211 950	214 865
C.2.	Remuneration of board members	14	3 954	2 233
C.3.	Social security and health insurance expenses	15	75 843	75 361
C.4.	Social expenses	16	3 181	10 020
D.	Taxes and charges	17	17 945	18 312
E.	Depreciation of intangible and tangible fixed assets	18	230 717	257 588
III.	Proceeds from disposals of fixed assets and raw material (L.20+21)	19	19 512	4 172
III.1	Proceeds from disposals of fixed assets	20	1 137	1 193
III.2	Proceeds from disposals of raw material	21	18 375	2 979
F.	Net book value of fixed assets and raw material sold (L.23+24)	22	13 314	2 146
F.1.	Net book value of fixed assets sold	23	281	385
F.2.	Raw materials sold	24	13 033	1 761
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	25	- 337 667	557 871
IV.	Other operating revenues	26	72 207	33 972
H.	Other operating expenses	27	267 622	118 469
V.	Transfer of operating revenues	28		
I.	Transfer of operating expenses	29		
*	Operating profit (loss) (L.11-12-17-18+19-22-25+26-27+28-29)	30	- 131 081	-1 207 106

SPOLANA a.s.

Income statement - classification by nature
for the year ended 31 December 2015

Ident.	TEXT	Line	Current period	Prior period
a	b	c	1	2
VI.	Proceeds from sale of securities and ownership interests	31		
J.	Securities and ownership interests sold	32		
VII.	Revenue from long-term investments (L.34+35+36)	33		
VII.1.	Revenue from investments in group undertakings and associated companies	34		
VII.2.	Revenue from other long-term securities and ownership interests	35		
VII.3.	Revenue from other long-term investments	36		
VIII.	Revenue from short-term financial investments	37		
K.	Financial assets expenses	38		
IX.	Revenue from revaluation of securities and derivatives	39		
L.	Expenses for revaluation of securities and derivatives	40		
M.	Change in provisions and adjustments relating to financial activity	41		
X.	Interest revenue	42	10	24
N.	Interest expense	43	30 363	25 592
XI.	Other financial revenues	44	75 168	69 674
O.	Other financial expenses	45	81 438	88 213
XII.	Transfer of financial revenues	46		
P.	Transfer of financial expenses	47		
*	Profit (loss) from financial operations (L.31-32+33+37-38+39-40-41+42-43+44-45+46-47)	48	- 36 623	- 44 107
Q.	Income tax on ordinary profit (loss) (L.50+51)	49		
Q.1.	- current	50		
Q.2.	- deferred	51		
**	Profit (loss) on ordinary activities after tax (L.30+48-49)	52	- 167 704	- 1 251 213
XIII.	Extraordinary revenues	53	70 252	50 000
R.	Extraordinary expenses	54	17 472	1 302
S.	Income tax on extraordinary profit (loss) (L.56+57)	55		
S.1.	- current	56		
S.2.	- deferred	57		
*	Extraordinary profit (loss) (L.53-54-55)	58	52 780	48 698
T.	Transfer of profit or loss to shareholders/members	59		
***	Profit (loss) for the accounting period (L.52+58-59)	60	- 114 924	- 1 202 515
****	Profit (loss) before tax (L.30+48+53-54)	61	- 114 924	- 1 202 515

SPOLANA a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2015

(All amounts are shown in thousands of Czech crowns "TCZK")

1. Description and principal activities

Establishment and description of the Company

SPOLANA a.s. ("the Company") is a Czech legal entity, a joint-stock company, established on 1 May 1992. The Company is recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1462.

According to the entry in the Commercial Register, the Company's principal business activity is the production of chemical products in an industrial manner.

Ownership structure

The shareholders of the Company as at 31 December 2015 were:

ANWIL SPÓŁKA AKCYJNA	100%
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Registered office

SPOLANA a.s.
ul. Práce 657
277 11 Neratovice
Czech Republic

Identification number

451 47 787

Members of the board of directors and supervisory board as at 31 December 2015

Board of directors

Karel Pavlíček (chairman)
Michał Krzysztof Kaliciak (vice-chairman)
Marek Kuchta
Miroslaw Bas

Supervisory board

Rafał Maciej Trzebiński (chairman)
Jacek Tomasz Podgórski (vice-chairman)
Rafał Dariusz Tarka
Waldemar Antoni Gabruś
Miroslaw Józef Kwiatkowski

SPOLANA a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2015

(All amounts are shown in thousands of Czech crowns "TCZK")

Changes in the structure of the board of directors and supervisory board in 2015 and other facts recorded in the Commercial Register

BOARD OF DIRECTORS

On 26 January 2015, Mr Artur Sławomir Jabłoński withdrew from his position as member of the board of directors after filing a request to terminate his office as at 31 January 2015. On 29 January 2015, the sole shareholder acting within the powers of a general meeting issued a decision to terminate the membership of Mr Artur Sławomir Jabłoński in the board of directors as at 31 January 2015.

