

RAWLPLUG S.A.

RAWLPLUG

**NOTES TO THE SEPARATE FINANCIAL
STATEMENTS**

FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013

Wrocław, 18 March 2014

1. INFORMATION ON FINANCIAL INSTRUMENTS

Item	in PLN 000s	
	Loans and borrowings issued	Available-for-sale financial assets
As at 31 December 2013	28 151	285 933
Increases, including:	3 840	265
- acquisition, incurrence, issuance	2 819	2
- accrued interest	995	-
- exchange differences	26	-
- other increases	-	263
Decreases, including:	1 712	-
- disposal, repayment	1 644	-
- exchange differences	54	-
- accrued interest	14	-
As at 31 December 2013	30 278	286 198

On 24 October 2013, RAWLPLUG S.A. paid PLN 2 thousand for shares in Koelner Ltd with a nominal value of RUB 5 968 thousand, constituting 15.67% of the company's share capital. As a result of the purchase, RAWLPLUG S.A. held 100% of Koelner Ltd's share capital.

In 2013, impairment losses recognised on the above interests did not change.

Interest on loans and borrowings issued

	in PLN 000s	
	31.12.2013	31.12.2012
Interest charged	1 282	1 410
Interest charged and realised	273	661
Interest charged and unrealised, including:	1 009	749
- due within 3 months	53	14
- due in over 12 months	956	735

Finance lease liabilities

	in PLN 000s	
	31.12.2013	31.12.2012
Within 1 year	21	1 717
Within 1 - 5 years	3	533
Total minimum lease payments	24	2 250
Finance costs (-)	(2)	(224)
Present value of minimum lease payments	22	2 026

Derivatives liabilities

RAWLPLUG S.A. did not have any liabilities due to derivative instruments as at the end of the reporting period.

Credit and loan liabilities

The following table presents the level of credit and loan liabilities, together with interest, recorded in costs (in PLN 000s):

Lender	2013		2012	
	Status	Interest	Status	Interest
Raiffeisen Bank Polska S.A. Long-term investment credit	-	404	21 241	958
Raiffeisen Bank Polska S.A. Overdraft	70 554	3 063	51 926	3 264
BZ WBK S.A. Long-term investment credit	-	-	-	56
BZ WBK S.A. Short-term investment credit	9 544	668	16 114	1 243
BZ WBK S.A. Overdraft	22 585	1 047	22 250	1 117
BNP Paribas Bank Polska S.A. Long-term overdraft	30 101	1 089	-	-
HSBC Bank Polska S.A. Overdraft	-	355	19 949	1 294
HSBC Bank Polska S.A. Revolving credit facility	-	-	10 000	380
ING Bank Śląski S.A. Overdraft	21 990	921	20 000	1 255
Fabryka Pił i Narzędzi Wapienica Sp. z o.o. Short-term loans	6 200	283	6 200	390
Koelner Hungária Kft. Short-term loans	12 994	609	9 549	491
Koelner Tworzywa Sztuczne Sp. z o.o. Short- and long-term loans	15 059	377	6 500	409
Koelner Łańcucka Fabryka Śrub Sp. z o.o. Short- and long-term loans	6 895	235	6 328	572
Koelner Rawlplug IP Sp. z o.o. Short-term loans	13 539	439	-	-
Koelner Deutschland GmbH Short-term loans	-	6	409	13
Stahl GmbH Short-term loans	6 241	124	6 152	52
Koelner Polska Sp. z o.o. Short-term loans	-	30	900	4
Related parties of key personnel Long-current loans	-	-	-	88
Koelner Inwestycje Budowlane sp. z o.o. Long-current loans	11 476	147	16 310	6
TOTAL	227 178	9 797	213 523	11 592

Finance costs - realised and unrealised interests on credit facilities and loans (in PLN 000s)

Interest comprising costs	Incurred		Realised	
	2013	2012	2013	2012
Raiffeisen Bank Polska S.A. Long-term investment credit	404	958	404	958
Raiffeisen Bank Polska S.A. Overdraft	3 063	3 264	3 063	3 264
BZ WBK S.A. Long-term investment credit	-	56	-	56
BZ WBK S.A. Long-term investment credit	668	1 243	634	1 243
BZ WBK S.A. Overdraft	1 047	1 117	1 047	1 117
BNP Paribas Bank Polska S.A. Long-term overdraft	1 089	-	974	-
HSBC Bank Polska S.A. Overdraft	355	1 294	355	1 294
HSBC Bank Polska S.A. Revolving credit facility	-	380	-	380
ING Bank Śląski S.A. Overdraft	921	1 255	921	1 255
Fabryka Pił i Narzędzi Wapienica Sp. z o.o. Short-term loans	283	390	283	390
Koelner Hungária Kft. Short-term loans	609	491	609	458
Koelner Tworzywa Sztuczne Sp. z o.o. Short-term loans	377	409	377	409
Koelner Łańcucka Fabryka Śrub Sp. z o.o. Short-term loans	235	572	211	572
Koelner Rawlplug IP Sp. z o.o. Short-term loans	439	-	439	-
Koelner Deutschland GmbH Short-term loans	6	13	6	13
Stahl GmbH Short-term loans	124	52	124	51
Koelner Polska Sp. z o.o. Short-term loans	30	4	30	4
Related parties of key personnel Long-current loans	-	88	-	88
Koelner Inwestycje Budowlane sp. z o.o. Long-current loans	147	6	-	-
TOTAL	9 797	11 592	9 477	11 552

The Company uses floating-rate investment and revolving credit facilities, based on WIBOR, EURIBOR or LIBOR, plus bank margin (detailed information is presented in Notes 16d and 17c). There is a risk that financial results may deteriorate in the event that interest rates go up significantly, however the likelihood of this happening is low.

Repayment dates for the interest on borrowings indicated are within one month.

Loans received from related parties are floating-rate instruments based on WIBOR and EURIBOR, plus lender's margin, or fixed-rate instruments. Interest is charged on the existing debt at the end of each month.

Calculating an effective interest rate was not necessary due to the being little difference versus the nominal rates.

The fair value of credit and loan liabilities does not significantly differ from the carrying amount because their repayment may only take place at the nominal amount, plus accrued interest.

The fair value of financial assets available for sale was not determined due to the fact that the assets are not quoted on an active regulated market where public trading in financial instruments takes place.

2. CREDIT RISK INFORMATION

At RAWLPLUG S.A., credit risk concerns receivables, loans and cash and cash equivalents. Detailed information about these items is presented in the notes to the balance sheet: receivables - notes 3 and 7-8, loans - notes 9a-b, cash and cash equivalents - note 9c in the SA-R 2013 financial statements.

Concentration of credit risk results from related-party transactions. The relevant information is presented in point 8 below.

3. OFF-BALANCE SHEET ITEMS

As at 31 December 2013, RAWLPLUG S.A. held off-balance sheet liabilities in the form of sureties for the repayment of the following:

- credit agreements, for Koelner Łańcucka Fabryka Śrub Sp. z o.o.	PLN 36 403 thousand
- on-going commercial trade, for Koelner Łańcucka Fabryka Śrub Sp. z o.o.	PLN 9 508 thousand
- lease agreements, for Koelner Łańcucka Fabryka Śrub Sp. z o.o.	PLN 5 535 thousand
- lease agreements, for Koelner Polska Sp. z o.o.	PLN 1 709 thousand
- credit agreement, for Rawlplug Ireland Ltd	PLN 1 244 thousand
- lease agreements, for Koelner IP Sp. z o.o.	PLN 533 thousand
- on-going commercial trade, for Koelner Polska Sp. z o.o.	PLN 153 thousand
- lease agreements, for Koelner - Inwestycje Budowlane Sp. z o.o.	PLN 7 thousand
- on-going commercial trade, for Koelner Rawlplug IP Sp. z o.o.	PLN 6 thousand

Off-balance sheet items also include property, plant and equipment used pursuant to leasing and rental agreements, the contractual value of which was PLN 6 996 thousand.