On 12 February 2015, the sole shareholder acting within the powers of a general meeting issued a decision to appoint Mr Michał Krzysztof Kaliciak new member of the board of directors as at 13 February 2015.

On 13 April 2015, Mr Jarosław Ptaszyński withdrew from his position as member of the board of directors after filing a request to terminate his office as at 15 April 2015. On 15 April 2015, the sole shareholder acting within the powers of a general meeting issued a decision to terminate the membership of Mr Jarosław Ptaszyński in the board of directors as at 15 April 2015.

On 5 May 2015, the sole shareholder acting within the powers of a general meeting issued a decision to appoint Mr Mirosław Bas new member of the board of directors as at 5 May 2015.

The members of the board of directors elected from their midst Mr Michał Krzysztof Kaliciak new vice-chairman of the board of directors at their regular meeting on 8 July 2015.

SUPERVISORY BOARD

On 17 February 2015, Mr Arkadiusz Banaszek withdrew from his position as member of the supervisory board after filing a request to terminate his office as at 17 February 2015. On 17 February 2015, the sole shareholder acting within the powers of a general meeting issued a decision to terminate the membership of Mr Arkadiusz Banaszek in the supervisory board as at 17 February 2015.

On 17 February 2015, the sole shareholder acting within the powers of a general meeting issued a decision to appoint Mr Jacek Tomasz Podgórski new member of the supervisory board as at 18 February 2015.

The members of the supervisory board elected from their midst Mr Jacek Tomasz Podgórski new vice-chairman of the supervisory board at their regular meeting on 29 April 2015.

SPOLANA a.s.

Notes to the Czech statutory financial statements (translated from the Czech original)

Year ended 31 December 2015

(All amounts are shown in thousands of Czech crowns "TCZK")

OTHER FACTS RECORDED IN THE COMMERCIAL REGISTER

A change in the amount of the registered capital and the amount of the Company's shares was recorded in the Commercial Register on 4 December 2015.

Organisational structure

The Company operates two manufacturing facilities, PVC and Caprolactam. The PVC manufacturing facility's main products are sodium hydroxide and polyvinyl chloride (PVC); the Caprolactam manufacturing facility's main products are smelted caprolactam, granular caprolactam and ammonium sulphate. Both manufacturing facilities along with the Energy and Water Management servicing facility are part of the Production and Operation Division that is directly subordinate to the general director. Other divisions directly subordinate to the general director are Quality and Environment, Security and Control, Human Resources, Sales and SCM. The Finance Division is responsible for financing, controlling, bookkeeping, information technologies and facility management and is subordinate to the finance director. The Centralised Procurement Division is part of the Finance Division.

2. Significant accounting policies applied by the Company

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing up to TCZK 40 and intangible fixed assets costing up to TCZK 60 are not recognised in the balance sheet and are expensed in the year that they are acquired.

The cost of internally produced fixed assets includes direct materials, direct wages and overheads directly related to the creation of the asset until it is put into use.

Assets are depreciated using the following methods over the following periods:

Assets	Method	Period
Buildings	Straight-line	20 – 80 years
Machinery and equipment	Straight-line	2 – 24 years
Motor vehicles	Straight-line	5 – 7 years
Research and development – REACH programme	Straight-line	10 years
Patents and other intangibles	Straight-line	5 - 10 years
Software	Straight-line	2 - 10 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

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Emission rights are recorded as intangible fixed assets that are recognised at cost but are not amortised, or replacement cost if acquired free of charge. Free-of-charge acquisition of emission rights by the first holder is recognised as a provided subsidy.

The usage of emission rights is charged to other operating expenses in relation to the estimated volume of emissions produced by the Company in the current accounting period. The subsidy received is released in other operating revenues in the same period in which the emission rights are utilised.

The sale of emission rights is recognised in the income statement as "Proceeds from disposals of fixed assets" and "Net book value of fixed assets sold".

As at the balance sheet date, adjustments are established to reduce the book value of purchased emission rights to market value.

(b) Long-term investments

Long-term investments comprise other long-term securities for which the Company's intent is not known upon acquisition.

Long-term investments are stated at acquisition cost, which includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

Securities, except held-to-maturity securities and securities comprising equity investments in subsidiaries and associated companies, are measured at fair value as at the balance sheet date. Gains/losses arising from the change in fair value are not included in the net profit or loss for the period until they are realised, and are recorded as changes in "Revaluation of assets and liabilities" in equity.

Where the fair value cannot be reliably determined, the investments are recognised at acquisition cost, and if a particular investment has been impaired, an adjustment is established.

(c) Inventories

Raw materials inventory is stated at cost, which includes the purchase price of the inventory and related customs duties and in-transit storage and freight costs incurred in delivering the inventory to the manufacturing facility. The cost of movements in raw material inventories is determined using the weighted average method.

Work-in-progress and finished goods inventories are stated at cost, which includes the cost of direct materials, direct labour and an allocation of the manufacturing overheads proportionate to the stage of completion of the inventory. The cost of work-in-progress and finished goods is determined using standard cost.

Goods inventory is stated at cost, which includes the purchase price of the goods and related customs duties and in-transit storage and freight costs incurred in delivering the goods to the

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warehouse. The cost of movements in goods inventories is determined using the weighted average method.

(d) Establishment of adjustments and provisions

Tangible fixed assets

The Company establishes adjustments to tangible fixed assets to reduce the net book value of buildings and land to their value in use.

Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

Inventories

Adjustments are established to reduce the cost of inventory to net realisable value.

Provisions

A provision for toxic waste and ash dumps redevelopment is created at the net present value of expenses that will have to be incurred for redevelopment after the end of operation of individual dumps. The provision is annually increased by interest.

A provision for untaken holidays is established as at the balance sheet date, based on an analysis of untaken holidays in the accounting period and average payroll expenses, including social security and health insurance expenses per employee.

A provision for long-term employee benefits (anniversary and retirement bonuses) is established proportionate to the time that has been worked by an employee in the total time necessary for the origination of the employee's entitlement for such a benefit. The individual employees' shares are discounted according to the time over which benefits are planned to be paid in future and adjusted by how it is likely that such employee bonuses will be paid (for example, due to fluctuation).

At the balance sheet date, the Company reviews all litigations and creates provisions as appropriate, after considering probable outcomes of these disputes.

From 2014, the Company does not establish a provision for the purchase of emission rights but creates an estimated item in the amount of expected expenses for the purchase of emission rights that will be necessary to cover the Company's emissions in the given period. This change was made to implement consistency in accounting policies within the PKN group. The estimated item is created according to the market price of emission rights in EUR at the CZK/EUR rate of exchange effective at the balance sheet date.

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(e) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. In individual months, realised foreign exchange gains and losses are only recognised when realised at the time of settlement; unrealised foreign exchange gains and losses are calculated as at the last day of a particular month and at the balance sheet date.

At the last day of a month and at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are recognised in the income statement.

(f) Derivatives

Trading derivatives

Financial derivatives held for trading are reported at fair value and gains (losses) from changes in their fair values are included in profit or loss.

Embedded derivatives

In certain cases a derivative may be a component of a hybrid (combined) financial instrument that includes both a host contract (instrument) and the derivative (which is referred to as "an embedded derivative"), which influences cash flows or otherwise modifies the characteristics of the host instrument. Pursuant to Section 52 (7) of Decree No. 500/2002 Coll., the Company does not account for embedded derivatives.

(g) Research and development

Research costs are incurred for the purpose of acquiring new technical knowledge which may lead to improved products or processes in the future but for which economic viability has not been established. Research costs are charged to the income statement in the year in which they are incurred.

Expenses incurred for the registration of chemical substances within the REACH programme are capitalised if it is possible to allocate them unambiguously to a substance that is being registered and if such expenses have been exclusively incurred for the purposes of registering the substance. REACH programme expenses that do not meet these criteria are expensed in the year in which they are incurred.

(h) Leased assets

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price.

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(i) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous years.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

(j) Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

(k) Consolidation

The Company is part of the consolidated group of ANWIL SPÓŁKA AKCYJNA, which is part of the consolidated group of Polski Koncern Naftowy ORLEN SA.

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3. Fixed assets

(a) Intangible fixed assets

	Research and development	Intellectual property rights	Software	Other intangible FA	Intangible FA under construction	Total
Acquisition cost						
Balance at 1/1/2015	7 262	7 737	40 041	3 337	4 603	62 980
Additions	--	--	--	--	--	--
Disposals	--	--	-662	--	-58	-720
Transfers	--	--	--	--	--	--
Balance at 31/12/2015	7 262	7 737	39 379	3 337	4 545	62 260
Accumulated depreciation						
Balance at 1/1/2015	2 904	7 638	31 065	3 337	--	44 944
Amortisation expense	726	19	1 821	--	--	2 566
Disposals	--	--	-662	--	--	-662
Transfers	--	--	--	--	--	--
Balance at 31/12/2015	3 630	7 657	32 224	3 337	--	46 848
Adjustments						
Balance at 1/1/2015	4 358	99	8 976	--	4 603	18 036
Change in adjustments	-726	-19	-1 821	--	-58	-2 624
Balance at 31/12/2015	3 632	80	7 155	--	4 545	15 412
Net book value						
1/1/2015	--	--	--	--	--	--
Net book value						
31/12/2015	--	--	--	--	--	--