4. LIABILITIES TOWARDS CENTRAL OR LOCAL GOVERNMENT AUTHORITIES DUE TO ACQUISITION OF OWNERSHIP RIGHTS TO BUILDINGS AND STRUCTURES

During the reporting period, RAWLPLUG S.A. did not record any liabilities towards central or local government authorities due to acquisition of ownership rights to buildings and structures.

5. DISCONTINUED OPERATIONS

During the reporting period, none of the operations were discontinued. No operations are expected to be discontinued in the subsequent reporting period either.

6. COST OF MANUFACTURE OF OWN PRODUCTION

During the reporting period, RAWLPLUG S.A. did not incur costs connected with the manufacture of property, plant and equipment for internal purposes.

7. CAPITAL EXPENDITURES

	in PLN 000s
	2013
Non-current non-financial assets, including:	4 432
Machinery and equipment	2 881
Buildings and structures	1 262
Research and development	256
Other tangible assets	33
Non-current financial assets, including:	1 369
Loans and borrowings issued	1 367
Purchase of shares	2
TOTAL	5 801

Capital expenditures on non-current non-financial assets amounted to PLN 4 432 thousand in 2013 and mainly concerned expansion and upgrade of machinery, modernisation of buildings and R&D costs.

The Company's equity investments, amounting to PLN 1 369 thousand, comprised:

- ✓ a long-term loan to Amicus Polinae Sp. z o.o. PLN 1 367 thousand.
- ✓ purchase of shares in Koelner Ltd PLN 2 thousand,

In 2014, RAWLPLUG S.A. plans about PLN 7 538 thousand in capital expenditures. These will be mostly expenditures on:

- ✓ expansion of machinery PLN 4 669 thousand,
- ✓ construction, expansion and modernisation of buildings and structures PLN 1 640 thousand,
- ✓ R&D, including planned expenditures on obtaining technical approvals PLN 592 thousand,
- ✓ IT expansion PLN 483 thousand,
- ✓ intangible assets PLN 120 thousand,
- ✓ purchase of vehicles PLN 34 thousand.

8. RELATED-PARTY TRANSACTIONS

The table below presented transactions with related parties, including:

- ✓ net receivables as at 31 December 2013, excluding loan receivables,
- ✓ liabilities as at 31 December 2013, excluding loan liabilities,
- ✓ revenue for the period 1 January - 31 December 2013, covering revenue from sale of products, services, goods and materials, result on sale of property, plant and equipment, other operating revenues, dividend and interest income, together with income from guarantees and sureties issued,
- ✓ purchases for the period 1 January - 31 December 2013, covering procurement of goods, materials, services and property, plant and equipment, plus initial rent recorded in prepayments. The item also includes finance costs constituting interest on loans received and the cost of guarantees and sureties received.

in PLN 000s

	Revenues	Procurement	Receivables	Liabilities
Koelner Tworzywa Sztuczne Sp. z o.o.	941	6 300	-	1 646
Fabryka Pił i Narzędzi Wapienica Sp. z o.o.	99	3 418	3	1 949
Koelner Centrum Sp. z o.o.	(4)	2	-	-
Koelner CZ s.r.o.	7 434	621	665	-
Koelner Romania SRL	5 424	1 080	7 451	-
Koelner Bulgaria EOOD	3	-	2	-
Koelner Hungária Kft	5 528	671	911	-
Koelner Ltd	7	-	3 321	-
Koelner Deutschland GmbH	3 748	6	1 388	-
Koelner Vilnius UAB	5 413	1 504	164	-
Koelner Kiev Ltd	-	-	470	-
Koelner-Rawlplug Middle East FZE	7 532	1	6 779	-
Koelner Scandinavia AB	3 352	34	476	-
Koelner Łańcucka Fabryka Śrub sp. z o.o.	102	22 056	-	12 938
Rawlplug Ireland Ltd	1 440	-	1 336	-
Rawl France SAS	15 211	425	2 741	67
Rawlplug Ltd	24 312	29	10 500	20
Stahl GmbH	2 175	124	608	-
Amicus Polinae sp. z o.o.	958	1 333	-	95
Herco Fixings Ltd	926	-	771	-
Koelner Trading KLD LLC	2 802	-	6 964	-
Farmlord Trading Ltd	1	-	-	-
Koelner Rawlplug IP Sp. z o.o.	1 814	20 444	-	2 844
Koelner - Inwestycje Budowlane Sp. z o.o.	260	1 182	-	359
LeoTex Ltd	7 432	-	1 071	2
Key personnel and their related parties	62	141	57	12
Koelner Polska Sp. z o.o.	163 542	308	32 742	-
TOTAL	260 514	59 679	78 420	19 932