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(b) Tangible fixed assets

	Land	Buildings	Machinery and equipment	Motor vehicles	Other tangible FA	Tangible FA under construct.	Total
Acquisition cost							
Balance at 1/1/2015	102 102	4 199 671	9 390 258	68 977	806	106 745	13 868 559
Additions	--	12 580	35 022	--	--	12 531	60 133
Disposals	--	-13 646	-35 550	-1 804	--	--	-51 000
Transfers	--	2 567	15 644	--	--	-18 211	--
Balance at 31/12/2015	102 102	4 201 172	9 405 374	67 173	806	101 065	13 877 692
Accumulated depreciation							
Balance at 1/1/2015	--	3 302 630	8 648 323	67 806	--	--	12 018 758
Depreciation expense	--	101 133	120 411	232	--	--	221 776
Disposals	--	-9 585	-33 235	-1 524	--	--	-44 343
Transfers	--	--	--	--	--	--	--
Balance at 31/12/2015	--	3 394 178	8 735 499	66 514	--	--	12 196 191
Adjustments							
Balance at 1/1/2015	1 276	845 955	707 832	1 171	806	106 745	1 663 785
Change in adjustments	--	-85 559	-71 209	-512	--	-5 680	-162 960
Balance at 31/12/2015	1 276	760 396	636 623	659	806	101 065	1 500 825
Net book value							
1/1/2015	100 826	51 086	34 103	--	--	--	186 015
Net book value							
31/12/2015	100 826	46 598	33 252	--	--	--	180 676

In 2015, the Company acquired new tangible fixed assets totalling TCZK 60 134, the most significant item of which was the reconstruction of the H 303A graphite heat exchanger of TCZK 3 736.

Major disposals of tangible fixed assets were the liquidation of three EDC warehouses amounting to TCZK 4 776, TCZK 4 094 and TCZK 4 776 each.

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4. Leased assets

(a) Finance leases

The Company has no assets leased under finance lease agreements.

(b) Operating leases

The Company has an operating lease for the following assets:

	Lease payments for 2015	Lease payments for 2014
Company vehicles	936	1 611
Railway cars	31 341	30 457
PSA unit for the production of liquid nitrogen	4 705	4 690
Bulldozer	921	718
Forklift	1 602	1 353
Total	39 505	38 829

As at 31 December 2015 the Company had 19 contracts for the operating lease of company vehicles.

The lease of railway cars has been agreed for a definite period time ending between 30 September 2016 and 31 October 2017.

A contract for the operating lease of a PSA unit for the production of liquid nitrogen has been concluded for the period of five years, i.e. until the end of 2016. Six months before the contract's expiry date the Company may decide to extend the contract's effectiveness for another five years.

A contract for the lease of a bulldozer was entered into in May 2013 for the period of five years, i.e. until April 2018.

In 2014, the Company concluded a contract for the operating lease of forklifts for a period of 72 months.

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5. Non-capitalised tangible and intangible fixed assets

In accordance with the accounting policy described in note 2(a) above, the Company expensed low value tangible and intangible fixed assets in the year that they were acquired. The cumulative acquisition cost of these tangible and intangible fixed assets that were still in use was as follows:

	2015	2014
Tangible and intangible fixed assets	41 089	40 969
Total	41 089	40 969

6. Investments

(a) Long-term investments

	2015	2014
Other long-term investments	3 514	3 514
Adjustment to long-term investments	- 2 635	- 2 635
Total	879	879

2015

Available-for-sale securities							
	Ownership interest	Shares held	Nominal value per share in CZK	Profit/loss for 2015	Equity at 31/12/2015	Acquisition cost	Book value
TIÚ-PLAST a.s.	15.27%	10 295	1 000	4 778	41 234	3 514	879
Total				4 778	41 234	3 514	879

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2014

Available-for-sale securities							
	Ownership interest	Shares held	Nominal value per share in CZK	Profit/loss 2014	Equity at 31/12/2014	Acquisition cost	Book value
TIÚ-PLAST a.s.	15.27%	10 295	1 000	-3 397	36 455	3 514	879
Total				-3 397	36 455	3 514	879

TIÚ-PLAST a.s. has its registered office at Neratovice - Neratovice, Práce 657, Mělník, 277 11.

In 2015 and 2014 no dividends were received from long-term investments.

(b) Short-term investments

	31/12/2015	31/12/2014
Cash on hand	225	198
Cash on bank accounts – current accounts	54 670	10 059
– mandatory deposits:		
toxic waste and ash dump	9 003	9 001
Total	63 898	19 258

Mandatory deposits are used to create a provision for the redevelopment of toxic waste and ash dumps after their operation has been terminated. Funds on mandatory deposit accounts may only be used with the consent of the Central Bohemian Regional Authority.

7. Inventories

- (a) An adjustment to raw material inventories as at 31 December 2015 amounts to TCZK 75 777 (2014 – TCZK 111 865), of which TCZK 60 115 relates to unused spare parts and remaining TCZK 15 662 to raw materials.
- (b) The Company created an adjustment to finished goods of TCZK 14 133 (2014 – TCZK 22 352) and to semi-finished goods of TCZK 10 089 (2014 – TCZK 25 453). No adjustment to work in progress was established in 2015 (2014 – TCZK 3 458).

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8. Trade receivables and payables

- (a) Short-term trade receivables in gross total TCZK 371 937 (2014 – TCZK 449 487), of which TCZK 71 215 (2014 – TCZK 84 503) is overdue. Adjustments to receivables as at 31 December 2015 amount to TCZK 41 904 (2014 – TCZK 54 405).
- (b) Short-term trade payables total TCZK 283 088 (2014 – TCZK 460 746), of which TCZK 106 947 (2014 – TCZK 6 599) is overdue.

9. Other receivables

The gross value of other receivables in 2015 was TCZK 557 (2014 – TCZK 124 019) and comprised low-value receivables from existing and former employees and a non-trade receivable from one former business partner. A major part of these receivables is covered by adjustments whose net book value is TCZK 39. A receivable from CHEMAPOL GROUP, a.s. in bankruptcy, which was included in "Other receivables" as at 31 December 2014, was written-off during 2015.

10. Prepaid expenses

Prepaid expenses totalling TCZK 6 614 (2014 – TCZK 13 295) comprise deferred insurance expenses of TCZK 6 129 (2014 – TCZK 11 648) and deferred expenses for other services of TCZK 485 (2014 – TCZK 1 647).

11. Derivatives

The Company did not have any financial derivatives as at the balance sheet date.

12. Adjustments

	Adjustment to fixed assets	Adjustment to long-term investments	Adjustment to inventories	Adjustment to receivables	Total
Balance at 1/1/2015	1 681 821	2 635	163 128	178 350	2 025 934
Additions	125 889	--	60 215	42 347	228 451
Release/utilisation	-291 473	--	-123 344	-178 275	- 593 092
Balance at 31/12/2015	1 516 237	2 635	99 999	42 422	1 661 293

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13. Registered capital

	Registered capital
Balance at 1/1/2015	
17 567 494 bearer shares at CZK 116 per share	2 037 829
1 500 bearer shares at CZK 11 600 per share	17 400
Balance at 1/1/2015	2 055 229
12 068 966 bearer shares at CZK 116 per share	1 400 000
Balance at 31/12/2015	
29 636 460 bearer shares at CZK 116 per share	3 437 829
1 500 bearer shares at CZK 11 600 per share	17 400
Balance at 31/12/2015	3 455 229

14. Changes in equity

(a) Movements in the individual components of equity:

	Registered capital	Profit/loss for the current period	Retained earnings	Social fund	Other capital contributions	Total
Balance at 1/1/2015	2 055 229	-1 202 515	-2 121 578	2 397	3 362	-1 263 105
Transfer of loss for 2014	--	1 202 515	-1 202 515	--	--	--
Additions in registered capital	1 400 000	--	--	--	--	1 400 000
Loss for 2015	--	- 114 924	--	--	--	-114 924
Balance at 31/12/2015	3 455 229	- 114 924	- 3 324 093	2 397	3 362	21 971

(b) Planned settlement of a loss for 2015

In accordance with a plan to settle a loss for 2015, the Company intends to transfer the loss to accumulated losses from previous years that will be settled from future profits.

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15. Provisions

	1/1/2015	Additions	Release	31/12/2015
Provision for redevelopment created pursuant to the Act on Reserves	7 845	8	--	7 853
Provision for redevelopment beyond the scope of the Act on Reserves	109 841	29 718	--	139 559
Provision for untaken holidays	3 946	3 915	-4 915	2 946
Provision for employee benefits	4 233	601	--	4 834
Other provisions	375	--	--	375
Total	126 240	34 242	-4 915	155 567

Part of a provision for redevelopment created pursuant to the Act on Reserves was increased to TCZK 7 853 (2014 – TCZK 7 845) by a redevelopment fee for 2015. A non-deductible part of the provision for redevelopment that was established beyond the scope of the Act on Reserves was calculated so as to cover, along with the statutory provision, expected expenses for the redevelopment of toxic waste and ash dumps on the right bank of the Elbe river and the redevelopment of an electrolysis facility before its transformation to the PVC warehouse (the transformation is expected to occur after the termination of the operation of the current amalgam electrolysis facility – see also Note 25).

16. Bank loans

2014	Due date	Balance at 31/12/2014	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
ING Bank N. V. overdraft in CZK	1/3/2015	56 387	56 387	--	--
ING Bank N. V. short-term loan in CZK	1/3/2015	449 803	449 803	--	--
The Royal Bank of Scotland Plc overdraft in CZK	28/2/2015	671 281	671 281	--	--
Total		1 177 471	1 177 471	--	--

Bank loans were repaid as at 7 December 2015 from funds acquired by the Company through the subscription of new shares. After repaying the loans, only a credit line provided by ING Bank N.V. amounting to TCZK 50 500 remained in effect, of which TCZK 50 000 represents a guarantee provided by the bank to Versalis S.p.A. on behalf of the Company for the delivery of cyclohexanone and a customs guarantee of TCZK 500.