As at 31 December 2013, receivables from long-term loans amounted to PLN 30 279 000, including:

- ✓ PLN 22 076 thousand from Amicus Polinae Sp. z o.o.,
- ✓ PLN 3 750 thousand from Koelner Romania SRL,
- ✓ PLN 1 659 thousand from Koelner-Rawlplug Middle East FZE,
- ✓ PLN 1 577 thousand from Koelner Trading KLD LLC,
- ✓ PLN 502 thousand from Koelner CZ s.r.o.,
- ✓ PLN 426 thousand from Rawlplug Ireland Ltd,
- ✓ PLN 289 thousand from Koelner Ltd.

Finance income on loan interest received during the period 1 January - 31 December 2013 was PLN 1 282 000, including:

- ✓ PLN 958 thousand from Amicus Polinae Sp. z o.o.,
- ✓ PLN 169 thousand from Koelner Romania SRL,
- ✓ PLN 45 thousand from Koelner CZ s.r.o.,
- ✓ PLN 43 thousand from Koelner Trading KLD LLC,
- ✓ PLN 31 thousand from Koelner-Rawlplug Middle East FZE,
- ✓ PLN 26 thousand from related parties of key personnel,
- ✓ PLN 7 thousand from Koelner Ltd.
- ✓ PLN 2 thousand from Rawlplug Ireland Ltd,
- ✓ PLN 1 thousand from Farmlord Trading Ltd.

As at 31 December 2013, loan and borrowing liabilities amounted to PLN 72 404 000, including:

- ✓ PLN 15 059 thousand towards Koelner - Tworzywa Sztuczne Sp. z o.o.,
- ✓ PLN 13 539 thousand towards Koelner Rawlplug IP Sp. z o.o.,
- ✓ PLN 12 994 thousand towards Koelner Hungária Kft,
- ✓ PLN 11 476 thousand towards Koelner - Inwestycje Budowlane Sp. z o.o.,
- ✓ PLN 6 895 thousand towards Koelner Łańcucka Fabryka Śrub Sp. z o.o.,
- ✓ PLN 6 241 thousand towards Stahl GmbH,
- ✓ PLN 6 200 thousand towards Wapienica Sp. z o.o.

Finance costs on loan interest paid during the period 1 January - 31 December 2013 was PLN 2 250 000, including:

- ✓ PLN 609 thousand towards Koelner Hungária Kft,
- ✓ PLN 439 thousand towards Koelner Rawlplug IP Sp. z o.o.,
- ✓ PLN 377 thousand towards Koelner - Tworzywa Sztuczne Sp. z o.o.,
- ✓ PLN 283 thousand towards Fabryka Pił i Narzędzi Wapienica Sp. z o.o.,
- ✓ PLN 235 thousand towards Koelner Łańcucka Fabryka Śrub Sp. z o.o.,
- ✓ PLN 147 thousand towards Koelner - Inwestycje Budowlane Sp. z o.o.,
- ✓ PLN 124 thousand towards Stahl GmbH,
- ✓ PLN 30 thousand towards Koelner Polska Sp. z o.o.,
- ✓ PLN 6 thousand towards Koelner Deutschland GmbH.

As at 31 December 2013, RAWLPLUG S.A. held contingent liabilities on sureties and guarantees issued to subsidiary Koelner Łańcucka Fabryka Śrub Sp. z o.o., amounting to a total of PLN 55 098 thousand. A detailed list is presented in the table below.