The credit line has been secured as follows:

		Maximum value of security
ING Bank N.V. credit line	A promissory note issued by the Company to order ING Bank N.V. and a guarantee of ANWIL S.A.	50 500

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17. Estimated payables

Estimated payables total TCZK 358 050 (2014 – TCZK 371 213), of which the most significant part are unbilled supplies of TCZK 298 441 (2014 – TCZK 328 456) as well as employee bonuses for 2015 and severance pays of TCZK 12 169 (2014 – TCZK 16 187). The Company also creates an estimated payable relating to emission rights of TCZK 47 440 that are yet to be purchased to cover the Company's emissions amounting to 106 786 pieces in 2015 (uncovered usage of emission rights in 2014 – 149 702 pieces).

18. Revenues

The Company manufactures chemical products and energy and provides certain services (such as sub-leases). Sales in 2015 and 2014 were as follows:

		Revenues		Export		Total
		Czech Republic	Europe	Other		
Revenues from sale of own products	2015	966 785	3 855 508	164 971	4 987 264	
	2014	1 131 905	3 869 012	778 693	5 779 610	
Revenues from sale of goods	2015	19 382	3 155	--	22 537	
	2014	4 066	--	--	4 066	
Revenues from sale of energy	2015	46 360	--	--	46 360	
	2014	49 712	--	--	49 712	
Revenues from sale of services	2015	21 070	--	--	21 070	
	2014	27 357	123	--	27 480	
Total.	2015	1 055 312	3 856 948	164 971	5 077 231	
	2014	1 213 040	3 869 135	778 693	5 860 868	

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19. Related parties

- (a) Trade receivables and payables, which are part of the balances shown in Note 8, and estimated items related to unbilled supplies were as follows:

	Receivables at 31/12		Payables at 31/12	
	2015	2014	2015	2014
PARAMO, a.s.	--	--	39	--
UNIPETROL, a.s.	--	--	4	1
UNIPETROL RPA, s.r.o.	--	1 535	243 975	304 924
UNIPETROL DOPRAVA, s.r.o.	1 467	1 577	23 382	36 699
UNIPETROL DEUTSCHLAND GmbH	11 997	10 522	--	--
ANWIL S.A.	5 396	1 835	11 780	46 222
Orlen Serwis S.A. – (formally Przedsiębiorstwo Inwestycyjno-Remontowe Remwil sp.z o.o.)	389	715	14 103	18 515
PKN ORLEN S.A.	--	--	4 756	7 614
Orlen Ochrona Sp.z.o.o., organizační složka v České republice	2	32	2 023	1 955
UNIPETROL SERVICES, s.r.o.	26	1 438	1 937	4 364
BENZINA, s.r.o.	--	--	172	139
Total	19 277	17 654	302 171	412 819

* Przedsiębiorstwo Inwestycyjno-Remontowe Remwil sp.zo.o. merged with Orlen Serwis S.A. on 20 February 2015.

- (b) Cash pooling

2015	Due date	Balance at 31/12/2015
ANWIL S.A./ RBS bank (Polska) S.A. – cash pooling (-receivable/+payable)	No due date (see below)	335 949
Total		
2014	Due date	Balance at 31/12/2014
ANWIL S.A./ RBS bank (Polska) S.A. – cash pooling (-receivable/+payable)	No due date (see below)	338 227
Total		

A cash pooling contract was signed by RBS Bank (Polska) S.A. (the bank), ANWIL SPÓŁKA AKCYJNA (the agent) and SPOLANA a.s. for an indefinite period of time. It is possible to terminate the contract by the proclamation filed by the agent or the bank with a thirty-day notice.

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(c) Transactions with related parties

	Revenues from sale of products and goods		Purchases of materials and goods	
	2015	2014	2015	2014
PARAMO, a.s	--	151	1 410	1 908
BENZINA, s.r.o	--	--	537	826
ČESKÁ RAFINÉRSKÁ, a.s.	493	1 321	--	--
UNIPETROL RPA, s.r.o.	8 052	13 371	1 410 341	1 942 268
UNIPETROL DOPRAVA, s.r.o	--	--	20 376	25 045
UNIPETROL DEUTSCHLAND GmbH	503 240	672 719	--	--
ANWIL S.A.	246 955	291 760	312 597	293 534
Orlen Serwis S.A. (formally Przedsiębiorstwo Inwestycyjno-Remontowe Remwil sp.z o.o.)	--	3	--	--
PKN ORLEN S.A.	--	--	89 316	59 340
Orlen Ochrona Sp.z o.o., organizační složka v České republice	--	1	--	--
Total	758 740	979 326	1 834 577	2 322 921

	Revenues from sale of fixed assets		Purchases of fixed assets	
	2015	2014	2015	2014
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil sp.zo.o.	--	--	975	8 735
UNIPETROL SERVICES, s.r.o.	--	1 189	--	--
Total	--	1 189	975	8 735

	Revenues from sale of services		Purchases of services	
	2015	2014	2015	2014
UNIPETROL RPA, s.r.o.	--	--	33	349
UNIPETROL DOPRAVA, s.r.o	5 237	5 752	110 176	116 518
UNIPETROL, a.s.	--	--	--	2
UNIPETROL SERVICES, s.r.o.	--	--	19 247	21 088
BENZINA, s.r.o	--	--	2	1
ANWIL S.A.	--	--	3 748	2 161
Orlen Serwis S.A. (formally Przedsiębiorstwo Inwestycyjno-Remontowe Remwil sp.z o.o.)	3 772	7 155	73 836	85 884
PKN ORLEN S.A.	--	--	2 481	2 716
Orlen Ochrona Sp. z o. o., organizační složka v České republice	317	317	10 079	10 120
ČESKÁ RAFINÉRSKÁ, a.s.	--	--	--	6
Total	13 224	13 224	219 602	238 845

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	Other operating revenues		Other operating expenses	
	2015	2014	2015	2014
UNIPETROL RPA, s.r.o	--	--	1 191	1 806
UNIPETROL DOPRAVA, s.r.o	1	--	--	--
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil sp.zo.o.	--	6	--	--
Orlen Ochrona Sp. z o. o., organizační složka v České republice	--	1	--	--
Total	1	7	1 191	1 806

	Other financial revenues		Other financial expenses	
	2015	2014	2015	2014
ANWIL S.A.	--	--	32 557	42 068
Total	--	--	32 557	42 068

The Company purchases materials from, utilises services of and sells products and services to related parties as part of its regular business activities. All selling and purchase prices were agreed based on the arm's length principle.

(d) Remuneration and loans provided to directors and supervisory board members

	Board of directors		Supervisory board	
	2015	2014	2015	2014
Number of members	4	4	5	5
Fees paid	3 954	2 220	--	13
Other types of performance	17	17	--	3
Total	3 971	2 237	--	16

Members of the board of directors and management use the Company's vehicles for both business and private purposes.

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20. Employees and executives

Average number of employees and executives and personnel expenses for 2015 and 2014:

2015	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	666	194 597	69 943	3 061
Executives	26	17 353	5 900	120
Total	692	211 950	75 843	3 181

2014	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	658	196 059	68 967	9 667
Executives	24	18 806	6 394	353
Total	682	214 865	75 361	10 020

21. Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 8 390 (2014 – TCZK 9 340), of which TCZK 5 956 (2014 – TCZK 6 597) relates to social security liabilities and TCZK 2 434 (2014 – TCZK 2 743) to health insurance liabilities. None of these liabilities are overdue.

22. Tax liabilities and subsidies

Tax liabilities and subsidies total TCZK 2 539 (2014 – TCZK 3 148), of which TCZK 1 982 (2014 – TCZK 2 542) relates to employment tax, TCZK 123 (2014 – TCZK 58) to environmental taxes and TCZK 434 (2014 – TCZK 548) represents a subsidy provided to reduce trichloroethylene when manufacturing caprolactam. None of these liabilities are overdue.

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23. Income tax

(a) Current tax

According to preliminary calculations, the Company incurred a tax loss for 2015 amounting to TCZK 32 636 (while not deducting the tax depreciation expense relating to tangible fixed assets for 2015). The Company also incurred a tax loss in 2014.

(b) Deferred tax

Deferred tax assets and liabilities:

	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Tangible fixed assets	740 543	731 726	--	--	740 543	731 726
Intangible fixed assets	1 125	1 466	--	--	1 125	1 466
Long-term investments	501	501	--	--	501	501
Inventories	19 000	30 994	--	--	19 000	30 994
Receivables	7 226	3 264	--	--	7 226	3 264
Provisions	28 065	22 495	--	--	28 065	22 495
Tax losses carried forward	142 067	156 411	--	--	142 067	156 411
Deferred tax asset/liability	938 527	946 857	--	--	938 527	946 857

In accordance with the accounting policy described in note 2, a tax rate of 19% was used to calculate deferred tax. The Company does not account for a deferred tax asset as it is unlikely that the net deferred tax asset will be utilised in the following years.

24. Old environmental impacts

The responsibility for environmental impacts occurring before the establishment of the joint-stock company was originally assumed by the state through the National Property Fund and later on, after the cancellation of the National Property Fund, by the Ministry of Finance. The state issued a guarantee totalling TCZK 8 159 000 for the performance of redevelopment work. The guarantee is meant to cover expenses associated with the removal of pollution arising before the Company's privatisation (i.e. before 1 May 1992). The guarantee relates to environmental projects explicitly stated in the appropriate contract. Funds amounting to TCZK 5 592 704 were invested within the guarantee as at 31 December 2015.

The last monitoring day of the old amalgam electrolysis facility took place in October 2015 and the site was given over to the Company, which brought the entire redevelopment process to conclusion. In terms of groundwater remediation, long-term groundwater monitoring was carried out in compliance with the contract concluded in 2008. The Company approved a feasibility study focusing on groundwater remediation at the Old Facility site in March 2015 and submitted tender documentation regarding the remediation of groundwater polluted by chlorinated hydrocarbons in petrochemistry to the Ministry of Finance. Invitations to this tender will be issued in 2016.

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The Company's management did not identify any environmental impacts that would not be covered by the above guarantees.