Entity receiving the surety	Beneficiary	Surety / guarantee liabilities (in PLN 000s)	Object of collateral	Term of surety / guarantee
Koelner Łańcucka Fabryka Śrub Sp. z o.o.	ING Bank Śląski S.A.	187	Credit agreement	31.05.2014
Koelner Łańcucka Fabryka Śrub Sp. z o.o.	ING Bank Śląski S.A.	130	Credit agreement	31.05.2014
Koelner Łańcucka Fabryka Śrub Sp. z o.o.	ING Bank Śląski S.A.	8 800	Credit agreement	27.05.2014
Koelner Łańcucka Fabryka Śrub Sp. z o.o.	Bank DnB NORD Polska S.A.	27 286	Credit agreement	30.06.2014
Koelner Rawlplug IP Sp. z o.o.	Suppliers	6	Supplies / services	10.12.2015
Koelner Polska Sp. z o.o.	Suppliers	153	Supplies / services	10.12.2015
Koelner Rawlplug IP Sp. z o.o.	Raiffeisen Leasing Polska S.A.	533	Leasing	from 31 May 2015 to 30 November 2018
Koelner Polska Sp. z o.o.	Raiffeisen Leasing Polska S.A.	1 709	Leasing	from 31 May 2015 to 31 May 2018
Koelner-Inwestycje Budowlane Sp. z o.o.	Raiffeisen Leasing Polska S.A.	7	Leasing	30.09.2014
Rawlplug Ireland Ltd	Ulster Bank Commercial Services Ltd	1 244	Credit agreement	indefinite
Koelner Łańcucka Fabryka Śrub Sp. z o.o.	ING Lease Polska Sp. z o.o.	5 535	Leasing	01.02.2017
Koelner Łańcucka Fabryka Śrub Sp. z o.o.	Suppliers	9 508	Supplies / services	01.01.2014

In 2013, RAWLPLUG S.A. received the following guarantees and sureties.

On 3 March 2013, RAWLPLUG S.A. signed an overdraft agreement with BNP Paribas Bank Polska S.A. Repayment of the credit facility was secured via, among others, a financial pledge on shares in RAWLPLUG S.A. held by Amicus Polinae Sp. z o.o. with a total value of no less than PLN 30 000 thousand.

Pursuant to annex 22, signed on 13 March 2013, to a framework credit facility agreement executed between RAWLPLUG S.A. and Raiffeisen Bank Polska S.A., the credit amount was increased to PLN 82 000 thousand. In connection with the increase, additional collateral was established, including a corporate guarantee issued by Koelner Polska Sp. z o.o. and Koelner Łańcucka Fabryka Śrub Sp. z o.o. up to PLN 20 000 thousand.

On 31 October 2013, annex 10 to an agreement between RAWLPLUG S.A. and ING Bank Śląski S.A. concerning a PLN working capital facility in the form of a revolving credit line was signed. Repayment of the facility was secured via, among others, a surety issued by Koelner Łańcucka Fabryka Śrub Sp. z o.o. and FPiN Wapienica Sp. z o.o. The annex changed the credit amount to PLN 22 000 thousand, until 28 January 2014. From 29 January 2014 to 31 May 2014, the amount will be PLN 20 000 thousand. Compared to 31 December 2012, the surety was increased by PLN 2 000 thousand.

Related-party transactions were executed on market terms, and their nature and terms result from the on-going operating activities of the Company or its subsidiaries.

9. UNCONSOLIDATED JOINT VENTURES

During the reporting period, there were no joint ventures that would be subject to full consolidation or equity-method accounting.

10. NATURE AND ECONOMIC PURPOSE OF AGREEMENTS EXECUTED BY THE COMPANY SUCH AS ARE NOT INCLUDED IN THE BALANCE SHEET IN A SCOPE SUFFICIENT TO ASSESS THEIR IMPACT ON THE ENTITY'S ASSET POSITION, FINANCIAL SITUATION AND EARNINGS

Not applicable.

11. STATUTORY AUDITOR'S REMUNERATION, PAID OR DUE TO BE PAID FOR THE FINANCIAL YEAR

Through a decision of the supervisory board of KOELNER S.A. (currently RAWLPLUG S.A.) of 11 June 2013, the entity authorised to audit RAWLPLUG S.A.'s separate financial statements and RAWLPLUG Group's consolidated financial statements is Grant Thornton Frąckowiak Sp. z o.o. S.k., based in Poznań, ul. Abpa Antoniego Baraniaka 88 E, entered into the list of entities authorised to audit financial statements held by Poland's National Chamber of Statutory Auditors under number 3654. The Company previously retained Grant Thornton Frąckowiak Sp. z o.o. (general partner Grant Thornton Frąckowiak Sp. z o.o. S.k.) in 2004-2008 (the company operated under the name HLB Frąckowiak Sp. z o.o.) and in 2010 as regards review and audit of separate and consolidated financial statements and tax advisory. In 2011 and 2012 the above services were performed by Grant Thornton Frąckowiak Sp. z o.o. S.k. The agreement signed on 20 June 2013 covers the following:

1. review of RAWLPLUG S.A.'s separate financial statements for H1 2013;
2. review of RAWLPLUG Group's consolidated financial statements for H1 2013;
3. audit of RAWLPLUG S.A.'s separate financial statements for FY 2013;
4. audit of RAWLPLUG Group's consolidated financial statements for FY 2013.

Presented in the table below is total remuneration for review and audit of financial statements resulting from the agreement (in PLN 000s):

	in PLN 000s	
	2013	2012
Review	68	70
Audit	35	36
Tax advisory	20	18

12. AVERAGE EMPLOYMENT, BY EMPLOYMENT GROUP

	No. of people
Employment	2013
Production	236
Warehousing and distribution	103
Sales and marketing	11
Administration	23
Total	373

13. REMUNERATION AND PAY BONUSES PAID OR DUE TO BE PAID TO MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

Remuneration paid or due to be paid to management board and supervisory board members (in PLN 000s):

1.01.2013 - 31.12.2013

Radosław Koelner	- President	597
including roles at subsidiaries, associates and jointly controlled entities		237
Piotr Kopydłowski	- Member, responsible for finance	396
including roles at subsidiaries, associates and jointly controlled entities		156

Remuneration paid or due to be paid to supervisory board members (in PLN 000s):

1.01.2013 - 31.12.2013

Krystyna Koelner	- Chairperson	204
Tomasz Mogilski	- Deputy Chairperson	162
Przemysław Koelner	- Member	9
Zbigniew Pamuła	- Member	12
Zbigniew Szczypiński	- Member	12
Zbigniew Stabiszewski	- Member	12
Wojciech Heydel	- Member	9
Janusz Pajka*	- Member	6

* On 21 June 2013, RAWLPLUG S.A.'s general meeting appointed Janusz Pajka as a member of the supervisory board.

14. OUTSTANDING ADVANCES, CREDIT FACILITIES, LOANS, GUARANTEES, SURETIES OR OTHER AGREEMENTS CONCERNING CONSIDERATIONS TO BE PROVIDED TO THE COMPANY, ISSUED TO MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

As at 31 December 2013, RAWLPLUG S.A. held receivables due to advances paid to:

- | | |
|-----------------------------|-------------------|
| ✓ management board members | PLN 295 thousand, |
| ✓ supervisory board members | PLN 54 thousand. |

The accounts do not include any other outstanding advances, credit facilities, loans, guarantees, sureties or other agreements concerning considerations to be provided to the Company, issued to management board and supervisory board members.

15. INFORMATION ON SIGNIFICANT PRIOR-YEAR EVENTS RECOGNISED IN THE CURRENT-PERIOD FINANCIAL STATEMENTS

Not applicable.