25. Operation of the amalgam electrolysis facility

The Company currently uses amalgam electrolysis technology for the production of chlorine. Based on the fourth amendment to the integrated permit issued by the Central Bohemian Regional Authority on 9 September 2013, the operation of the amalgam electrolysis facility was extended until the end of June 2017. According to the binding terms and conditions contained in the integrated permit, Spolana is obligated to commence a trial operation of manufacturing PVC from alternative raw materials by 31 March 2017 and to terminate the amalgam electrolysis facility operation by 30 June 2017. No later than six months before the end of the amalgam electrolysis facility operation, Spolana is obligated to submit its project to terminate the amalgam electrolysis facility for approval by the regional authority.

26. Flood damage (June 2013), an accident in UNIPETROL RPA

In June 2013, the Company's premises were struck by floods, water flooding all manufacturing facilities and the majority of buildings. Production was suspended for more than two months. In 2014, the major part of expenses for the repair of flood damage in 2013 was covered by an estimated item created as at 31 December 2013. Only TCZK 1 302 was charged to expenses for 2014, corresponding to the amount by which actual costs exceeded the estimated item. In 2015, the Company continued to carry out flood damage repairs, incurring expenses of TCZK 17 452 that were fully charged to the 2015 expenses. The major item of expenses was the repair of a granular ammonium sulphate production line of TCZK 13 767. The Flood 2013 insurance claim was closed in 2015. An insurance company paid an additional amount of TCZK 70 252 to the Company, of which TCZK 30 296 was compensation for the suspension of operation.

In August 2015, an accident on an ethylene unit in UNIPETROL RPA in Litvínov occurred, as a result of which the supplies of ethylene to SPOLANA a.s. were suspended, forcing the interruption of PVC production. The ethylene unit had not been put into operation as at the date of preparing these financial statements. UNIPETROL RPA manages the supplies of ethylene from alternative suppliers but the volume is very limited. SPOLANA a.s. also purchases ethylene from alternative suppliers but substitute supplies overall do not meet the Company's minimum technological requirements so the production of PVC has to be suspended on a periodical basis. The Company incurs significant losses that as of now cannot be determined since it is not known when the ethylene supply cuts will end. The Company is insured against cuts in the supply of principal raw materials and received an insurance settlement of TCZK 37 951 in 2015. The received insurance settlement does not cover all the Company's losses from cuts in the supply of ethylene but other payments from the insurance company cannot be expected due to the agreed insurance limit.

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27. Going concern principle

The Company's board of directors approved a plan for 2016, according to which the Company expects to continue as a going concern in 2016. Assumptions used during the preparation of this plan, in particular prices of input materials, energy and foreign exchange rates, are considered by the Company as realistic as at date of preparing these financial statements.

The Company depends on the financial support of its sole owner. ANWIL S.A. has confirmed in writing its intention to provide funds as and when required to enable to Company to continue as a going concern for at least 12 months from the balance sheet date. Accordingly, the financial statements have been prepared on a going concern basis.



28. Material subsequent events

Until the date of compilation of the financial statements, no changes in the Company's bodies were entered in the Commercial Register.

In January 2016, the Company concluded a loan agreement with UNIPETROL, a.s. on the provision of an unbinding credit line of up to TCZK 200 000 secured by security interest in the Company's land located outside the PVC, Caprolactam and EVH facilities and their manufacturing units. The loan had not been drawn as at the date of preparing these financial statements.

In February 2016, an annex to the loan agreement was signed with ING Bank N.V. This annex extends the contract's effectiveness by one year until 1 March 2017. After repaying the bank loans, the credit line will only cover the bank guarantee for the supply of cyclohexanone of TCZK 50 000 and the customs guarantee of TCZK 500. The amount of the credit limit was decreased to TCZK 50 500.

Within the process of restructuring its guarantees, the Company established a security interest in inventories of certain raw materials, semi-finished goods and finished goods in favour of its parent, ANWIL S.A. This security interest covers guarantees provided by the parent company on behalf of the Company (guarantees in respect of natural gas supplies as well as guarantees for the credit line provided by ING Bank).

Date:	Signature of the authorised representatives:	
22 April 2016	 Karel Pavlíček Chairman of the Board of Directors	 Michał Krzysztof Kaliciak Vice-chairman of the Board of Directors



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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

**Independent Auditor's Report to the Shareholder of
SPOLANA a.s.**

We have audited the accompanying financial statements of SPOLANA a.s., prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 December 2015 and the income statement for the year then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about SPOLANA a.s. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of SPOLANA a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SPOLANA a.s. as of 31 December 2015, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 27 to the financial statements. SPOLANA a.s. is dependent on its sole shareholder in terms of financial support. ANWIL S.A. has issued a letter of support for at least one year from the date of these financial statements and, accordingly, these financial statements have been prepared on a going concern basis.

Other Information

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.

Our opinion on the financial statements of SPOLANA a.s. as of 31 December 2015 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Prague
22 April 2016


KPMG Česká republika Audit, s.r.o.
Registration number 71


Otakar Hora
Partner
Registration number 1197