16. INFORMATION ON SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD THAT REQUIRE DISCLOSURE IN THE FINANCIAL STATEMENTS

On 17 January 2014, RAWLPLUG S.A. and Koelner Rawlplug IP Sp. z o.o. signed annex 2 to a loan agreement of 28 January 2014, extending the repayment date to 30 November 2016. As at 31 December 2013, PLN 13 539 thousand was left to be re-paid.

On 30 April 2013, RAWLPLUG S.A. and Amicus Polinae Sp. z o.o. signed an annex to a loan agreement of 18 April 2012, pursuant to which the maximum level of debt was established at PLN 24 005 thousand.

On 12 February 2014, an annex was signed, extending the repayment date to 30 June 2017. As at 31 December 2013, PLN 22 079 thousand was left to be re-paid.

17. INFORMATION ON SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD THAT WERE NOT DISCLOSED IN THE FINANCIAL STATEMENTS

On 1 March 2014, RAWLPLUG S.A. received a signed annex to a framework revolving credit facility agreement with Raiffeisen Bank Polska S.A. of 26 June 2003. As per the agreement, the current limit is PLN 70 000 thousand. The final repayment date is 31 January 2017.

On 4 March 2014, RAWLPLUG S.A. received a signed trilateral Multi-Product Agreement between Rawlplug S.A., Koelner Łańcucka Fabryka Śrub Sp. z o.o. – a subsidiary of the Issuer, and ING Bank Śląski S.A. (the “Bank”). Under the agreement, the Bank is providing a revolving credit facility up to PLN 50 000 thousand. The repayment date is 2 March 2016.

As part of the credit facility, the Bank is providing:

- 1) RAWLPLUG S.A. with a PLN 45 000 thousand sub-limit, to be used as a working capital facility,
- 2) RAWLPLUG S.A. and Koelner Łańcucka Fabryka Śrub Sp. z o.o. with a PLN 5 million sub-limit, to be used as letters of credit issued by the Bank.

Interest is based on reference rates: WIBOR, EURIBOR or LIBOR (depending on the currency of the letters of credit), plus bank margin. The remaining terms do not differ from the standard terms applied to this type of agreement.

On 13 March 2014, RAWLPLUG S.A. received a signed agreement concerning a PLN 53 140 thousand short-term credit facility from Bank Handlowy w Warszawie S.A. The agreement provides the following repayment dates: PLN 18 000 thousand by 30 April 2014 and PLN 35 140 thousand by 30 June 2014. Interest is calculated based on WIBOR plus bank margin. The terms of the facility do not differ from the standard terms applied to this type of agreement. The signed agreement constitutes a part of a substantial restructuring of RAWLPLUG Group's financing structure. The on-going restructuring programme includes the implementation of comprehensive international factoring within the RAWLPLUG Group and the conversion of existing short-term credit facilities to 2- and 3-year medium-term facilities (announced by the Issuer in current reports no. 2/2014 of 1 March 2014 and no. 3/2014 of 4 March 2014). The implementation of factoring solutions will markedly improve Rawlplug Group's liquidity through a significantly more efficient receivables management process. The conversion of short-term to medium-term facilities will help stabilise Rawlplug Group's financing structure. The above short-term overdraft facility agreement is a type of bridge financing, intended as a transition from credit financing to factoring through the partial repayment of existing credit facilities. Instead of the five banks currently used, RAWLPLUG Group's target financing structure will involve three entities: the factor (Bank Handlowy w Warszawie S.A.) and two banks (Raiffeisen Bank Polska S.A. and ING Bank Śląski S.A.).

18. RELATIONS BETWEEN THE COMPANY AND ITS LEGAL PREDECESSOR

Not applicable.

19.FINANCIAL STATEMENTS AND COMPARATIVE FINANCIAL DATA, ADJUSTED FOR INFLATION

Given the fact that during the years covered by the financial statements and comparative data, accumulated inflation did not exceed 100%, financial statements adjusted for inflation are not presented.

20.DIFFERENCES, TOGETHER WITH EXPLANATIONS, BETWEEN DATA DISCLOSED IN THE FINANCIAL STATEMENTS AND COMPARATIVE DATA AND IN PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS

Changes in equity as at 31 December 2012 between SA-R 2012 and SA-R 2013 (in PLN 000s):

Equity as at 31 December 2012, presented in SA-R 2012	269 512
Adjustment of net result*	(605)
Equity as at 31 December 2012, presented in SA-R 2013	268 907

* The corrections as at 31 December 2012 are described in point 21.

21. CHANGES IN ADOPTED ACCOUNTING PRINCIPLES AND PROCEDURES FOR PREPARING FINANCIAL STATEMENTS SINCE THE PREVIOUS FINANCIAL YEAR

The financial data as at 31 December 2013 was presented in a manner ensuring its comparability.

There were no provisions created for unused vacation time during 2013. The following corrections in the 2012 financial statements were made in order to ensure the comparability of data:

As at 31 December 2012:

Cr	Deferred revenues and accruals	PLN 747 thousand
Dr	Deferred income tax assets	PLN 142 thousand
Dr	Net profit (loss)	PLN 605 thousand

22.CORRECTION OF FUNDAMENTAL ERRORS

Not applicable.

23.GOING CONCERN

The financial statements were prepared on a going concern basis. There are no circumstances indicating a threat to the Company's status as a going concern in the near future.

24.BUSINESS COMBINATIONS DURING THE REPORTING PERIOD

There were no business combinations with other entities in 2013.

25. EFFECTS OF MEASUREMENT OF EQUITY-ACCOUNTED INVESTEES

	Measurement of equity-accounted investees	Carrying amount	Effect on equity
			in PLN 000s
Koelner Tworzywa Sztuczne Sp. z o.o.	29 762	5 700	24 062
Koelner CZ s.r.o.	861	493	368
Koelner Romania SRL	(5 107)	2 559	(7 666)
Koelner Centrum Sp. z o.o.	1 121	255	866
FPiN Wapienica Sp. z o.o.	28 444	12 089	16 355
Koelner Hungaria Kft	19 207	10 502	8 705
Koelner Bulgaria EOOD	2 780	865	1 915
Koelner Vilnius UAB	6 123	1 936	4 187
Koelner Kiev Ltd	(120)	893	(1 013)
Koelner Deutschland GmbH*	17 605	21 548	(3 943)
Koelner Ltd	4 162	3 683	479
Rawlplug Ltd	23 031	48 730	(25 699)
Rawl France SAS	6 213	16 880	(10 667)
Rawlplug Ireland Ltd	3 687	10 299	(6 612)
Farmlord Trading Ltd*	83 707	76 853	6 854
Rawl Scandinavia AB	842	209	633
Koelner-Rawlplug Middle East FZE	5 295	2 398	2 897
Koelner-Rawlplug IP Sp. z o.o.**	305 903	63 677	242 226
Koelner Kazakhstan Ltd	(163)	2	(165)
PrJSC Koelner Ukraine**	4 031	5 031	(1 000)

Koelner Trading KLD LLC	(2 278)	132	(2 410)
Koelner d.o.o.	(174)	0	(174)
LeoTex Ltd	899	2	897
Koelner - Inwestycje Budowlane Sp. z o.o.	810	5	805
Koelner Slovakia s.r.o.	348	449	(101)
Koelner Polska Sp. z o.o.	(1 916)	1 008	(2 924)
TOTAL	535 073	286 198	248 875

* *Equity-method accounting considers the share of the net assets of investees' groups.*

** *The carrying amount considers interests directly and indirectly held by RAWLPLUG S.A.*

26.BASIS FOR THE LACK OF CONSOLIDATED FINANCIAL STATEMENTS

RAWLPLUG S.A. prepares consolidated financial statements in accordance with IAS/IFRS.

27.SEGMENT REPORTING

RAWLPLUG S.A.'s operations are not diversified. Segment information is presented in RAWLPLUG Group's consolidated financial statements for 2013.

Radosław Koelner - President of the Management Board

Piotr Kopydłowski - Member of the Management Board responsible for finance

Person responsible for book-keeping

Anna Piotrowska-Kus – Chief Accountant